



CITY OF KEY WEST

Request for Proposal for Property & Casualty Insurance Coverage RFP #07-015

Arthur J. Gallagher Risk Management Services, Inc.
200 South Orange Avenue | Suite 1350 | Orlando | FL | 32801
Date of Opening: July 8, 2015
Time of Opening: 3:00 PM

Justin A. Wiley, CPCU, RMPE
Area Assistant Vice President
Justin_Wiley@ajg.com
Direct: 407-563-3542

ORIGINAL



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Tab 1: Executive Summary

**Transmittal Letter
Executive Summary**

City of Key West
City Clerk's Office
3126 Flagler Avenue
Key West, Florida 33040



CC:
Ben Few, IV
Ben Few & Company, Inc.
4560 Via Royale, Suite 3
Fort Myers, FL 33919

RE: Request for Proposal No. 07-015: Property and Casualty Insurance Coverage

Dear Ms. Smith and Mr. Few,

On behalf of Arthur J. Gallagher & Co., we would like to thank The City of Key West and Ben Few & Company for the opportunity to demonstrate our capabilities and team qualifications for its "Request for Proposal No. 07-015: Property and Casualty Insurance Coverage".

Summary of Coverages Proposed

The RFP document states: "Proposers may offer quotes on all coverage or separate lines of coverage. Failure to provide quotes on all lines of coverage will not result in automatic rejection of proposals." The RFP also states "It is requested that proposers show a premium breakdown for each line of coverage proposed. Although the City has requested several types of coverage, some types may not be purchased." This means that any premium shown separately by a proposer in the Proposal Summary Form/Questionnaire should stand on its own and not be tied to any other line of coverage.

Our team has carefully reviewed this RFP and after extensive marketplace negotiations, we have found that the most competitive and comprehensive proposal we can offer the City is for the following first party coverages; property, equipment breakdown and crime. Our proposal for these coverages provides the City with substantial coverage enhancements while also delivering a 41% rate reduction and \$316,053 in savings as compared to the current program.

The terms of this RFP allow our property, equipment breakdown and crime coverages to be combined with the incumbent's proposal through PGIT and other carriers for the self-insured casualty lines and ancillary coverages. This combination will provide the best total value to the City of Key West. Many other entities place their property separately from the PGIT program, including the City of Sarasota, Citrus County and the City of Treasure Island. This arrangement provides the best possible value to the City and will also allow the City to access the expertise of two insurance brokers.

Summary of Brokerage Services Provided

Gallagher is uniquely positioned to meet and exceed the needs of the City. The City of Key West and Ben Few & Company's objectives and technical requirements are met by the Gallagher RFP response in a variety of ways, including:

1. **Public Entity Experience and Qualifications** – Gallagher is the largest broker for public entities across the U.S., providing brokerage, claims, and loss control services to over 7,000 public entities.

Gallagher places more than \$8 Billion in annual insurance premium and over \$1.2 Billion in public sector premium. Your Gallagher Florida team provides services to over 100 public entities.

Gallagher Florida's strength is large public entity property programs. Gallagher has 33 public entity clients with property programs in excess of \$1 Billion in Total Insurable Values (TIV). Please see page 48 for the full list.

2. **References** – Gallagher's experience with public entities similar to The City of Key West is extensive. We provide brokerage services to many clients with similar characteristics to Key West including population size, catastrophic property exposure, and risk appetite among other characteristics. There is no other broker in Florida that has as much experience with accounts similar to yours. Please see page 47 for a sampling of similar clients.
3. **Customer Service / Loss Control Services** - Gallagher offers a comprehensive list of available services to The City of Key West. In addition to services provided, Gallagher will be able to coordinate additional services from our proposed carrier, PRM. Please see a catalogue of services available to Key West on page 52. While comprehensive, this list is not all encompassing. If a need for unique services is required by The City of Key West, Gallagher is available and experienced at providing leading-edge and creative solutions to meet the ever-changing insurance landscape.
4. **Coverages & Options / Financial Stability of Provider** – Gallagher's quote offering through PRM provides significantly improved coverage limits and deductibles for many lines of coverage. The property coverage enhancements are considerable. For full coverage highlights and breakdowns, please see comparison on page 31.

Public Risk Management's financial position is secure. PRM's Premium-to-Surplus Ratio exceeds pooling industry standards of 3:1. PRM also has a conservative excess insurance structure which allows the City coverage through a panel of financially strong excess carriers rated AM Best XI or higher.. Membership includes 55 cities, counties and special districts in Florida.


PRM also has a low aggregation of clientele in South Florida and no other members in Monroe County. As with the current program under PGIT, The City of Key West's property limits are shared with all members. If a hurricane barrels through South Florida, Key West can feel comfortable about obtaining full indemnity with PRM. Please see PRM client map on page 30.

5. **Pricing** – The Gallagher offering of PRM for the Property line of coverage is materially competitive with The City of Key West's expiring program.. The PRM property quote offers compellingly better coverage at a lower cost than the expiring PGIT program. PGIT's expiring property rate is at 90.9¢ while PRM's offering is at 53.6¢ including broker costs. This difference saves Key West **\$316,053** annually (expiring adjusted for current TIV) on its property coverage. Please see page 58.

We believe that this response to RFP #07-051 demonstrates Gallagher's exceptional competence in the evaluation categories referenced. We appreciate the opportunity to present the unique capabilities of our company to The City of Key West and Ben Few & Company. Should the evaluation committee have any questions or need further clarification, please do not hesitate to contact us. Thank you.



Justin A. Wiley, CPCU, RMPE
Area Assistant Vice President



Michael Gillon, ARM
Area President



Tab 2: Required Forms

City of Key West
Request For Proposal #07-015

Proposal Summary Form / Questionnaire

City of Key West
X. Proposal Summary Form / Questionnaire

Type of Coverage: **Property; Inland Marine; Equipment Breakdown**

Proposer Arthur J. Gallagher Risk Management Services, Inc.
Address 200 South Orange Avenue, Suite 1350, Orlando, Florida 32801
Contact Justin Wiley Telephone (407) 356 - 3542 FAX (407) 370 - 3057

Insurer Public Risk Management of Florida
Address 20 North Orange Avenue, Suite 500, Orlando, FL 32801
Contact Andy Cooper Telephone (407) 445 - 2414 FAX (407) 445 - 2868
Current AM Best Rating Not Rated - See Attached Financial Statement in Addendum

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Building/Contents	\$71,344,215	\$ 391,879
Equipment Breakdown	\$50,000,000	\$ 6,341
Excess Flood	\$5,000,000 *enhanced to \$50,000,000	\$ inc w/ Property
Catastrophic Vehicle Coverage	\$12,995,299	\$ inc w/ Property
Debris Removal	\$2,000,000 *enhanced to \$75,000,000	\$ inc w/ Property
Additional Expense	\$1,000,000 *enhanced to \$50,000,000	\$ inc w/ Property
Demo, Ordinance, ICC	\$2,250,000 *enhanced to \$25,000,000	\$ inc w/ Property
Inland Marine	\$3,745,037	\$ inc w/ Property
 TOTAL PROPERTY PREMIUM		 \$ 398,220

City of Key West
Request For Proposal #07-015

Proposal Summary Form / Questionnaire

Property Questionnaire

	<u>Yes</u>	<u>No</u>
Is coverage written on a "Special Form"?	<u>X</u>	___
Replacement cost applies to all property, inland marine and B&M forms?	<u>X</u>	___
Blanket coverage applies to all property, inland marine and B&M forms?	<u>X</u>	___
Agreed amount applies to all property, inland marine and B&M forms?	<u>X</u>	___
Forms include Waiver of Requirement to Rebuild?	<u>X</u>	___
Is rate guarantee for more than one year? If so, for how long? _____	___	<u>X</u>
Is windstorm included in property form?	<u>X</u>	___
If not, describe windstorm coverage and premium breakdown _____		

B&M is written separately from Property, IM and Auto Physical Damage. B&M policy has limits of \$50,000,000 with \$1,000 deductible (\$10,000 for Transformer KVA). Coverage is provided by Travelers on their EnergyMax21 form.

Please describe Carrier's most favorable premium payment terms _____

Premium total of \$448,220 includes a \$50,000 brokerage service fee due in full on 10/1/2015. The remaining \$398,220 is payable to PRM, with 60% due on 10/1/2015 and the balance paid in equal quarterly installments.

Please describe any deviations from property, etc. specifications _____

Please see coverage comparison chart on page 31.

City of Key West
Request For Proposal #07-015

Proposal Summary Form / Questionnaire

Type of Coverage: **Crime**

Proposer Arthur J. Gallagher Risk Management Services, Inc.
 Address 200 South Orange Avenue, Suite 1350, Orlando, Florida 32801
 Contact Justin Wiley Telephone (407) 563- 3542 FAX(407) 370 - 3057

Insurer Public Risk Management of Florida
 Address 20 North Orange Avenue, Suite 500, Orlando, FL 32801
 Contact Andy Cooper Telephone (407) 445 - 2414 FAX(407) 445 - 2868
 Current AM Best Rating Not Rated - See Attached Financial Statement in Addendum

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Employee Dishonesty	\$975,000	\$ <u>Included in property premium.</u>
Forgery or Alteration	\$75,000	\$ _____
TDD Inside	\$250,000	\$ _____
TDD Outside	\$250,000	\$ _____
Computer Fraud	\$975,000	\$ _____
Electronic Funds Transfer	\$975,000	\$ _____

Please describe any deviations from specifications or special conditions in this policy _____
 Please see Coverage and Deductible comparison on page 33.

City of Key West
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Proposal Summary Form / Questionnaire

Type of Coverage: **Public Official Liability / Employment Practices Liability**

Proposer Arthur J. Gallagher Risk Management Services, Inc.

Address 200 South Orange Avenue, Suite 1350, Orlando, FL 32801

Contact Justin Wiley Telephone (407) 563 - 3542 FAX (407) 370 - 3057

Insurer Arthur J. Gallagher & Co. will be offering Property, Inland Marine,

Address Boiler & Machinery and Crime coverage quote options only.

Contact _____ Telephone () - - FAX () - -

Current AM Best Rating _____

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
POL	\$1,000,000	\$ _____
EPLI	\$1,000,000	\$ _____

	<u>Yes</u>	<u>No</u>
Is policy subject to audit?	___	___
Does policy include coverage for employment related practices?	___	___
Please describe final rate and rating basis _____		

Please explain any deviations from the coverage requested _____

City of Key West
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Proposal Summary Form / Questionnaire

Type of Coverage: **Automobile Liability**

Proposer Arthur J. Gallagher Risk Management Services, Inc.

Address 200 South orange Avenue, Suite 1350, Orlando, FL 32801

Contact Justin Wiley Telephone (407) 563 - 3542 FAX (407) 370 - 3057

Insurer Arthur J. Gallagher & Co. will be offering Property, Inland Marine,

Address Boiler & Machinery and Crime coverage quote options only.

Contact _____ Telephone () ____ - ____ FAX () ____ - ____

Current AM Best Rating _____

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Auto Liability	\$1,000,000	\$ _____

Is policy subject to audit? Yes No
 Please describe final rate and rating basis _____

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Proposal Summary Form / Questionnaire

Type of Coverage: **General Liability / Law Enforcement Liability**

Proposer Arthur J. Gallagher Risk Management Services, Inc.

Address 200 South Orange Avenue, Suite 1350, Orlando, FL 32801

Contact Justin Wiley Telephone (407) 563-3542 FAX (407) 370-3057

Insurer Arthur J. Gallagher & Co. will be offering Property, Inland Marine,

Address Boiler & Machinery and Crime coverage quote options only.

Contact _____ Telephone (____) _____ FAX (____) _____

Current AM Best Rating _____

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
General Liability	\$1,000,000	\$ _____
LEL	\$1,000,000	\$ _____

Is policy subject to audit? Yes No
 Please describe final rate and rating basis _____

Please explain any deviations from the coverage requested _____

City of Key West
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Proposal Summary Form / Questionnaire

Type of Coverage: **Workers' Compensation**

Proposer Arthur J. Gallagher Risk Management Services, Inc.

Address 200 South Orange Avenue, Suite 1350, Orlando, FL 32801

Contact Justin Wiley Telephone (407) 563 - 3642 FAX (407) 370 - 3057

Insurer Arthur J. Gallagher & Co. will be offering Property, Inland Marine,

Address Boiler & Machinery and Crime coverage quote options only.

Contact () -

Current AM Best Rating

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Excess Worker's Compensation	Statutory	
Excess Employer's Liability	\$1,000,000	\$ _____

Normal premium multiplied by _____ % to give annual premium of \$ _____

Minimum premium \$ _____

Deposit Premium \$ _____

Yes No

On an "if any" basis:

Is coverage for volunteers included? _____

Is coverage for U.S. Longshoremen and Harbor Worker's coverage included? _____

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Proposal Summary Form / Questionnaire

Type of Coverage: **Stop Loss Aggregate**

Proposer Arthur J. Gallagher Risk Management Services, Inc.

Address 200 South Orange Avenue, Suite 1350, Orlando, FL 32801

Contact Justin Wiley Telephone (407) 563-3542 FAX (407) 370-3057

Insurer Arthur J. Gallagher & Co. will be offering Property, Inland Marine,

Address Boiler & Machinery and Crime coverage quote options only.

Contact () -

Current AM Best Rating

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Stop Loss Aggregate	\$1,600,000	\$

Please describe any deviations from specifications or special conditions in this policy _____

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Proposal Summary Form / Questionnaire

Type of Coverage: **Ancillary Marine, Storage Tank Policies**

Proposer Arthur J. Gallagher Risk Management Services, Inc.
 Address 200 South Orange Avenue, Suite 1350, Orlando, FL 32801
 Contact Justin Wiley Telephone (407) 563 - 3542 FAX (407) 370 - 3057

Insurer Arthur J. Gallagher & Co. will be offering Property, Inland Marine, Boiler & Machinery and Crime coverage quote options only.
 Address _____
 Contact _____ Telephone () - - FAX () - -
 Current AM Best Rating _____

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
MOLL Excess	\$4,000,000	\$ _____
MOLL Primary	\$1,000,000	\$ _____
Wharfingers	\$2,000,000	\$ _____
Hull Coverage	\$964,256	\$ _____
Vessel Pollution	\$1,000,000	\$ _____
Storage Tank Liability	\$1,000,000	\$ _____
AD&D	Statutory	\$ _____

Please describe any deviations from specifications or special conditions in these policies ____

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Proposal Summary Form / Questionnaire

Loss Control Services

Proposer Arthur J. Gallagher Risk Management Services, Inc.
Address 200 South Orange Avenue, Suite 1350, Orlando, FL 32801
Contact Justin Wiley Telephone (407) 563 - 3542 FAX (407) 370 - 3057

Insurer (if applicable) N/A
Address _____
Contact _____ Telephone (____) ____ - ____ FAX(____) ____ - ____
Current AM Best Rating _____

Please detail available loss control services:

SERVICE	YES/NO
Employee Practices Hot Line	Yes
Employment Law Seminar	Online
Sexual Harassment Seminars	Online
Sample Personnel Policy and Procedures	Yes
Contract Evaluations	Yes
Risk Management Seminars and on Site Training & Seminars	Yes
If yes, how often?	As Needed
Police Liability/ Critical Incident Hot Line	Yes
On Site Risk Analysis, Including Third Party Liability	Yes
Safety Program Development, Including Third Party Liability	Yes
Regulatory Assistance	Yes
Indoor Air Quality Analysis	As Needed
Industrial Hygiene Analysis	As Needed
Monthly Loss Runs by Type of Loss and Department	Yes
Appraisals	As Needed

Please describe all available loss control services offered by the proposer: _____
Outlined in Tab 7: Gallagher Services & Loss Control Services, the City of Key West can find our outlined, available loss control services we offer to all of our clients. These services will also be available to the City if desired and as needed.

Jim Smith will be City of Key West's Loss Control Advocate and is a part of the Gallagher team in Florida. The City can find Jim's resume in Tab 4: Team Experience & Resumes.

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Proposal Summary Form / Questionnaire

Premium Summary

Annual Premium for Property	\$ 448,220 _____
Annual Premium for Crime	\$ inc w/ Property _____
Annual Premium for POL / EPLI	\$ n/a _____
Annual Premium for Automobile Liability	\$ n/a _____
Annual Premium for GL / LEL	\$ n/a _____
Annual Premium for Workers' Compensation	\$ n/a _____
Annual Premium for Stop Loss Aggregate	\$ n/a _____
Annual Premium for Ancillary Marine, Storage Tank Policies	\$ n/a _____
*TOTAL ANNUAL PREMIUM FOR ALL COVERAGES QUOTED	\$ 448,220 _____

*Please type or print "N/A" in lieu of a premium if a line of coverage is not being offered in this proposal.

General Questionnaire

1. Have proposals been submitted per the RFP instructions (1 original, 3 flash drives)? Yes
2. Are proposed rates valid until October 1, 2015, or later? Yes
3. Are proposed rates guaranteed for at least 12 months? Yes Longer? No
4. Have you attached the Public Entity Crimes Statement? Yes
5. Have you attached the Drug Free Workplace Statement? Yes
8. Have you complied with the Conflict of Interest Statement by including names of Individuals that may be affected? N/A If applicable, names N/A
9. If you have deviated from the specifications, have you attached explanations of all deviations? Yes
10. Have you included all pages of Section X, whether or not proposing each coverage?
(MANDATORY)

Yes, Gallagher has included all pages from Section X within our response. This can be found in Tab 2: Required Forms.

DRUG FREE WORKPLACE FORM

The undersigned PROPOSER in accordance with Florida Statute 287.087 hereby certifies that Arthur J. Gallagher Risk Management Services, Inc. does:
(Company Name)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business’s policy of maintaining a drug free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee’s community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

Mindy
Signature

7/6/15
Date

City of Key West
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Proposal Summary Form / Questionnaire

ANTI-KICKBACK AFFIDAVIT

STATE OF FLORIDA

SS

COUNTY OF MONROE

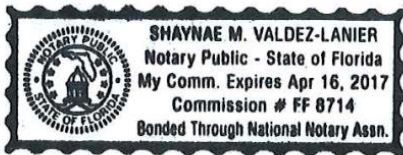
I, the undersigned, hereby duly sworn, depose and say that no portion of the sum herein bid will be paid to any employee of the City of Key West as a commission, kickback, reward or gift, directly or indirectly by me or any member of my family or by an officer of the business or corporation.

BY: Mingji

sworn and prescribed before me this 6th day of July, 2015

Shaynae M. Valdez-Lanier
Notary Public, State of Florida

My commission expires April 16, 2017



LOCAL VENDOR CERTIFICATION PURSUANT TO CKW ORDINANCE 09-22 SECTION 2-798

The undersigned, as a duly authorized representative of the vendor listed herein, certifies to the best of his/her knowledge and belief, that the vendor meets the definition of a "Local Business." For purposes of this section, "local business" shall mean a business which:

a. Principle address as registered with the FL Department of State located within 30 miles of the boundaries of the city, listed with the chief licensing official as having a business tax receipt with its principle address within 30 miles of the boundaries of the city for at least one year immediately prior to the issuance of the solicitation.

b. Maintains a workforce of at least 50 percent of its employees from the city or within 30 miles of its boundaries.

c. Having paid all current license taxes and any other fees due the city at least 24 hours prior to the publication of the call for bids or request for proposals.

- o Not a local vendor pursuant to Ordinance 09-22 Section 2-798
- o Qualifies as a local vendor pursuant to Ordinance 09-22 Section 2-798

If you qualify, please complete the following in support of the self certification & submit copies of your County and City business licenses. Failure to provide the information requested will result in denial of certification as a local business.

Business Name: _____ Phone: _____

Not Applicable for Arthur J. Gallagher Risk Management Services, Inc.
We are not claiming to be a Local Vender.

Current Local Address: _____ Fax: _____

(P.O Box numbers may not be used to establish status)

Length of time at this address: _____

Signature of Authorized Representative

Date

City of Key West
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Proposal Summary Form / Questionnaire

LOCAL VENDOR CERTIFICATION PURSUANT TO CKW ORDINANCE 09-22 SECTION 2-798 (cont.)

**Not Applicable for Arthur J. Gallagher Risk Management Services, Inc.
We are not claiming to be a Local Vender.**

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20__.

By _____, of _____
(Name of officer or agent, title of officer or agent) (Name of corporation acknowledging)

or has produced _____ as identification.
(type of identification)

Signature of Notary

Print, Type or Stamp Name of Notary

Title or Rank

City of Key West
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Proposal Summary Form / Questionnaire

**SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A)
FLORIDA STATUTES ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS

1. This sworn statement is submitted to City of Key West

By Michael Gillon, Area President
(Print individual's name and title)

For Arthur J. Gallagher Risk Management Services, Inc.
(Print name of entity submitting sworn statement)

Whose business address is 200 South Orange Avenue, Suite 1350, Orlando, FL 32801

and (if applicable) its Federal Employer Identification Number (FEIN) is 362102482

If entity has no FEIN, include Social Security number of individual signing.

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services provided to any public entity or an agency or political subdivision of any other state or the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "conviction" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes means:

1. A predecessor or successor of a person convicted of a public entity crime; or
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or any entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those

officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on the information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement (indicate which statement applies).

mg Neither the entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

___ The entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

___ The entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (Attach copy of final order)

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR THE CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

Michael Gillon
Signature

7-6-15
Date

STATE OF Florida

COUNTY OF Orange

PERSONALLY APPEARED BEFORE ME, Michael Gillon

who after first being sworn by me, affixed his/her signature in the space

above this 6th day of July, 2015.



City of Key West
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Proposal Summary Form / Questionnaire

CONFLICT OF INTEREST AFFIDAVIT

By the signature below, the firm (employees, officers and/or agents) certifies, and hereby discloses, that, to the best of their knowledge and belief, all relevant facts concerning past, present, or currently planned interest or activity (financial, contractual, organizational, or otherwise) which relates to the proposed work; and bear on whether the firm (employees, officers and/or agents) has a possible conflict have been fully disclosed.

Additionally, the firm (employees, officers and/or agents) agrees to immediately notify in writing the Finance Director, or designee, if any actual or potential conflict of interest arises during the contract and/or project duration.

Arthur J. Gallagher Risk Management Services, Inc.
Firm

Michael Gillon
Signature

7-6-15
Date

Michael Gillon
Name Printed

Area President
Title of Person Signing Affidavit

State of Florida

City of Orange

SUBSCRIBED AND SWORN to before me this 6th day of July, 2015, by

Michael Gillon, who is personally known to me to be the Area President, Branch Manager

for the Firm, OR who produced the following identification: _____.

Shaynae M. Valdez-Lanier
Notary Public

My Commission Expires: April 16, 2017



CONE OF SILENCE

STATE OF FLORIDA

SS:

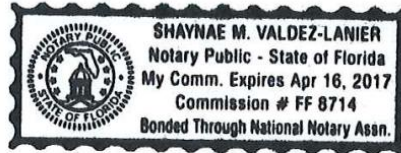
COUNTY OF MONROE

I the undersigned hereby duly sworn, depose and say that all owner(s), partners, officers, directors, employees and agents representing the firm of Arthur J. Gallagher Risk Management Services, Inc. have read and understand the limitations and procedures regarding communications concerning City of Key West issued competitive solicitations pursuant to City of Key West Ordinance Section 2-773 Cone of Silence (attached).

BY: Ming _____

sworn and prescribed before me this 6th day of July, 2015

Shaynae M. Valdez-Lanier
NOTARY PUBLIC, State of Florida



My commission expires: April 16, 2017

City of Key West
Request For Proposal #07-015

Proposal Summary Form / Questionnaire

EQUAL BENEFITS FOR DOMESTIC PARTNERS AFFIDAVIT

STATE OF FLORIDA

: SS

COUNTY OF Orange

I, the undersigned hereby duly sworn, depose and say that the firm of Arthur J. Gallagher Risk Management Services, Inc. provides benefits to domestic partners of its employees on the same basis as it provides benefits to employees' spouses per City of Key West Ordinance Sec. 2-799.

BY: Ming

sworn and prescribed before me this 6th day of July, 2015

Shaynae M. Valdez-Lanier
NOTARY PUBLIC, State of Florida



My commission expires: April 16, 2017



Tab 3: Financial Stability/Coverage Breakdown

	2014 Financials	
	PRM	PGIT
Members	55	300
Assets	\$ 39,331,599	\$ 177,202,287
Liabilities	\$ 28,680,047	\$ 82,472,335
Net Position	\$ 10,651,552	\$ 94,729,952
Operating Revenue	\$ 29,551,289	\$ 92,197,372
Cash	\$ 30,449,895	\$ 20,443,673
% Assets Cash	77%	12%
Assets / Member	\$ 715,120	\$ 590,674
Cash / Member	\$ 553,634	\$ 68,146
2014 Member Distribution	\$ 2,000,000	??

Financial Stability of Insurance Provider

The financial position of Public Risk Management of Florida (PRM) public entity insurance pool is categorized as notably stable and secure. Formed in 1987, PRM has consistently provided a quality and constant alternative to the general insurance marketplace. PRM is not a rapid growth pool and has retained a tremendous percentage of long-time clients; currently including 55 members that comprise of counties, cities and special districts in Florida. (Note: Information from PGIT 2014 financial statement. Number of members is approximated from prior PGIT public entity RFP responses)

PRM has nearly \$40,000,000 in assets and of that, roughly \$31,000,000 representing a cash-to-asset ratio of 77%. PRM exceeds the industry benchmark of premium-to-surplus ratio of 3:1. PRM is a non-assessable pool.

In comparison to Preferred Governmental Insurance Trust (PGIT), PRM offers a stronger position per member, with greater assets- and cash-per-member. In addition, PRM has approved a member distribution of \$2,000,000 in 2014 attributable to its' solid financial position and positive underwriting results.

PRM solidifies its financial position by purchasing excess and aggregate reinsurance with low retentions. The reinsurance program is comprised of "A-rated" carriers as rated by AM Best with financial scores of "XI" or better. This structure allows PRM to administer and retain property losses up to the first \$100,000. After that primary layer, cedes the remainder of the loss to the reinsurers. If a hurricane (or two) barrel through Florida, PRM is well positioned to pay claims to its affected members.

The pool's results are audited annually by a third party Certified Public Accountant. Member rates are determined utilizing advice from third party actuarial services.

It is also important to note PRM's client aggregation and geographical distribution in Florida. With The City of Key West in mind, if a large hurricane crashed into Monroe County, the City would have a hedge in place due to PRM having no other clientele in Monroe County. Aggregation in Tri-County is also very low. This provides assurance that maximum indemnification would be paid to Key West in a large catastrophic event.

Please see the representation of PRM's 55 client's geographical distribution below.

PRM Member Geographical Distribution



Coverage Breakdown

Property

The Public Risk Management of Florida (PRM) property program provides *considerable* enhancements in coverage compared to the expiring program with PGIT. In addition, it is very price competitive. If The City of Key West decides to only elect the property program, the cost will remain the same as proposed.

Property	PGIT	PRM
Named Windstorm Deductible	5%/\$35,000 minimum	5%/\$0 no minimum ★
Excess Flood Limit	\$5,000,000	\$50,000,000 ★
Earthquake Limit/Aggregate	None	\$50,000,000
Flood Deductible	\$2,500 Other Zones	\$1,000 other zones
Flood Deductible	Excess NFIP Zones A & V or 5% Location whichever greater. If not eligible for NFIP deductible will be \$1,000,000	Flood Zones A &/or V the deductible is Excess of maximum limits available from NFIP, whether purchased or not, \$500,000 per building and \$500,000 contents per building
Business Income	\$100,000	\$100,000,000 (unscheduled excluded) ★
Debris Removal	\$2,000,000	Policy limits (\$75m named wind/\$500m AOP) ★
Demolition	included in Ordinance limit	Policy limits (\$75m named wind/\$500m AOP)
Ordinance/ Increased Cost of Construction	\$2,250,000 - includes demolition	\$25,000,000 ★
Accounts Receivable	\$250,000	Policy limits (\$75m named wind/\$500m AOP)
Additional Expense	\$1,000,000	\$50,000,000
Contingent Business Interruption	\$0	\$3,000,000 ★
Extra Expense	\$1,500,000	\$50,000,000 ★
Valuable Papers	\$100,000	Policy limits (\$75m named wind/\$500m AOP)
Animals	\$1,000/\$5,000	\$2,500,000
New Locations	\$2,000,000	\$25,000,000
Fire Department Charges	\$25,000	Policy limits (\$75m named wind/\$500m AOP)
Service Interruption Coverage	\$100,000	\$25,000,000
Errors & Omissions	\$250,000	\$25,000,000
Off Premises Power Failure	\$100,000	\$25,000,000 ★
Transit	\$250,000	\$25,000,000
Auto Physical Damage	ACV	ACV
Hired Physical Damage	None	ACV
Site Improvements/ Property In The Open	PGIT has not scheduled values in this category	Replacement Cost on all property scheduled
Signs Not Attached to Buildings	Per schedule if within 1,000 feet of building	Policy limits (\$100m named wind/\$500m AOP)
Pollutant Clean up	\$25,000/\$50,000	Excluded
Fungus Clean up	\$10,000/\$20,000	Excluded
Terrorism	Excluded	Rejected by PRM

As illustrated by the comparison (left), many important coverages are not sublimited within its total limit of insurance. This provides The City of Key West with piece of mind that in the event of a large property event, you will be indemnified for the full financial loss.

In regards to wind coverage, The City of Key West will have full Total Insured Values available from the pool with the beneficial “Named Wind Storm” deductible wording on a per building basis. A key distinction from the expiring program is that there is no minimum amount. Expiring program picks up after a deductible of \$35,000 has been met.

The flood program also provides several significant enhancements. The Excess Flood limit is increased from \$5,000,000 to \$50,000,000, with deductibles of \$500,000 (excess of NFIP) for both the building and its contents for high-hazard zones of A and V. All other low-hazard zones will have a deductible of \$1,000, compared to expiring program deductibles of \$2,500.

The PRM pool also provides \$50,000,000 of Earthquake coverage. The expiring program *does not* provide coverage for earthquake.

★ Denotes significant coverage enhancement.

Property (cont.)

Business Interruption coverage is provided up to \$100,000,000 from \$100,000 provided by the expiring program. This is a very important line of coverage that will play a key role in providing full indemnity in the event of a loss.

Many other items that are sublimited in the expiring program are available at full limits with PRM including Debris Removal, Demolition, Accounts Receivable and Valuable Papers. Significant limit enhancements are provided for Ordinance coverage, Additional Expense, Newly Acquired Locations, Errors & Omissions, Transit, and Contingent Business Interruption coverages.

Auto physical damage coverage is provided on the property form to take advantage of the more competitive pricing and favorable property deductibles. Vehicles are indemnified at Actual Cash Value. PRM also provides coverage for Hired Vehicles, while the expiring program does not offer coverage. Over-the-road coverage is provided on the PRM form.

In addition to the PRM property quote, Gallagher obtained a competing quote from AmRisc. The AmRisc quote provides a program that is similar in cost to the City’s expiring program. Due to significant advantages in coverage and price, comparisons will focus on the recommended PRM property option.

Boiler & Machinery

PRM’s program provides Boiler & Machinery (Equipment Breakdown) coverage via Travelers’ “A-rated” EnergyMax 21 form. Coverage differences include a lower deductible - \$10,000 versus expiring program deductible of \$25,000. A deductible of \$25,000 remains for any transformers greater than 10,000 KVW. Significant increases in coverage limits for Extra Expense coverage, Water Damage and Hazardous Substances. All other coverages and conditions remain materially static from expiring.

Boiler & Machinery	PGIT	PRM
Deductible	\$25,000	\$10,000 (\$25,000 for Transformer > 10,000 KVW)
Extra Expense	\$1,000,000	\$50,000,000
Water Damage	\$500,000	\$2,000,000
Hazardous Substance	\$500,000	\$2,000,000

Inland Marine

The biggest difference in coverages for Inland Marine (Contractors' Equipment) coverage is PRM provides indemnity on a Replacement Cost basis versus Actual Cash Value on the expiring program. This is important to replace equipment that is more than a couple years old. The City will be able to replace its lost equipment at a valuation that will allow purchase of new(er) equipment.

Inland Marine / Contractor's Eq.	PGIT	PRM
Valuation	Actual Cash Value (ACV)	Replacement Cost Value (RCV) ★
Communication Equipment	Included	Included
Contractor's / Mobile Equip	Included	As Scheduled
Other IM/Valuable Papers	Included	Included
Rented, Borrowed, Leased	Included	Included
Fine Arts	Included	Included

★ Denotes significant coverage enhancement.

Crime

PRM offers crime coverage built into the property form. The City will not have to pay extra for a separate policy. The city currently pays \$3,284 for crime coverage outside of the property program. In addition to premium savings, the coverage conditions are significantly enhanced. All line items are increased to \$1,000,000 and the SIR/deductibles are significantly reduced from \$25,000 to \$1,000.

	PGIT		PRM	
	Limit	SIR	Limit	Deductible
Employee Theft-Per Loss Coverage	\$ 975,000	\$ 25,000	\$ 1,000,000	\$1,000
Forgery or Alteration	\$ 75,000	\$ 25,000	\$ 1,000,000	\$1,000
Inside Premises-Theft of Money & Securities	\$ 975,000	\$ 25,000	\$ 1,000,000	\$1,000
Inside Premises-Robbery, Safe Burglary-Other Prop	\$ 975,000	\$ 25,000	\$ 1,000,000	\$1,000
Outside the Premises / In Transit	\$ 250,000	\$ 25,000	\$ 1,000,000	\$1,000
Computer Fraud	\$ 975,000	\$ 25,000	\$ 1,000,000	\$1,000
Funds Transfer Fraud	\$ 975,000	\$ 25,000	\$ 1,000,000	\$1,000
Money Orders and Counterfeit Paper Currency	Not Covered	Not Covered	\$ 1,000,000	\$1,000



Tab 4: Team Experience & Resumes

Administration & Staff Qualifications

Team dynamics are critical to the successful implementation of a comprehensive and effective risk management program. The City of Key West’s team is an enthusiastic, experienced and dedicated team with focused expertise and unprecedented national experience in Public Entity Risk Management placement. We have organized a team of experts to assist in design, negotiation, and servicing of the City’s program. This hybrid model of local, regional, national, and international support will provide the City of Key West with the best mix of hands-on service combined with the best brokerage talent from across the entire Gallagher organization. The City’s Gallagher servicing team is displayed in the Organizational Chart below. Following our Gallagher Team Organizational Chart, the City will find our servicing team resumes and licenses.

Gallagher Team Organizational Chart

Team Leader
Justin A. Wiley, CPCU, RMPE Area Assistant Vice President Justin_Wiley@ajg.com 407-563-3542

Program Administration	
Executive Leadership Michael Gillon, ARM Area President, Orlando Michael_Gillon@ajg.com 407-563-3550	Account Manager Kim Zastrow Client Service Manager Kim_Zastrow@ajg.com 407-563-3537

Specialist Resources			
Claims Advocate Bart Douglas, AIC, Director Gallagher Claims Advocacy	Wholesale E&S Team Lead Wes Robinson, CIC, CRIS National Property President	Cyber Risk Michael Guzman Cyber Risk Specialist	Environmental Risk Anthony Lehen Director, Environmental Risk
Loss Control Advocate Jim Smith, M.S., CSP Director, Risk Control Services	International Team Lead Mark Hubbard, AJG UK Director, U.S. Property	Enterprise Risk Management Consulting Dorothy Gjerdrum Managing Director Public Sector	Property Risk Engineering Wayne Onyx Director, Risk Services HPR Engineering

Account Team Resumes
 Team Leader Resume



**Justin A. Wiley, CPCU, RMPE | Area Assistant Vice President
 Gallagher Public Sector**

<p>Team Leader</p>	<p>The Gallagher team is led by Justin Wiley who will be the primary coordinator of all Gallagher resources to The City of Key West. Justin will have the ultimate responsibility to ensure the City receives exceptional service and expertise from the Gallagher network. He will work hand-in-hand with other team members to ensure effective execution of the entire team.</p>
<p>Relevant Experience & Qualifications</p>	<p>Justin has worked in the insurance industry for 10 years including roles in production and underwriting. He has been a part of the Gallagher Public Sector team for the past 3 years.</p>
<p>Existing Clients</p>	<p>Justin currently manages public entity client insurance programs including over \$7 Billion of insured property and over \$11 Million in annual insurance premiums. The current accounts managed by your Team Leader include:</p> <ul style="list-style-type: none"> • 1 City • 1 County • 1 Governmental Self-Insurance Pool • 1 State Government • 2 Airport Authorities • 1 Special District
<p>Education, Licenses & Designations</p>	<ul style="list-style-type: none"> • 2-20 Property & Casualty Agent • 1-20 Surplus Lines Agent • 2-15 Life, Health & Variable Annuity Agent • CPCU (Chartered Property Casualty Underwriter) • RMPE (Risk Management for Public Entities) • Florida State University – Finance and Commercial Real Estate • Present Member of National PRIMA Conference (Public Risk Management Association) • Article Published in the February 2015 Public Risk Magazine

Program Administration Resumes



**Michael Gillon, ARM | Area President
Principal, Public Entity & Scholastic Division**

<p>Executive Leadership</p>	<p>Michael Gillon is the Executive Leadership to Justin Wiley and the Gallagher Servicing Team. He is an exponential resource to The City of Key West and is used for his expertise in Florida Public Entities. He will work hand-in-hand with Justin to ensure effective execution of the entire team and program.</p>
<p>Relevant Experience & Qualifications</p>	<p>Michael specializes in providing services to public entities. Since 2002, Michael has worked closely with public entities and has been instrumental in designing and negotiating his clients’ insurance coverages as well as assisting with contractual risk management concerns. Michael will be available on a daily basis to respond to the service needs of the City and will assist in the design and implementation of your insurance programs. In 2014, Michael was promoted to the Area President of our Orlando branch.</p>
<p>Existing Clients</p>	<p>Michael currently manages public entity and higher education client insurance programs including over \$20 Billion of insured property and over \$30 Million in annual insurance premiums. The current accounts managed by Michael include:</p> <ul style="list-style-type: none"> • 2 Large Florida City Governments • 3 Large Florida County Governments • 1 Large Florida School District • 3 Florida Educational Self-Insurance Pools • 1 State Government • 3 Large Airport Authorities
<p>Education, Licenses & Designations</p>	<ul style="list-style-type: none"> • Licensed 2-20 Property & Casualty Agent • Associate in Risk Management (ARM) • Bachelors of Science in Finance and Insurance—University of Florida



Kim Zastrow, Client Service Account Manager

<p>Account Manager</p>	<p>As account manager, Kim will work hand-in-hand with Justin and the entire local brokerage team. Kim’s job responsibilities include providing technical expertise, handling the daily servicing responsibilities, and ensuring all team members are up-to-date on all aspects of The City of Key West’s program. She will also assist in the marketing phase of the insurance renewal cycle, working closely with the City to help facilitate the gathering of exposure information, and working closely with Justin in the negotiations with the insurance companies.</p>
<p>Relevant Experience & Qualifications</p>	<p>Kim brings over 30 years of experience to The City of Key West. Since joining Arthur J. Gallagher in 2014, she has focused on designing and servicing private schools and commercial accounts and has experience with a variety of other insurance exposures. As Account Manager, Kim works hand-in-hand with Justin and the entire team to respond to the City’s daily needs.</p>
<p>Existing Clients</p>	<p>Kim has a manageable workload of 15 individual clients to ensure availability to The City of Key West. Her current clients include:</p> <ul style="list-style-type: none"> • 8 Private/Charter Schools • 3 Technology-Related Firms • 3 Real Estate Firms • 1 National Automotive Account
<p>Education, Licenses & Designations</p>	<ul style="list-style-type: none"> • Licenses 2-20

Specialist Resources Resumes



**Bart Douglas, AIC | Managing Director
Gallagher Claims Advocacy**

<p>Claims Advocate</p>	<p>Bart is available to assist The City of Key West with regular claim reviews and in the claims settlement process to ensure prompt, fair claim settlements. In the event of significant losses, Bart will be available to assist the City as your professional advocate, dealing directly with the claims adjusters who represent the various insurance companies participating on The City of Key West’s program.</p>
<p>Relevant Experience & Qualifications</p>	<p>Bart has been involved in claims and risk management for over 25 years and primarily services public sector clients at Gallagher. He has provided advocacy for large first party and third party claims and is available to assist The City of Key West should an unfortunate claim arise.</p>
<p>Existing Clients</p>	<p>Bart has been instrumental in his participation with a number of clients. His client base consists of primarily public entity and higher education accounts including:</p> <ul style="list-style-type: none"> • Florida Governments • Florida School Districts • Ecclesiastical Provinces including Catholic Schools
<p>Education, Licenses & Designations</p>	<ul style="list-style-type: none"> • Associate in Claims (AIC) Designation • Candidate for Chartered Property Casualty Underwriter Designation • Bachelors of Science in Social Science—Harding College, Searcy Arkansas



**Jim Smith, M.S., CSP | Managing Director
Southeast Regional Risk Control**

<p>Risk Control</p>	<p>Jim’s role is to coordinate loss control activities and training as desired by The City of Key West to reduce your cost of risk.</p>
<p>Relevant Experience & Qualifications</p>	<p>Jim has 29 years of experience in risk control and is a frequent speaker for our clients and national safety associations on topics including public entity and higher education loss trends, workplace safety, vehicle operations loss control, effective media relations and employment practices.</p>
<p>Existing Clients</p>	<p>Jim has been instrumental in his participation with a number of clients. His client base consists of primarily public entity and higher education accounts including:</p> <ul style="list-style-type: none"> • Florida School Districts • Florida Governments • Ecclesiastical Provinces including Catholic Schools
<p>Education, Licenses & Designations</p>	<ul style="list-style-type: none"> • Certified Safety Professional—Comprehensive Practice • Masters of Science and Bachelors of Science—Industrial Safety



**Wes Robinson, CIC, CRIS
National Property President | Wholesale E&S**

**Wholesale E&S Team
Lead**

Wes has worked closely with the Gallagher team for 12 years placing complex catastrophe exposed accounts ranging in size from a few hundred thousand in premium to over \$15 million. He currently manages over \$60 million in property premium, and is also RPS' national property resource for their brokerage network which places over \$600 million in property premium. In the event that your core proposed Gallagher servicing team needs additional assistance in accessing domestic excess and surplus lines carriers, Wes will step in and be of assistance to the Gallagher team. In this role, he will negotiate appropriate coverage terms, pricing, and program structure while working in tandem with the Gallagher team to ensure the most competitive capacity is provided to The City of Key West.



**Mark Hubbard | Managing Director | | AJG U.K.
Gallagher Wholesale | Property & Casualty Division**

**International Team
Lead**

Mark will function as the lead for accessing the wholesale global marketplace outside of North America. Mark has been part of the Gallagher team for the past 14 years working almost exclusively on difficult to place client accounts where large amounts of catastrophe aggregate is required from markets from outside the USA. Throughout his 28 year career, Mark has worked in various different Property insurance areas but always specializing in the Property Catastrophe sector. Mark is a senior market contact with many insurance companies throughout UK, US, Bermuda and Europe where he enjoys strong relationships with key personnel within these organizations.



**Michael Guzman, ARM | Senior Account Executive
Gallagher Cyber Risk**

Cyber Risk Specialist

Michael specializes in providing services to educational institutions and governmental entities. He has worked closely with similar public entity clients and has been instrumental in designing and negotiating cyber insurance coverages. Michael is Gallagher Florida's leading Cyber Risks Expert. He has spoken at Florida and Regional RIMS and also Florida PRIMA. Michael's primary accounts include Higher Education, Private K-12 Educational Institutions, State Governments, and Cities. He is a licensed 2-20 property and casualty agent and also has his Associate in Risk Management (ARM) designation. Michael received his bachelors of science in risk management and insurance from Florida State University. He is a member of Public Risk Management Association (PRIMA) and Orlando Young Professionals (OYP).



**Dorothy Gjerdrum, ARM-P, CIRM
Executive Director, Public Sector**

Risk Management Consulting

As Senior Managing Director of Gallagher Public Sector, Dorothy leads 300 Gallagher insurance brokers and specialists dedicated to public sector clients across the United States, focusing on issues of risk management, exposure identification, pool operations and enterprise risk management (ERM). In addition to leading the broker group, Dorothy provides consulting and risk management services to select Gallagher public sector and higher education clients. Dorothy is available to discuss and recommend ERM and Risk Management Insurance Systems (RMIS) processes and resources to The City of Key West as needed.



**Anthony L. Lehnen, CHMM | Area Senior Vice President
Director, Environmental Risk**

Environmental Risks

Mr. Lehnen is the Managing Director of Gallagher Environmental Risk and Insurance (GERI). GERI is an expertise group within Arthur J. Gallagher Risk Management Services, Inc. (Gallagher) that focuses on risk management issues of companies with environmental exposures. As an Area Senior Vice President, Mr. Lehnen is responsible for providing technical knowledge, brokering, and sales of environmental insurance for GERI throughout the United States. Mr. Lehnen also has the responsibility for maintaining relationships with the primary providers of environmental liability insurance. Anthony will be available to the team as needed.



**Wayne Onyx | Area Senior Vice President
Director, Risk Services | HPR Engineering**

Wholesale E&S Team Lead

Wayne is a Senior Consultant with Gallagher's Risk Service group and is available for various special projects relating to Property Engineering, including managing carrier risk control services, plan review and special projects. Wayne brings over 25 years of experience in loss control including 15 years with Arthur J. Gallagher & Co. Wayne is proficient in both the NFPA (National Fire Protection Association) standards and FM Global data sheets to meet client needs in addition to being a member of the NFPA and local SFPE (Society of Fire Protection Engineering) chapter. He has also recently has authored a chapter on fire protection maintenance and testing for the ASSE's (American Society of Safety Engineers) Safety Professionals Handbook. Wayne will be available to the team as needed.



Tab 5: Firm & Public Entity Experience

Firm Overview and Experience

General Overview of Gallagher

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

Arthur Gallagher



Family Founder

Robert “Bob” Gallagher



Publicly Traded

Patrick Gallagher, Jr.



Family Run

Arthur J. Gallagher & Co.	
Home Office	The Gallagher Centre 2 Pierce Place Itasca, IL 60143-3141 (630) 773-3800
Founded	1927
Size	World’s fourth largest insurance broker
Revenues	\$4.6 Billion in total revenues in 2014
Employees	20,000+
Sales and Service Offices	More than 650 in 30 countries
Approximate Number of Public Entity Clients	<ul style="list-style-type: none"> • Over 7,000 Public Entity and Scholastic Clients • 1,000’s of individual cities, counties, parishes, schools and special districts • 1,000’s of municipalities • 18 state government • Serve more than 3,500 schools (40% of the largest 100 schools)
<i>Public Sector represents the largest client group within Gallagher</i>	<ul style="list-style-type: none"> • 120 pools (estimated 10,000 individual entities) • Three of Brokerage Service Division (BSD’s) five largest clients are public sector
Public Sector Locations	Over 30+ offices Over 325 sales and services professionals
Area of Specialization	AJG has almost twenty industry and coverage practice groups servicing industries ranging from Public Sector, Higher Education, Aviation, Construction, Energy, Healthcare, Life Science, Marine, Real Estate, Religious & Nonprofit, Restaurant, and Tech & Telecomm.

Arthur J. Gallagher & Co. is an international brokerage firm with various operating companies. Gallagher is currently the fourth largest broker in the world. Since 2012 we have made over 150 acquisitions.

Our four key priorities include:

1. Organic revenue growth
2. Mergers and acquisitions
3. Productivity and quality enhancements
4. Maintaining our unique team-orientated sales culture

Arthur J. Gallagher & Co. Awards and Recognitions

In 2012, 2013, 2014 and 2015, Arthur J. Gallagher & Co. has been named as one of the World's Most Ethical Companies. Gallagher joins a small group of companies committed to operating at the highest ethical standards, being the only insurance broker to earn this recognition. Gallagher also was recognized and honored as one of Forbes' 2015 America's Best Employers award. Earlier this year, our CEO and Chairman President, Pat Gallagher, stated:

We are delighted to be recognized by Forbes as a 2015 America's Best Employer. The Gallagher culture emphasizes teamwork, inclusiveness and mutual respect, and we strive to provide a supportive work environment that allows our employees to grow and succeed. This recognition, combined with the announcement earlier this month from the Ethisphere Institute that we were again recognized as a World's Most Ethical Company, represents a powerful testimony to the strength of our global organization.



Gallagher Florida

In the State of Florida, Gallagher opened its first office in 1977. Arthur J. Gallagher & Co. currently employs 150 property and casualty employees in Florida, places over \$525 Million in premium and maintains five brokerage offices (Orlando, Boca Raton, Miami, Tampa and Jacksonville).

Our Orlando Branch specializes in Public Sector Risk Management Programs. Gallagher’s specialized companies provide a full range of Insurance and Risk Management Services, including, but not limited to, Actuarial Services, Alternative Risk Management Options, Claims Management and/or

Advocacy Services, and Loss Control Development and Assistance, Wind Modeling and FEMA Expertise.

Arthur J. Gallagher Risk Management Services, Inc. Orlando, Florida	
Local Office	200 South Orange Avenue Suite 1350 Orlando, FL 32801
Founded	1991
Professional Staff	20
Approximate Percentage of Public Sector Clients	Approximately 80%
Area of Specialization	Public Sector (Governmental Entities, Public School Districts), Colleges/Universities, Religious, Real Estate, Restaurants and Marine.

Arthur J. Gallagher & Co.’s Corporate Philosophy

The guiding principles of our company were established at the very beginning and remain with us today. In 1984, then CEO Bob Gallagher, put those values into writing in the form of *The Gallagher Way*, a document listing 25 tenets that form the basis of our ethical grounding and what we believe as a company.

When discussing values, we distinguish between Compliance and Ethics. Compliance tells us what we must do; Ethics involves the things that we, as a group of people, have agreed we should do. *The Gallagher Way* is over 25 years old, but the basic values established in 1927 and the statement of those values written in 1984 are as relevant as ever today. The following are a brief summary of some of those core values:

Respect for each other: This respect does not stop at our office walls. It extends beyond those walls to our clients, to our insurance carriers, to our competitors, and to our fellow human beings around the world.

Empathy toward others: We understand that as a global company, we have the ability to impact the welfare of people in a powerful way. We accept that challenge through our support of the Gallagher Foundation and through the contributions of our employees’ time, resources, and energy to those who are less fortunate.

Leadership in our industry: As one of the world’s largest insurance brokers, we strive to mentor others by example. We set the bar high through our comprehensive

Corporate Social Responsibility program. We will continue to encourage others to focus on values as well as profits. And we will set the standard for appropriate conduct in the world community. The values that were established and accepted at Gallagher throughout the years will continue to be the basis for what we, as a group of people, have agreed we should do. We expect that each member of the Gallagher Community will demonstrate those values to you.

Our Global Reach

Gallagher distributes its local sensibilities worldwide.




Professional Excellence

In addition to these shared values outline on the following page, we adhere to a strict professional standards program to guarantee quality and satisfaction within our customer base. Arthur J. Gallagher strives for the highest professional excellence in the delivery of our risk management services.

Business Without Barriers


The following infographic provides a high level overview of Arthur J. Gallagher’s global reach and expertise. Gallagher has the resources and capabilities to provide brokerage services for any risk anywhere in the world.



ANY CHALLENGE. ANY RISK. ANYWHERE IN THE WORLD.

Grow your business with confidence by protecting your future and ensuring that your employees are securely invested in it. Gallagher’s holistic approach keeps your best interests in focus.

SUSTAINED GROWTH. STEADY FOCUS ON QUALITY.



AJG: NYSE

\$3.2B
TOTAL REVENUE
in 2013

26%
REVENUE GROWTH
in 2013

\$384MM
ACQUIRED REVENUES
record revenues reached in 2013

- Organic growth
- Mergers and acquisitions
- Productivity and quality enhancements
- Unique, team-oriented sales culture

Commercial Insurance & Risk Management

- Alternative Risk & Captives
- Casualty
- Claims Advocacy
- Cyber Risk
- Environmental
- Financial Products
- Global Risk Management
- Loss Control
- Management Liability
- Multinational Client Services
- Property
- Trade Credit & Political Risk
- Workers Compensation

Benefits & HR Consulting

- Exchanges
- Executive Benefits
- Health & Welfare
- Healthcare Analytics
- Human Resources & Compensation
- Institutional Investment & Fiduciary Services
- Multinational Benefits & Human Resources
- Retirement Plan Consulting
- Voluntary Benefits

HIGHLY SPECIALIZED. DEEP EXPERTISE.

18+
Industry Practices

Aviation

Construction

Energy, Oil & Gas

Entertainment

Equity Advisors

Food & Agribusiness

Healthcare

Higher Education

Hospitality

Law Firms

Life Sciences

Marine

Public Sector

Real Estate & Hospitality

Religious & Nonprofit


Restaurant

Tech & Telecomm


Transportation

GLOBAL REACH. LOCAL PRESENCE.


140+
countries with client service capabilities



500+
sales & service offices



16,000+
employees



SHARED VALUES + PASSION FOR EXCELLENCE = PROMISES DELIVERED

The Gallagher Way
25 tenets that have guided a team-oriented culture for 30 years

Social Responsibility
Company-wide focus on Ethical Conduct, Employee Health and Welfare, Environmental Integrity and Community Service

World's Most Ethical Companies – 2012, 2013 & 2014
Named by Ethisphere Institute

Best Companies for Leaders – 2013
Named by Chief Executive magazine

© 2014 Arthur J. Gallagher & Co.



Tab 6: References

Reference #1	City of Orlando
Contact Name	Raymond Scullian
Address	400 South Orange Avenue, Orlando FL 32801
Telephone	(407) 246 3343 raymond.scullian@cityoforlando.net
Date of Contract	2005 - present

Reference #2	City of Jacksonville
Contact Name	Cecilia L. Ford
Address	231 E. Forsyth Street, Suite #470, Jacksonville, FL 32202
Telephone	904-630-7290 cford@coj.net
Date of Contract	2014 - present

Reference #3	City of Boca Raton
Contact Name	Jean Heald
Address	201 W. Palmetto Park Rd., Boca Raton, FL 33432
Telephone	561- 393-7970 jheald@myboca.us
Date of Contract	2000 – present

Reference #4	City of Miami Beach
Contact Name	Sonia Bridges
Address	1700 Convention Center Drive, Miami Beach, FL 33139
Telephone; Email	305-673-7000 soniabridges@miamibeachfl.com
Date of Contract	1995 – present

Reference #5	City of Clearwater
Contact Name	Monica Mitchell
Address	P. O. Box 4748, Clearwater, FL 33758
Telephone; Email	727-563-4533 Monica.Mitchell@myclearwater.com
Date of Contract	2000 - present

Florida Clients with Insured Values \$1 Billion or Greater

Client Name	Approximate Total Insured Values	Years as Client
FLORIDA CLIENTS		
State of Florida	\$22,420,000,000	7
Miami-Dade County Board of County Commissioners	\$12,620,000,000	29
The School Board of Miami-Dade County	\$8,727,000,000	37
Florida Colleges System Risk Management Consortium	\$7,200,000,000	35
The School Board of Broward County	\$6,354,000,000	38
Florida Department of Transportation	\$5,440,000,000	16
Florida Religious Organization	\$5,412,000,000	48
Broward County Board of County Commissioners	\$4,740,000,000	6
Orange County Board of County Commissioners	\$3,714,000,000	20
N.E. Florida Educational Consortium	\$3,500,000,000	33
City of Jacksonville	\$3,046,000,000	1
The School District of Duval County	\$3,023,000,000	34
The School Board of Polk County	\$2,758,000,000	1
Palm Beach County Board of County Commissioners	\$2,400,000,000	34
Greater Orlando Airport Authority	\$2,354,000,000	12
Hillsborough County Aviation Authority	\$2,267,000,000	1
Hillsborough County Board of County Commissioners	\$2,095,000,000	12
City of Lakeland	\$1,900,000,000	19
The School Board of Brevard County	\$1,896,000,000	14
Pinellas County Board of County Commissioners	\$1,800,000,000	5
Miami-Dade Water and Sewer	\$1,780,000,000	2
The School District of Osceola County	\$1,447,000,000	4
Panhandle Area Educational Consortium	\$1,203,000,000	2
Orlando-Orange County Expressway Authority	\$1,137,000,000	13
Pasco County Board of County Commissioners	\$1,050,000,000	20
Clay County School Board	\$1,000,000,000	17
OUT OF STATE CLIENTS		
State of Minnesota	\$13,003,000,000	3
State of Texas	\$9,079,000,000	3
Tennessee Municipal League Risk Management Program	\$7,722,000,000	7
Nashville and Davidson County Metro Government	\$7,000,000,000	3
State of Idaho	\$6,494,000,000	7
Alabama Municipal Insurance Corp.	\$5,324,000,000	14
Montana Association of Counties (MACo)	\$1,157,000,000	12
TOTAL	\$158,442,000,000	



Tab 7: Gallagher Services & Loss Control Services

Customer Service and Service Capabilities including Loss Control Services

The City of Key West will be primarily serviced by Arthur J. Gallagher & Co. Main point of contact is Area Assistant Vice President, Justin A. Wiley, CPCU, RMPE, out of Orlando, FL. Executive oversight will be provided by Area President, Michael Gillon, ARM. The City will enjoy specialized “public entity” based service and expertise. Nearly 80% of Gallagher Orlando’s book of business is “larger” public entities similar to The City of Key West. With this specialty, The City’s Risk Management and Executive Staff can rest assured knowing that its risk management and insurance programs are in the best and most qualified hands possible.

Claims Advocacy

Should there be a claims dispute, Bart Douglas, AIC, National Managing Director of Gallagher’s Claims Advocacy Practice will coordinate services to provide the best outcome of indemnifying The City of Key West.

Overview of Success

Claims Advocacy – Public Entity Client

The 2004 Hurricane Season provided an unprecedented scenario of multiple hurricanes impacting a client within a short period of a few weeks. The client had a layered property program with multiple carriers involved in the primary layer.

Initially, all carriers took the position that a separate deductible should apply for each storm.

Gallagher Claims Advocacy Consultants became extensively involved, meeting with carrier adjusters and coordinating adjusting firm to dispute initial findings.

As a result of Gallagher’s efforts, the final loss payment was increased by over \$1,400,000.

Loss Control

Loss Control services will be coordinated by Justin Wiley with the assistance of Southeast Regional Risk Control Practice Managing Director, Jim Smith, MS, CSP. Jim specializes in providing loss control services specific to the needs of public entities. Jim is based in Gallagher’s Miami office.

Catalogue of Gallagher Loss Control Services

Please see below a catalogue of services available to Gallagher public entity clients below. While comprehensive, this list is not all encompassing. If a need for unique services is required by The City of Key West, Gallagher is available and experienced at providing leading-edge and creative solutions to meet the ever-changing insurance landscape.

Property Services
Catastrophic PML Modeling
Secondary Wind Characteristics
Valuation Services
FEMA Coordination
Stafford Interpretation
Catastrophic Program Design
Property Program Schematics
Flood Map Interpretation

Employment Practices
Employment Practices Overview
Interviewing & Hiring
Discipline & Termination
Anger, Conflict & Violence
Alcohol & Substance Abuse
Performance Management
Preventing Discrimination
Sexual Harassment for Supervisors
Understanding Employee Leave
Cyber and PII Training

Human Resources
Ethics in the Workplace
Customer Service
Drug-Free Workplace
Alcohol-Free Workplace
HIPAA Awareness
Workplace Diversity
Workplace Stress

OSHA & Compliance
Back Injury prevention
Blood borne Pathogen Safety
CPR Training
Forklift Training
Eye Safety
Respiratory Protection
Fire Extinguisher Safety
Electrical Safety
Lock-out/ Tag-out
Ergonomics
& much more
Spanish courses offered

Environmental
Hazmat Transportation
Asbestos & Lead Awareness
Spill Prevention & Control
Combustible & Flammable Liquids
Disaster Preparedness

Motor Vehicle Safety
Aggressive Driving
Defensive Driving
Safe Backing
Distracted Driving
Vehicle Inspection & Maintenance
Dangers of Speeding
Supervisor Curriculum:
Incident Investigation
Personnel Selection
Suspicion of Drugs or Alcohol

Public Entity Services
Claims Advocacy
Loss Control Services
White Papers
Quarterly Market Reports
Annual Stewardship Reports
Historical Info on Claims Bills
Audit Support
Peer Benchmarking
Contract Review
Underwriter Meetings
Emergency Preparedness
Proprietary/Exclusive Programs
Certificate Management
Custom RMIS Software

Additional Loss Control Support

In addition to brokerage and consultative services provided by Gallagher, the City will receive additional service and loss control support from Public Risk Managers of Florida (PRM). A key factor in PRM's high client retention ratio is its services provided. Services offered, but not limited to, are below:

Risk Analysis

Onsite risk analysis services are provided for PRM members in an attempt to identify potential loss producing hazards and to assist with regulatory compliance. A risk analysis includes a review of the following areas:

1. Record Keeping Analysis
2. Written Program Requirements
3. Physical Hazards Identification
4. Training Needs

Regulatory Assistance

Numerous OSHA and safety related technical resources are available to assist members in complying with a multitude of Federal and State safety requirements.

1. Compliance Assistance
2. Guidelines
3. Regulatory Interpretations
4. Post Audit Consultations
5. Citation Validation

Safety Program Developments

A variety of written safety and loss prevention programs are available to meet the needs of members. Whether they require a basic program to comply with a specific regulation, or a city/county wide safety program, PRM Loss Prevention Services can help.

1. Individual Regulatory Programs
2. Comprehensive Programs
3. State Approved Discount Programs
4. Programs

Technical Assistance

PRM offers a wide variety of specialty services as a part of the Loss Prevention Program. PRM discusses individual concerns and provides results-oriented solutions that meet your needs.

1. Job Hazard Analysis
2. Safety Committee Set-up & Participation
3. Participation

Safety Training

PRM believes training and education are of the most effective methods in reducing workplace accidents and losses. PRM Loss Prevention Services include training support at both the supervisory and employee levels.

1. Formal Classroom Training Sessions
2. Training Literature & Materials
3. Supervisor “Safety Talks”
4. Safety Video Library

Loss Trending

PRM provides frequent loss trending reports to each member. These reports provide valuable information that identifies potential problem areas within each line of coverage. PRM believes this information allows members to intervene before experiencing a serious loss situation.

1. Injury Frequency Trending
2. Comparative Analysis with other PRM members
3. Major Sources of Losses

Employment Practices

PRM provides Employment Practices Liability loss prevention services to its members by providing an in-depth review and audit of all employment related practices and policies with additional legal support from the office of Allen, Norton & Blue, who specializes in labor law.

1. Employment Practices Audit
2. Analysis upon request
3. Assistance in preparing
 - a. Employee Handbook
 - b. Personnel Rules and Regulations
 - c. Job descriptions
4. Assistance in Salary Surveys
5. Assistance in Benefit Surveys
6. Human Resources Video Library

Property Appraisals

All PRM members are required to have property appraisals done once every five (5) years. These services are coordinated by CBIZ Valuation Group, LLC. CBIZ appraisals include a site plan and a color photo of every location. Appraisals are important to ensure member property programs are administered to value and members receive full indemnification in the event of a loss. In addition, updated property information allows PRM to contract with reinsurance partners at extremely competitive terms. To The City of Key West, this means stronger coverage terms and pricing than available anywhere else.

Claims Handling

A large reason for PRM's high client retention is its customer service during claims handling. Gallagher Bassett Service, Inc. handles claims administration. Gallagher Bassett is experienced in handling claims for Florida public entities and Florida workers' compensation. GB has eight (8) offices staffed with over 250 employees in the state and process for over 150 public entities. The client has input and approval in the claims settlement process and in the selection of defense counsel. Claims administration costs are included in the program pricing.

Investigative Services

Gallagher Bassett Investigative Services offers a range of investigative tool that, employed separately or in combination, create a formidable first line of defense in such high-risk areas as: insurance fraud, embezzlement, theft and other tangible asset losses; personal and asset protection; due diligence; and pre-employment screening.

Managed Care

PRM contracts with a managed care provider, GENEX, to develop an acceptable Managed Care Program. GENEX provides a network of physicians, hospitals, clinics and ancillary providers. GENEX also provides valuable services such as utilization and peer review, employee education, provider bill audit, as well as encouraging early return to work programs.

Self-Governing Board

PRM is self-governed by its members. Each member has a representative on the Board of Directors and it is the Board that sets the policy for PRM and it is upheld and administered by the Executive Board.

Law Enforcement Hotline

PRM offers a Pre-Defense Review Service on a 24-hour basis for law enforcement related critical incident matters. The primary objective is to provide police supervisors with immediate loss prevention including the



Tab 8: Proposed Pricing

Proposed Program Pricing

Arthur J. Gallagher is pleased to present a property program option to The City of Key West. In regards to the casualty program, based on our marketing efforts, we believe that PGIT is the best option for the City at this time. We are aware of several public entities that utilize PGIT for one or more lines of coverage, so diversifying the property from the PGIT program should pose no complication.

	Expiring	2015-2106
	PGIT	PRM
Building	\$ 57,531,060	\$ 56,271,515
Contents	inc w/ bldg	\$ 9,872,700
APD	\$ 12,995,299	\$ 12,995,300
IM	\$ 3,438,036	\$ 3,555,749
BI	\$ 50,000	\$ 1,000,000
Total TIV	\$ 74,014,395	\$ 83,695,264
Base Premium	\$ 672,587	\$ 360,212
B&M Premium	inc	\$ 6,341
Transit Building	n/a	\$ 31,667
Crime	\$ 3,284	inc
Fee/Comm.	inc	\$ 50,000
Total	\$ 675,871	\$ 448,220
Rate	0.913	0.536
2015 TIV	\$ 83,695,264	\$ 83,695,264
Rate	0.913	0.536
Adjusted Premium	\$ 764,273	\$ 448,220

Based on RFP stated total insurable values of \$83,695,264 including buildings, contents, auto physical damage, inland marine, boiler & machinery, business interruption coverage, and the new transit building; also including Gallagher's proposed brokerage fee (roughly 11%), the total premium is \$448,220 or 53.6¢/\$100 of TIV. Adjusted for the year-over-year TIV difference (\$9,680,869) and factoring the \$3,284 in premium saved by having the crime coverage combined into the property policy, The City of Key West will save **\$316,053** or **41.2%** by selecting Gallagher/PRM as their property broker/carrier, respectively.

Arthur J. Gallagher is requesting a broker of record letter to place and service all lines of property coverage including primary flood coverage (NFIP policies). This is requested to provide seamless service and support for all property and first-party related coverages in the event of a catastrophic claim and potential need for FEMA-related claims support.



Tab 9: Appendix



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/25/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 1-312-704-0100 Arthur J. Gallagher Risk Management Services, Inc. 300 South Riverside Plaza Suite 1900 Chicago, IL 60606 Direct All Inquiries to Email		CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: Chi_Certificates@AJG.com INSURER(S) AFFORDING COVERAGE INSURER A: LEXINGTON INS CO INSURER B: XL SPECIALTY INS CO INSURER C: INSURER D: INSURER E: INSURER F:		FAX (A/C, No): NAIC # 19437 37885	
INSURED Arthur J. Gallagher Risk Management Services, Inc. 200 S. Orange Avenue, Suite 1350 Orlando, FL 32801					

COVERAGES CERTIFICATE NUMBER: 41159292 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/OP AGG \$ E.L. DISEASE - POLICY LIMIT \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		<input type="checkbox"/> Y/N <input checked="checked" type="checkbox"/> N/A				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Errors & Omissions			015012431	09/01/14	09/01/15	Each Wrongful Act 20,000,000
B	(Claims Made)			ELU13573314	09/01/14	09/01/15	Aggregate 20,000,000 Retention 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

<p>CERTIFICATE HOLDER</p> Evidence of Insurance	<p>CANCELLATION</p> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Thomas J. Gallagher</i>
--	--

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lavanyachi
41159292

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/05/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 1-312-704-0100 Arthur J. Gallagher Risk Management Services, Inc. 300 South Riverside Plaza Suite 1900 Chicago, IL 60606	CONTACT NAME: Direct All Inquiries to Email PHONE (A/C, No, Ext): E-MAIL ADDRESS: Chi_Certificates@AJG.com
	INSURER(S) AFFORDING COVERAGE INSURER A: ARCH INS CO (A XV)
INSURED Arthur J. Gallagher Risk Management Services, Inc. 200 S. Orange Avenue, Suite 1350 Orlando, FL 32801	INSURER B:
	INSURER C:
	INSURER D:
	INSURER E:
	INSURER F:
	INSURER G:

COVERAGES **CERTIFICATE NUMBER:** 41763590 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Gen Agg per loc subj. <input checked="" type="checkbox"/> to \$10 MIL policy agg. GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC		41GPP4938407	10/01/14	10/01/15	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		41CAB4939007 (MA) 41CAB4938307 (AOS)	10/01/14 10/01/14	10/01/15 10/01/15	COMBINED SINGLE LIMIT (Ea accident) \$ 3,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	41WCI4938107 (AOS) 41WCI4938107 (WI)	10/01/14 10/01/14	10/01/15 10/01/15	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER Evidence of Insurance	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Thomas J. Gallagher</i>
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FLORIDA DEPARTMENT of FINANCIAL SERVICES

ARTHUR J. GALLAGHER RISK MANAGEMENT
SERVICES, INC.

200 S ORANGE AVENUE
SUITE 1350

ORLANDO, FL 32801
Agency License Number L049973

Location Number: 172379

Issued On 07/03/2007

Pursuant To Section 626.382, Florida Statutes, This Agency's License Will
Expire On 07/03/2016

Pursuant To Section 626.747, Florida Statutes, This Agency Shall Be In The Active Full-Time
Charge Of A Licensed General Lines Agent Or Life Or Health Agent Who Is Appointed To
Represent One Or More Insurers.

Pursuant To Section 626.172, Florida Statutes, Each Agency Shall Display The License Or Registration
Prominently In A Manner That Makes It Clearly Visible To Any Customer Or Potential Customer Who
Enters The Agency.



Jeff Atwater
Chief Financial Officer
State of Florida

PUBLIC RISK MANAGEMENT OF FLORIDA

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND REPORT OF INDEPENDENT AUDITOR

Years Ended September 30, 2014 and 2013

PUBLIC RISK MANAGEMENT OF FLORIDA

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Years Ended September 30, 2014 and 2013

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KAREN FONTENOT

Certified Public Accountant

1405 Black Willow Trail
Altamonte Springs, FL 32714
Phone - (407) 461-5747
E-mail: karen459@bellsouth.net

REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Public Risk Management of Florida

I have audited the accompanying financial statements of Public Risk Management of Florida as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

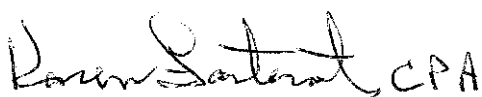
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Risk Management of Florida, as of September 30, 2014 and 2013 and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, Public Risk Management of Florida and its independent actuarial firm have estimated the reserves for claims payable at amounts which they believe are adequate to satisfy the ultimate obligations. While management and their independent actuarial firm believe that the amounts are adequate, assumptions and projections as to future events are necessary and the ultimate liabilities may be in excess of or less than the amounts provided.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and claims development information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audits of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountant

Altamonte Springs, Florida
March 9, 2015

PUBLIC RISK MANAGEMENT OF FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended September 30, 2014 and 2013

As management of Public Risk Management of Florida (PRM), we offer readers of PRM's financial statements this narrative overview and analysis of the financial activities of PRM for the fiscal years ended September 30, 2014 and 2013 with selected comparative information for the fiscal year ended September 30, 2012.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to PRM's basic financial statements. PRM's basic financial statements are comprised of the financial statements, notes to the financial statements and required supplementary information. The financial statements are designed to provide readers with a broad overview of PRM's finances, in a manner similar to a private-sector business.

The statements of net position present information on all of PRM's assets and liabilities, with the difference reported as net position.

The statements of revenues, expenses and changes in net position present information on all of PRM's revenues and expenses. Any excess or deficiency of revenues over expenses is reported as an increase or decrease to net position.

The statements of cash flows present information on cash flow provided by and used in activities. The activities are classified into one of three categories: operating activities, capital and related financing activities, and investing activities.

Notes to the financial statement provide additional information that is essential to full understanding of the data provided in the financial statements.

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning claims development.

Financial Highlights

- Total assets decreased by \$3,213,843 in 2014 to \$39,331,599, primarily due to distributions to members.
- For the year, PRM had operating income of \$281,065 compared to operating income in 2013 of \$682,085.
- Investment income was \$36,399 compared to \$40,287 in 2013 due to a decrease in cash balances and continued low interest rates.

PUBLIC RISK MANAGEMENT OF FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended September 30, 2014 and 2013

Financial Analysis

The statement of net position presents the financial position of PRM at the end of the fiscal year. The statement includes all assets and liabilities of PRM. Net position is the difference between total assets and total liabilities and is an indicator of the current fiscal health of PRM. The following is a summarized comparison of PRM's assets, liabilities and net position at September 30.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets			
Current assets	\$38,788,776	\$41,984,223	\$46,257,597
Capital assets	57,671	76,067	56,567
Other assets	<u>485,152</u>	<u>485,152</u>	<u>485,152</u>
Total Assets	<u>39,331,599</u>	<u>42,545,442</u>	<u>46,799,316</u>
Liabilities			
Current liabilities	13,345,686	11,137,973	11,635,928
Long term liabilities	<u>15,334,361</u>	<u>18,073,381</u>	<u>18,551,672</u>
Total Liabilities	<u>28,680,047</u>	<u>29,211,354</u>	<u>30,187,600</u>
Net Position			
Invested in capital assets	57,671	76,067	56,567
Unrestricted	<u>10,593,881</u>	<u>13,258,021</u>	<u>16,555,149</u>
Total Net Position	<u>\$10,651,552</u>	<u>\$13,334,088</u>	<u>\$16,611,716</u>

By far, the largest portion of PRM's assets is its cash and equivalents and investments (77%, 76% and 81% at September 30, 2014, 2013 and 2012, respectively). PRM uses these assets to pay claim liabilities, reinsurance fees and service and administrative costs. In 2014 there was \$1.9 million in net cash used by operating activities, due primarily to a member distribution of \$2.8 million. There was also a decrease in claims paid of \$1.2 million. In 2013 there was \$5.7 million in net cash used by operating activities which included a member distribution of \$3.2 million. In addition, there was an increase in reinsurance receivable of \$1 million.

Claims payable decreased \$575 thousand and \$1.4 million at September 30, 2014 and 2013, respectively. The decrease in 2013 is due primarily to decreases in ultimate losses in general liability and workers' compensation.

In the fund year ended September 30, 2004, there were three named windstorms (Hurricane Charlie, Frances and Jeanne) that affected members of PRM. In the fund year ended September 30, 2006, there was one named windstorm (Hurricane Wilma) that affected members of PRM. At September 30, 2014, all claims for the windstorms have been settled. PRM has a member receivable of \$1.75 million for the deductibles associated with these windstorms and a deferred reimbursement account from the excess insurers of \$2.5 million.

PUBLIC RISK MANAGEMENT OF FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Years Ended September 30, 2014 and 2013

Financial Analysis – Continued

Member contributions fully fund all costs of the pool, inclusive of reinsurance fees, service fees, administrative fees and estimated loss fund to pay claims, and net of participation credits approved by the Board of Directors.

The statement of revenues, expenses and changes in net position presents the operating results of PRM for the fiscal year. The statement includes all revenues and expenses of PRM. The following is a summarized comparison of PRM's revenues and expenses:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues	\$29,551,289	\$27,939,712	\$26,735,302
Operating Expenses	<u>29,270,224</u>	<u>27,257,627</u>	<u>26,931,206</u>
Operating Income (Loss)	281,065	682,085	(195,904)
Non-Operating Revenues (Expenses)	<u>(2,963,601)</u>	<u>(3,959,713)</u>	<u>(4,132,139)</u>
Change in Net Position	(2,682,536)	(3,277,628)	(4,328,043)
Beginning Net Position	<u>13,334,088</u>	<u>16,611,716</u>	<u>20,939,759</u>
Ending Net Position	<u>\$10,651,552</u>	<u>\$13,334,088</u>	<u>\$16,611,716</u>

Operating revenues increased \$1.6 million or 6% in 2014. Operating expenses increased \$2 million or 7%. Claims expense increased \$1.2 million or 11% due to an increase in current year incurred losses; loss development for prior years remained relatively flat. In the prior year, loss development for prior years was a decrease of \$1.2 million; in the current year, loss development for prior years was \$697 million. Reinsurance expense increased \$746 million or 5%.

Operating revenues increased \$1.2 million or 5% in 2013. Operating expenses increased \$326 thousand or 1%. Claims expense decreased \$1.8 million or 15% due to favorable development in general liability and workers' compensation. Reinsurance expense increased \$2.2 million or 18% due to an increase in property, workers' compensation and liability coverage of approximately \$2.1 million or 20%. Agent fees decreased \$239 thousand or 14%.

Economic Factors

PRM believes that the 2015 year will see an upward trend in reinsurance costs. Liability rates are rising but workers' compensation continues to stabilize with single digit increases. Upward trends in loss development patterns should continue to ease over those that the pool has experienced over the past several years. Areas of concern that management is monitoring very closely are the cost of reinsurance, market capacity for workers' compensation, self-insured retention levels and aggregate attachment levels that determine loss fund contributions. For 2014, 2013 and 2012, PRM chose not to carry aggregate reinsurance.

PRM will continue to focus on providing members with training programs of proven loss prevention methods that will help reduce the number and severity of future claims. Operational enhancements that will improve efficiency, reduce costs and/or increase productivity without sacrificing the quality of member services will be pursued. Administrative expenses and contract service fees should see about the same percentage of premiums as in 2014.

PUBLIC RISK MANAGEMENT OF FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Years Ended September 30, 2014 and 2013

Request for Information

This financial report is designed to provide a general overview of PRM's finances for all those with an interest. Questions concerning any of the information in this report or requests for additional information should be addressed to Bonnie Mims, Executive Director.

PUBLIC RISK MANAGEMENT OF FLORIDA
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$30,449,895	\$32,285,249
Accounts receivable	1,750,361	1,775,517
Reinsurance receivable	1,712,940	2,127,417
Prepaid expenses and other assets	<u>4,875,580</u>	<u>5,796,040</u>
	<u>38,788,776</u>	<u>41,984,223</u>
Noncurrent Assets		
Deposits	5,665	5,665
Member receivable – deferred funding	479,487	479,487
Furniture and equipment, net	<u>57,671</u>	<u>76,067</u>
	<u>542,823</u>	<u>561,219</u>
Total Assets	<u>\$39,331,599</u>	<u>\$42,545,442</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accrued liabilities	\$ 700,758	\$ 352,641
Related party payable	207	207
Deferred revenue	40,375	344,489
Advance from reinsurers	2,467,585	2,467,585
Claims payable	<u>10,136,761</u>	<u>7,973,051</u>
	<u>13,345,686</u>	<u>11,137,973</u>
Noncurrent Liabilities		
Claims payable	15,293,240	18,032,260
Compensated absences	<u>41,121</u>	<u>41,121</u>
	<u>15,334,361</u>	<u>18,073,381</u>
Total Liabilities	<u>28,680,047</u>	<u>29,211,354</u>
Net Position		
Invested in capital assets	57,671	76,067
Unrestricted	<u>10,593,881</u>	<u>13,258,021</u>
	<u>10,651,552</u>	<u>13,334,088</u>
Total Liabilities and Net Position	<u>\$39,331,599</u>	<u>\$42,545,442</u>

The accompanying notes are an integral part of the financial statements.

PUBLIC RISK MANAGEMENT OF FLORIDA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Member premiums	\$29,239,529	\$27,619,216
Miscellaneous revenues	<u>311,760</u>	<u>320,496</u>
Total Operating Revenues	<u>29,551,289</u>	<u>27,939,712</u>
OPERATING EXPENSES		
Claims expense	11,406,867	10,231,497
Reinsurance	15,533,429	14,786,476
Service fees	982,585	881,291
General and administrative	<u>1,347,343</u>	<u>1,358,363</u>
Total Operating Expenses	<u>29,270,224</u>	<u>27,257,627</u>
OPERATING INCOME	<u>281,065</u>	<u>682,085</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	36,399	40,287
Distributions to members	<u>(3,000,000)</u>	<u>(4,000,000)</u>
Total Non-Operating Revenues (Expenses)	<u>(2,963,601)</u>	<u>(3,959,713)</u>
NET LOSS	(2,682,536)	(3,277,628)
Net Position at Beginning of Year	<u>13,334,088</u>	<u>16,611,716</u>
Net Position at End of Year	<u>\$10,651,552</u>	<u>\$13,334,088</u>

The accompanying notes are an integral part of the financial statements.

PUBLIC RISK MANAGEMENT OF FLORIDA
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	\$ 25,960,571	\$ 23,899,947
Cash received from related party	311,760	320,496
Cash paid for claims, net of recoveries	(11,567,700)	(12,775,870)
Cash paid for suppliers for goods and services	(15,614,584)	(16,238,632)
Cash paid to employees for services	<u>(952,943)</u>	<u>(932,083)</u>
Net Cash Used by Operating Activities	<u>(1,862,896)</u>	<u>(5,726,142)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	<u>(8,857)</u>	<u>(41,547)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(8,857)</u>	<u>(41,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>36,399</u>	<u>40,287</u>
Net Cash Provided by Investing Activities	<u>36,399</u>	<u>40,287</u>
Net Decrease in Cash and Cash Equivalents	(1,835,354)	(5,727,402)
Cash and Cash Equivalents at Beginning of Year	<u>32,285,249</u>	<u>38,012,651</u>
Cash and Cash Equivalents at End of Year	<u>\$ 30,449,895</u>	<u>\$ 32,285,249</u>

The accompanying notes are an integral part of the financial statements.

PUBLIC RISK MANAGEMENT OF FLORIDA
STATEMENTS OF CASH FLOWS-CONTINUED

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ <u>281,065</u>	\$ <u>682,085</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	25,631	22,046
Distributions to members	(3,000,000)	(4,000,000)
Loss on disposal of assets	1,622	--
Changes in assets and liabilities:		
(Increase) Decrease in –		
Accounts receivable	25,156	(15,571)
Reinsurance receivable	414,477	(1,011,886)
Prepaid expenses	920,461	(426,571)
Increase (Decrease) in –		
Accrued liabilities	348,116	259,940
Advance from reinsurers	--	(173,168)
Claims payable	(575,310)	(1,359,319)
Deferred revenue	<u>(304,114)</u>	<u>296,302</u>
Total adjustments	<u>(2,143,961)</u>	<u>(6,408,227)</u>
Net Cash Used by Operating Activities	<u>\$(1,862,896)</u>	<u>\$(5,726,142)</u>

Noncash Investing, Capital and Financing Activities

Noncash distributions to members totalled \$232,734 and \$997,938 for years ended September 30, 2014 and 2013, respectively.

The accompanying notes are an integral part of the financial statements.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Public Risk Management of Florida (PRM) is a cooperative agency voluntarily established by contracting political subdivisions to act as a local government risk management pool as defined by Florida Statute 163.01(3)(h).

PRM was organized in October 1987 to provide a program of property and casualty coverage for its member organizations, which include cities, counties, authorities, and special districts. The objectives of the program are to formulate, develop and administer a program of risk management and risk financing on behalf of the member political subdivisions; to obtain lower costs for insurance coverage; and to develop a comprehensive loss control program. PRM is a non-assessable pool. PRM has 56 member organizations as of September 30, 2014 and 2013.

PRM conforms all significant accounting policies to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant principles and practices used in the preparation of these financial statements.

The Reporting Entity

In defining PRM for financial reporting purposes, management applied the requirements of Governmental Accounting Standards Board (GASB) Statement Number 14, *The Financial Reporting Entity*, GASB Statement Number 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement Number 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements 14 and 34*. These statements establish the basis for defining the reporting entity and whether it is considered a component unit of another entity and whether other entities are component units. Based on these criteria, the reporting entity includes only the accounts of PRM in the reporting entity. PRM identified no potential component units to include in these financial statements nor identified any other entity that should include PRM in its financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. PRM records are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, PRM considers cash and cash equivalents to be cash in banks and all highly liquid investments with maturities of three months or less when purchased.

Investments

Investments consist of the Florida State Board of Administration's Local Government Investment Pool. All investments are recorded at fair value in accordance with GASB Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, when applicable. The Local Government Investment Pool operated by the Florida State Board of Administration is a "2a-7-like" pool in accordance with GASB 31; therefore it is not presented at fair value but at its actual pooled share price which approximates fair value.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS-CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

Accumulated unpaid vacation days that are allowed to be carried forward to subsequent years are accrued at year end.

Premiums

Premiums are billed in advance and are recognized on a consistent basis throughout the year. Premiums are allocated to members based upon an analysis of exposure and losses prepared by the service company of PRM and an appraisal of the covered property and exposure for each member organization.

As discussed in Note 4, PRM is authorized to call for a deferred premium for the fund years ended September 30, 1987, 1988, 1989, and 1990. These premiums were accrued in previous years based upon the expected amount necessary to pay for all claims and expenses related to these fund years. Starting with the fund years beginning October 1, 1990 through September 30, 2006, PRM's loss fund has been funded up to the aggregate reinsurance attachment point. Subsequent to that period, the Board of Directors elected to not carry aggregate reinsurance.

Furniture and Equipment

Furniture and equipment of PRM are recorded at cost. Donated property, plant and equipment are capitalized at their fair market value at the time received. Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. PRM utilizes an estimated useful life for depreciable assets of five (5) years.

Claims Payable

The liability for unpaid claims includes amounts determined from loss reports of individual cases and amounts based upon industry statistics for claims incurred but not reported. Claims payable is an estimate based upon an actuarial evaluation by PRM's independent actuary. Liabilities are based upon the estimated ultimate costs of settling the claims, including the effects of inflation and other societal and economic factors. While the management of PRM and its independent actuarial firm believe the amount is adequate, assumptions and projections as to future events are necessary and the ultimate liabilities may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in earnings currently.

Reinsurance

PRM uses reinsurance policies to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of PRM as direct insurer of the risk reinsured. PRM does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. PRM has chosen not to carry aggregate insurance since 2007.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reinsurance – Continued

Estimated amounts recoverable from reinsurers that relate to the paid claims are reported as assets. Estimated amounts recoverable from reinsurers that relate to liabilities for unpaid claims are deducted from those liabilities rather than reported as assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Effects of New Pronouncements

During the years ended September 30, 2014 and 2013, PRM implemented the following accounting standards:

In November 2010, GASB issued Statement Number 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, that is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement Number 14, *The Financial Reporting Entity* and GASB Statement Number 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. The implementation of this statement did not have an impact on PRM for the years ended September 30, 2014 and 2013.

In December 2010, GASB issued Statement Number 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The implementation of this statement did not have a significant impact on PRM for the years ended September 30, 2014 and 2013.

In June 2011, GASB issued Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements in Statement Number 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by renaming net assets to net position. The implementation of this statement did not have a significant impact on PRM for the years ended September 30, 2014 and 2013.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2014 and 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

PRM's investment policy authorizes investments in any type of security allowed for in the Florida Statutes regarding the investment of public funds including but not limited to: (1) Florida State Board of Administration's Local Government Investment Pool, (2) Negotiable direction obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States, (3) interest-bearing time deposits or savings in accounts, (4) securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, and (5) the Florida Counties Investment Trust.

Included in PRM's cash balances are amounts deposited with the Florida State Board of Administration's Local Government Investment Pool (SBA) as well as amounts deposited with commercial banks in interest bearing demand accounts. The deposits of PRM are fully insured by either federal depository insurance or by the multiple financial institution collateral pool pursuant to the Florida Security for Public Deposits Act of the State of Florida.

The Florida Security for Public Deposits Act (the Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, PRM's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balances for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer.

As prescribed by PRM's investment policy, PRM's investment portfolio at September 30, 2014 and 2013, and for the years then ended, includes investments with the Florida State Board of Administration's Local Government Investment Pool (SBA). Investments with the SBA are available by wire, on a same-day basis, and based on the SBA's availability (as an investment option) to all local governmental units. PRM's investments at year end were held by a third party agent for and in the name of PRM or invested with the SBA.

The investments with the SBA are \$1,986 and \$1,983 as of September 30, 2014 and 2013, respectively.

These securities are held in the following accounts:

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$30,449,895	\$32,285,249
Less Cash on Deposit	<u>(30,447,909)</u>	<u>(32,283,266)</u>
 Total Securities at Fair Value	 <u>\$ 1,986</u>	 <u>\$ 1,983</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses rising from rising interest rates, investments are generally held in short-term certificates of deposit and cash-bearing checking accounts with a commercial bank qualified as a public depository with the State of Florida. PRM's investment policy requires the investment portfolio to be structured to protect safety of principal, liquidity, maximum rate of return, diversification and public confidence.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk: PRM's greatest investment priority is safety of principal, avoiding capital losses whether they are from security defaults or erosion of market values. Investments may be made as allowed by the Florida Statutes including the SBA, interest-bearing deposits or savings accounts in banks provided such deposits are secured by collateral as prescribed by Florida statute, obligations of the U.S. government and its agencies and other securities in management type investment companies, provided such investments are collateralized by U.S. government obligations.

Custodial Credit Risk: Custodial risk is the risk that, in the event of the failure of the counterparty, PRM will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of PRM's investments are either held in the name of PRM or held in trust under PRM's name.

Concentration of Credit Risk: In order to reduce the risk of default, PRM will use every possible effort whereby no single financial institution may hold more than 50% of the investment portfolio at the current time of investment placement, exclusive of banks qualified as public depositories with the State of Florida, U.S. Treasury securities or Federal National Mortgage or Government National Mortgage securities held in safekeeping except on a short term basis.

NOTE 3 - FURNITURE AND EQUIPMENT

The following is a summary of furniture and equipment at September 30, 2014 and 2013:

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	Balance September 30, <u>2014</u>
Furniture and Equipment	\$ 34,102	\$ 2,225	\$ (4,179)	\$ 32,148
Furniture	<u>245,314</u>	<u>6,632</u>	<u>(81,096)</u>	<u>170,850</u>
Equipment	<u>279,416</u>	<u>8,857</u>	<u>(85,275)</u>	<u>202,998</u>
Accumulated Depreciation				
Furniture	33,864	296	(3,977)	30,183
Equipment	<u>169,485</u>	<u>25,335</u>	<u>(79,676)</u>	<u>115,144</u>
	<u>203,349</u>	<u>25,631</u>	<u>(83,653)</u>	<u>145,327</u>
Net Furniture and Equipment	<u>\$ 76,067</u>	<u>\$(16,774)</u>	<u>\$ 1,622</u>	<u>\$ 57,671</u>

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 3 – FURNITURE AND EQUIPMENT - Continued

	Balance October 1, <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance September 30, <u>2013</u>
Furniture and Equipment	\$ 34,102	\$ --	\$ --	\$ 34,102
Furniture	<u>203,768</u>	<u>41,546</u>	<u>--</u>	<u>245,314</u>
Equipment	<u>237,870</u>	<u>41,546</u>	<u>--</u>	<u>279,416</u>
Accumulated Depreciation				
Furniture	33,688	176	--	33,864
Equipment	<u>147,615</u>	<u>21,870</u>	<u>--</u>	<u>169,485</u>
	<u>181,303</u>	<u>22,046</u>	<u>--</u>	<u>203,349</u>
Net Furniture and Equipment	<u>\$ 56,567</u>	<u>\$19,500</u>	<u>\$ --</u>	<u>\$ 76,067</u>

NOTE 4- MEMBER RECEIVABLE - DEFERRED FUNDING

For members in the fund for years ended September 30, 1988, 1989 and 1990, the contracts with members included a minimum and maximum premium to be charged. The minimum premium represented management's best estimate of all costs for expected claims and charges. In the event that PRM needs additional funds in order to pay claims or expenses, the members of the pool in fund years ended September 30, 1988, 1989 and 1990, will be billed for the additional premiums. The additional premiums are limited to the maximum amount set forth in the contracts.

The member receivable represents the additional premiums related to the fund years ended September 30, 1988, 1989 and 1990. Members are liable to pay these premiums for the entire life of PRM, provided the premiums are used to pay claims and expenses occurring during the member's term of membership. There were no amounts assessed for these earlier fund years during the fiscal years ended September 30, 2014 and 2013.

NOTE 5 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended September 30, 2014 and 2013 are as follows:

	Balance <u>October 1,</u> <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2014</u>	Amounts Due Within One <u>Year</u>	Amounts Due Over One <u>Year</u>
Claims Payable	\$26,005,311	\$11,406,867	\$11,982,177	\$25,430,001	\$10,136,761	\$15,293,240
Compensated Absences	<u>41,121</u>	<u>--</u>	<u>--</u>	<u>41,121</u>	<u>--</u>	<u>41,121</u>
Total Long Term Liabilities	<u>\$26,046,432</u>	<u>\$11,406,867</u>	<u>\$11,982,177</u>	<u>\$25,471,122</u>	<u>\$10,136,761</u>	<u>\$15,334,361</u>

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 5 – LONG TERM LIABILITIES - Continued

	Balance <u>October 1,</u> <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2013</u>	Amounts Due Within One <u>Year</u>	Amounts Due Over One <u>Year</u>
Claims Payable	\$27,364,630	\$10,231,497	\$11,590,816	\$26,005,311	\$7,973,051	\$18,032,260
Compensated Absences	<u>41,121</u>	--	--	<u>41,121</u>	--	<u>41,121</u>
Total Long Term Liabilities	<u>\$27,405,751</u>	<u>\$10,231,497</u>	<u>\$11,590,816</u>	<u>\$26,046,432</u>	<u>\$7,973,051</u>	<u>\$18,073,381</u>

NOTE 6 - OPERATING LEASE

PRM leases office space under a non-cancelable operating lease, which has an original term of 60 months and was amended in the current year for an additional five years to expire September 30, 2017. The following is a schedule by year of minimum future lease payments at September 30, 2014:

2015	\$ 80,568
2016	80,568
2017	<u>80,568</u>
	<u>\$241,704</u>

Rent expense for the fiscal years ended September 30, 2014 and 2013 was \$83,018 and \$83,004, respectively.

NOTE 7 - REINSURANCE

PRM has purchased specific excess and aggregate excess reinsurance for protection against losses in excess of the applicable retention. In the event all or any of the reinsuring companies might be unable to meet their obligations under existing agreements, PRM would be liable for such defaulted amounts.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 7 – REINSURANCE - Continued

PRM carries the following aggregate excess reinsurance:

<u>Fund Years</u>	<u>Attachment Point</u>	<u>Maximum Coverage</u>
1987/88-1988/89	\$ 5,830,000	\$ 500,000
1989/1990	\$ 1,360,000	\$ 500,000
1990/1991	\$ 2,245,000	\$ 500,000
1991/1992	\$ 2,725,000	\$1,000,000
1992/1993	\$ 3,415,885	\$1,000,000
1993/1994	\$ 4,280,659	\$1,000,000
1994/1995	\$ 5,118,000	\$2,000,000
1995/1996	\$ 5,065,625	\$3,000,000
1996/1997	\$ 5,409,607	\$3,000,000
1997/1998	\$ 5,636,867	\$5,000,000
1998/1999	\$ 5,062,020	\$5,000,000
1999/2000	\$ 5,142,525	\$5,000,000
2000/2001	\$ 6,553,003	\$5,000,000
2001/2002	\$ 8,417,250	\$5,000,000
2002/2003	\$12,797,294	\$5,000,000
2003/2004	\$15,294,999	\$5,000,000
2004/2005	\$13,987,908	\$5,000,000
2005/2006	\$16,150,994	\$5,000,000

For the years ended September 30, 2007 through September 30, 2014, the Board of Directors approved the motion to not purchase aggregate insurance. A designation of net position of \$2,250,000 was approved to pay claims in excess of the loss funds.

The attachment points and limits for fund years 1987/88 and 1988/89 as listed above represent combined attachment points and limits applicable for the two years.

PRM also carries specific excess reinsurance coverage. The self-insured retention, coverage limits, and attachment points vary with the line of coverage and fund year.

The amount deducted from claims payable for reinsurance was approximately \$12,426,000 and \$13,361,000 at September 30, 2014 and 2013, respectively. The amount deducted from claims expense for reinsurance recoverable was approximately \$6,110,000 and \$4,629,000 for the years ended September 30, 2014 and 2013, respectively.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 8 - CLAIMS PAYABLE

As discussed in Note 1, PRM establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in those aggregate liabilities for PRM during the past year:

	<u>2014</u>	<u>2013</u>
Unpaid claims and claim adjustment expenses at the beginning of year	\$26,005,311	\$27,364,630
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	12,104,239	11,490,000
Increases (Decreases) in provision for insured events of prior years	<u>(697,372)</u>	<u>(1,258,503)</u>
Total incurred claims and claim adjustment expenses	<u>11,406,867</u>	<u>10,231,497</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	3,789,378	3,902,179
Claims and claim adjustment expenses attributable to insured events of prior years	<u>8,192,799</u>	<u>7,688,637</u>
Total Payments	<u>11,982,177</u>	<u>11,590,816</u>
Total unpaid claims and claim adjustment expenses at the end of the year	<u>\$25,430,001</u>	<u>\$26,005,311</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

PRM provides administrative services and shares its facilities with Public Risk Management Group Health Trust. Amounts received from the Public Risk Management Group Health Trust for services provided during the fiscal years ended September 30, 2014 and 2013 were \$376,220 and \$375,273 respectively.

NOTE 10 - FLORIDA RETIREMENT SYSTEM

Plan Description: All full-time PRM employees, with the exception of the executive director through August 2014, participate in the Florida Retirement System (FRS), a multiple-employer cost-sharing defined benefit retirement system, administered by the State of Florida (State). The FRS provides retirement and disability benefits, cost of living adjustments and death benefits to plan participants and beneficiaries. The State issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement Systems, State of Florida, Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 10 - FLORIDA RETIREMENT SYSTEM - Continued

Employees enrolled prior to July 1, 2011 are vested with 6 years of service and upon reaching 62, or with completion of 30 years of service. New employees enrolling on or after July 1, 2011 are vested after 8 years of service and upon reaching age 65, or with completion of 33 years of service. Early retirement may be taken anytime; however, there is a 5 percent benefit reduction for each year by which early retirement precedes normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation and service credit.

The Deferred Retirement Option Program (“DROP”) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of FRS, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a FRS employer. When the DROP period ends, a maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit.

Funding Policy: The FRS has five classes of membership (of which PRM employees qualify under the Regular Class for members not qualifying for other classes). Effective July 1, 2011, all FRS Investment Plan and Pension Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. PRM’s rates, effective July 1, 2014 and 2013, are 7.37% and 6.95%, respectively.

The contribution requirements of PRM are established and may be amended by FRS. Contributions made by PRM to the FRS for the fiscal years ended September 30, 2014, 2013, and 2012, were \$75,569, \$50,643, and \$43,636, respectively. Contributions made were equal to the required contribution for each year.

NOTE 11 - DEFERRED COMPENSATION PLAN

PRM offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, in which all employees are eligible to participate. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan.

The requirements of the Internal Revenue Code Section 457 provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected on PRM’s statement of net position. At September 30, 2014 and 2013, the fair value of the plan assets was \$820,489 and \$697,637, respectively.

PUBLIC RISK MANAGEMENT OF FLORIDA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years Ended September 30, 2014 and 2013

NOTE 12 – BOARD-APPROVED USAGE OF NET POSITION

The Board of Directors approved the usage of net position to provide member distribution in the amount of \$2,000,000 and \$3,000,000 for the years ending September 30, 2014 and 2013, respectively.

Designation of net position for the years ended September 30, 2014 is as follows:

Claims Paid in Excess of Loss Fund	\$2,250,000
Member Distribution	<u>2,000,000</u>
	<u>\$4,250,000</u>

NOTE 13 - CONTINGENCY - TERMINATION OF SERVICE CONTRACT

In the event of cancellation or non-renewal of PRM's service contract, the service company will continue to manage all pending claims and claims occurring in the service term but not reported prior to the date of termination. The amount of fees will be based upon the service company's prevailing rate on the date of termination. No provision has been made in the financial statements for such service fees since the amount cannot be determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

PUBLIC RISK MANAGEMENT OF FLORIDA
CLAIMS DEVELOPMENT INFORMATION
For the Period October 1, 2004 through September 30, 2014

	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Required contribution and investment revenue:										
Earned	\$25,636,769	\$29,694,053	\$37,892,977	\$34,994,547	\$25,073,235	\$27,383,705	\$25,461,693	\$26,279,274	\$27,659,503	\$29,275,928
Ceded	<u>(7,978,729)</u>	<u>(8,858,456)</u>	<u>(19,809,160)</u>	<u>(16,174,314)</u>	<u>(13,169,276)</u>	<u>(11,758,025)</u>	<u>(11,780,336)</u>	<u>(12,569,848)</u>	<u>(14,786,476)</u>	<u>(15,533,429)</u>
Net	17,658,040	20,835,597	18,083,817	18,820,233	11,903,959	15,625,680	13,681,357	13,709,426	12,873,027	13,742,499
Unallocated expenses	2,076,872	2,317,183	2,659,310	2,580,587	2,588,625	5,939,821	6,068,453	6,035,631	5,919,158	5,018,168
Estimated claims and expenses, End of policy year:										
Incurred	9,426,466	27,911,992	12,642,953	11,530,500	13,440,332	11,010,514	13,409,689	11,952,200	11,953,287	13,123,807
Ceded	<u>(5,000)</u>	<u>(15,915,378)</u>	<u>(325,043)</u>	<u>--</u>	<u>(593,148)</u>	<u>(125,514)</u>	<u>(529,689)</u>	<u>(2,200)</u>	<u>(463,287)</u>	<u>(1,019,568)</u>
Net Incurred	9,421,466	11,996,614	12,317,910	11,530,500	12,847,184	10,885,000	12,880,000	11,950,000	11,490,000	12,104,239
Net paid (cumulative) as of:										
End of policy year	2,886,303	4,061,799	3,316,396	2,969,145	3,498,776	2,777,623	3,767,580	3,330,036	3,902,179	3,742,890
One year later	5,135,256	7,268,424	6,364,692	6,063,724	6,387,833	5,262,778	7,289,419	6,507,798	7,331,341	--
Two years later	6,784,255	9,886,247	7,825,180	7,966,738	7,952,310	6,620,198	8,930,179	8,647,091	--	--
Three years later	8,119,931	11,065,874	8,546,163	9,555,462	8,824,746	7,278,184	9,848,490	--	--	--
Four years later	8,761,514	11,868,072	9,189,244	10,518,353	9,539,174	7,834,645	--	--	--	--
Five years later	9,136,382	12,802,184	9,562,740	10,995,625	10,076,612	--	--	--	--	--
Six years later	9,430,613	14,494,081	10,104,669	11,105,128	--	--	--	--	--	--
Seven years later	9,485,314	14,712,677	10,412,277	--	--	--	--	--	--	--
Eight years later	9,543,528	14,285,296	--	--	--	--	--	--	--	--
Nine years later	9,312,820	--	--	--	--	--	--	--	--	--
Re-estimated ceded claims & expenses	677,727	25,680,979	918,304	299,428	3,446,530	3,270,260	4,176,301	1,431,620	1,264,254	1,019,568
Re-estimated net incurred claims & expenses										
End of policy year	9,421,466	11,996,614	12,317,910	11,530,500	12,847,184	10,885,000	12,880,000	11,950,000	11,490,000	12,104,239
One year later	9,637,755	12,989,645	12,462,864	11,881,460	12,285,000	9,565,000	13,865,000	12,275,000	12,333,066	--
Two years later	9,863,485	13,996,237	11,622,180	11,965,000	11,825,000	9,460,000	13,290,000	12,166,011	--	--
Three years later	10,009,072	14,187,966	10,900,000	13,150,000	11,352,172	9,184,716	12,643,234	--	--	--
Four years later	10,033,550	14,383,000	11,310,000	12,974,845	11,132,457	9,131,216	--	--	--	--
Five years later	10,016,000	14,668,000	10,838,487	12,543,983	11,157,437	--	--	--	--	--
Six years later	10,037,784	15,010,798	10,898,487	11,956,199	--	--	--	--	--	--
Seven years later	9,968,784	15,172,135	11,030,440	--	--	--	--	--	--	--
Eight years later	9,963,784	14,968,658	--	--	--	--	--	--	--	--
Nine years later	9,657,544	--	--	--	--	--	--	--	--	--
Increase in estimated net incurred claims & expenses from end of policy year	<u>\$ 236,078</u>	<u>\$2 972,044</u>	<u>\$(1,287,470)</u>	<u>\$ 425,699</u>	<u>\$(1,689,747)</u>	<u>\$(1,753,784)</u>	<u>\$ (236,766)</u>	<u>\$ 216,011</u>	<u>\$ 843,066</u>	<u>\$ --</u>