



CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

REQUEST FOR PROPOSAL
OF
BROKER OF RECORD
FOR
CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

PROPOSAL DATE: AUGUST 02, 2010

RETURN PROPOSAL TO:

DAVID CLOVIS, General Manager
3252 Constitution Drive
Livermore, CA 94551
(925) 290-1316
(925) 290-1543 fax

**RESPONSE DUE BY
2:00 P.M. PACIFIC STANDARD TIME SEPTEMBER 2, 2010**

I. INTRODUCTION

The California Joint Powers Risk Management Authority, hereinafter referred to as CJPRMA, is a governmental joint powers authority that was formed pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500) in February, 1986. CJPRMA provides excess liability coverage through risk sharing among its 21 member entities. It represents approximately 100 public agencies throughout central and northern California. (See Exhibit "A" for a list of all member entities).

CJPRMA is governed by a Board of Directors. Each member entity is entitled to representation on the Board of Directors. The Board of Directors elects an Executive Committee and its Officers. The Authority's staff includes the General Manager, Finance Officer, Claims Administrator, Executive Assistant, and Office Assistant.

CJPRMA purchases reinsurance for coverage of Pool D, \$35 million excess of \$5 million, referred to as the excess layer. The reinsurance directly follows the CJPRMA Memorandum of Coverage.

The Authority's lines of coverage are as follows:

- (A) Excess General Liability, Excess Auto Liability, Excess Errors & Omissions
- (B) Property
- (C) Auto Physical Damage
- (D) Boiler & Machinery
- (E) Special Event Insurance

A. Excess Liability

CJPRMA provides coverage in three pool layers, with a minimum self-insured retention of \$500,000 per occurrence (pool B & C) or a maximum self-insured retention of \$1,000,000 (pool C). The member entities' level of participation in pool layers B, C & D are shown in Exhibit "B". The member annual contribution rate is adopted by the Board of Directors based upon an actuarial analysis, administrative costs, and the cost of reinsurance. The member entities provide for their own in-house or third party administration of liability claims. The members payroll for fiscal year 2010-2011 was \$1,600,000,000 and the excess premium was approximately \$2,200,000.

B. Property

CJPRMA utilizes a group purchase of commercial insurance for its Property program. Although some members do not participate, the total value of the property covered is approximately \$6.8 billion. The coverage provides for replacement cost, subject to a \$25,000 self-insured retention for each occurrence. The coverage is provided by reinsurance over the CJPRMA Property Memorandum of Coverage. The current maximum limit of the program is \$300 million.

The 2010-2011 excess property premium was approximately \$2,300,000.

C. Auto Physical Damage

CJPRMA utilizes a group purchase of commercial insurance for its Auto Physical Damage program. The value of the property covered is in excess of \$135 million. The coverage provides for replacement cost, subject to a \$10,000 deductible for each occurrence. Not all members participate in this program.

D. Boiler & Machinery

CJPRMA utilizes a group purchase of commercial insurance for its Boiler & Machinery program. The coverage provided is \$21.25 million, subject to various individual deductibles. Not all members participate in this program. The value of the property covered is in excess of \$7 billion.

E. Special Event Insurance

CJPRMA participates in a special event coverage program which is available to all of our members. The program is provided by Gales Creek Insurance Services, Portland, Oregon. The program provides online access for the customers of our members and provides our members with the coverage required in their individual special event program.

F. CJPRMA Additional Information

1. Investment Portfolio

As of June 30, 2010 CJPRMA had total assets in excess of \$94 million. The investment portfolio is managed by Chandler Asset Management, Inc.

2. Accounting

Accounting is handled in-house on a full accrual basis within the guidelines of GASB 10. Each of the funds and each program year is tracked separately. All A/P, A/R, and monthly bank reconciliation activities are processed or reviewed by the Finance Officer. Payroll is processed by ADP.

3. Actuarial Review

CJPRMA performs an annual actuarial review of its program. Mujtaba Dato, ARM Tech/AON, provides the services to CJPRMA.

4. Claims Audit

CJPRMA performs an annual excess level claims audit. Craig Bowlus, Aon Risk and Insurance Services, performed the 2010 audit.

- **Additional Information may be found on the CJPRMA website at: www.cjprma.org.**

II. BROKER OF RECORD SUBMISSIONS

Brokers shall submit a proposal to provide Broker of Record services for CJPRMA. The selected Broker of Record will be responsible for marketing all CJPRMA Programs for the fiscal year 2011/2012 renewal.

A. Period of Agreement

The selected Broker(s) will be appointed as the CJPRMA Broker of Record for property/casualty and other insurance as required for a period of three (3) years with two (2) additional one-year options, at CJPRMA's sole discretion. Appointment as Broker of Record creates no right to reappointment or continued service.

If negotiations for renewal of the contract are delayed for reasons beyond control of Broker, the contract shall automatically be extended under the same terms and conditions until terminated by written notice by either party or by execution of a new contract.

B. Minimum Requirements

1. Current insurance broker license issued by the California Department of Insurance, to be provided with response.
2. At least ten (10) years experience with commercial insurance policies.
3. At least five (5) years experience working with governmental entities.
4. At least five (5) years experience working with risk retention pools.
5. No prior history of corrective action with the California Department of Insurance.

C. Admonition to Proposers

With the issuance of this RFP, Proposers are specifically directed not to contact individual members of the CJPRMA Board, staff, or member agency staff for meetings, conferences or technical discussions related to this RFP, nor open discussions with any insurance carrier concerning the CJPRMA, unless authorized in writing to do so. **Failure to adhere to this policy may be grounds for rejecting Proposer from consideration.**

D. Schedule of Events

August 2, 2010: RFP Released

August 10, 2010: Deadline for submittal of questions to the General Manager

September 2, 2010: Proposals due from Brokers no later than 2:00 p.m.

September 4-15, 2010: Evaluation of submitted proposals

September 27-29, 2010: Brokers interview with Executive and Coverage Committees

October 20, 2010: Finalist presentation to CJPRMA Board of Directors

October 21, 2010: CJPRMA Board authorizes General Manager to execute agreement

November 1, 2010: Contract Issued

CJPRMA expects, but does not guarantee, that a decision on selection of firm(s) will be made by the Board of Directors in October 2010.

E. Conformity

Proposals must conform to the requirements of this RFP. CJPRMA reserves to its staff or Board of Directors the right to waive any irregularity in any proposal or to reject any proposal that does not comply with this RFP.

F. Public Record

All responses submitted in response to this RFP will become the property of CJPRMA upon submittal and a matter of public record pursuant to applicable law. (All proposals and materials submitted are subject to the "California Public Records Act.")

G. CJPRMA Assistance

All additional requests for information regarding this RFP should be directed to the CJPRMA General Manager in writing by August 10th, 2010 to:

David Clovis, General Manager

Email: david@cjprma.org

The General Manager will assign staff, as appropriate, to provide clarifying information to all Brokers during the process. All questions relating to members shall be presented to the General Manager in writing. A response to submitted questions will be provided to all Proposers by August 20th, 2010.

H. CJPRMA Business Hours

CJPRMA maintains business hours of 7:30 A.M. to 5:30 P.M., Monday through Thursday. CJPRMA maintains business hours of 8:00 A.M. to 5:00 P.M. every other Friday.

IV. TIME LIMITS

Broker Proposals must be completed and delivered to CJPRMA no later than 2:00 p.m. September 2, 2010 to 3252 Constitution Drive, Livermore, and CA 94551. The broker shall provide (5) five original hard copies of the report and one copy of the proposal in an electronic format (cd/flash drive) capable of being reproduced for distribution by CJPRMA. A preliminary interview process will occur the week of September 27, 2010 at the CJPRMA Main Office in Livermore, CA. The interview process will include members of the Executive Committee and the Coverage/Claims Committee. The Final Broker Presentation will occur at the CJPRMA October 20, 2010 Board of Directors Meeting. CJPRMA will have the sole authority to determine which Brokers will be invited to participate in the interview process.

V. SERVICES TO BE PERFORMED BY BROKER

Broker, in coordination with CJPRMA staff, shall provide insurance broker services for CJPRMA, which shall include the following:

A. Seek and present competitive insurance programs and market coverage on an unbiased basis and in the best interest of CJPRMA.

B. Service all existing insurance policies, issuing Certificates of Insurance as requested, and processing policy declarations and endorsements.

C. Be familiar with:

1. The Memorandum of Coverage.
2. The coverages provided by all relevant insurance policies and documents issued to the CJPRMA and its members.
3. The exposures of the members.

D. Review CJPRMA's entire insurance program in detail with the General Manager and make recommendations concerning any additions or deletions the broker may feel would represent the CJPRMA's best balance of protection and cost.

E. Assist CJPRMA in the collection of data and completion of applications required by insurance carriers for premium underwriting during policy renewal.

F. Prepare annual market analysis by marketing CJPRMA insurance requirements to appropriate carriers and negotiating quotations for coverages exclusive of commissions or fees.

G. Present to CJPRMA staff a proposed insurance policy renewal program that includes information on trends, market availability, capacity, pricing, and long-term market directions. Insurance proposals shall be consistent with a high level of protection and security for CJPRMA assets. Broker shall provide recommendations on advantages and disadvantages of various policy options. This must be completed and presented to CJPRMA at least 3 weeks prior to the CJPRMA Annual Meeting. Broker must declare all fees, commissions, incentives, and taxes in the proposals.

H. Upon agreement of the General Manager, bind coverages effective with expiration of existing policies, verifying accuracy and adequacy of all binders, policies, policy endorsements, invoices and other insurance documents as needed, and delivering policies to CJPRMA within 60 days of placement.

I. Provide loss control services, to assist CJPRMA in analyzing exposures to loss, adequacy of coverages, and review of potential new exposures.

J. Provide consultative claims and risk management services to CJPRMA and its members and attend meetings as reasonably requested by CJPRMA Staff.

These services will include the oral presentation and explanation of insurance proposals to the Board, tendering of claims to carriers, collection of claims data and providing consultation on policy coverage related issues.

K. Submit an Annual Stewardship Report by September 1 of each year to summarize key activities and insurance milestones.

L. Provide a projected yearly Action Plan with Service Objectives, which may be incorporated into the Stewardship Report.

M. Assist CJPRMA Staff and Members in preparing proofs of loss, loss history, and claims reports for actuarial purposes, fiscal reporting, and annual financial audits.

N. Respond to questions from CJPRMA staff and members regarding use of insurance clauses in contracts.

O. Attend meetings with General Manager and others to discuss insurance programs and other related risk management programs/products.

P. Provide CJPRMA and its members with products/programs that provide enhanced value to members. (For example, Contractual Risk Transfer Software, training programs, legislative updates, case law updates, etc.)

Q. Comply with all State and Federal laws and regulations pertaining to insurance brokers licensed in the State of California.

VI. MARKETING OF INSURANCE

A. Monitor expiration dates of policies and provide CJPRMA General Manager with written notification at least 180 days prior to expiration, including a description of information needed to process the renewal.

B. Develop and implement a marketing strategy, including identifying potential markets, for program renewals at least 180 days before policy expiration.

C. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals of policies placed.

D. Work with carriers to design policies and programs most advantageous to CJPRMA for coverage of exposures, policy form, exclusions, deductibles, self-insured retentions, coordination with other policies, costs and other pertinent factors.

E. Advise of and invite CJPRMA General Manager to marketing meetings with prospective carriers.

F. Market renewal coverages for CJPRMA by obtaining timely and competitive quotations from available and responsible insurers.

G. When more than one market is approached for a line of coverage, provide CJPRMA General Manager with copies of declination letters and all premium quotations received with a summary of coverages explaining deficiencies or benefits of the quote compared to the recommended insurance program.

H. Provide quotations for specialized types of insurance, as requested by CJPRMA. These services are expected at no additional cost.

VII. FORMAT OF PROPOSAL

CJPRMA is seeking a knowledgeable broker who can demonstrate the skills, abilities, and experience necessary to provide exceptional services as set forth above.

All proposals must be formatted to include a response to each individual item under sections V, VI and VII. Each proposal shall contain, as a minimum:

A. Identification of the Prospective Agency: Name of person or firm submitting the proposal, including mailing address, telephone number, and the individual to contact for further information, if necessary.

B. Firm Organization:

1. Name of firm, date established, approximate revenue and approximate number of employees.
2. Whether the firm is local, national or international.
3. Location of office to serve CJPRMA and its members.
4. Number of years Proposer has been in business under the present name, as well as related prior business names.
5. Describe structure and ownership of Proposer. State whether the firm is an individual proprietorship, partnership, limited liability company, corporation, or joint venture.
6. State all financial interests in other lines of business and/or entities.
7. Describe the range of services provided by Proposer.
8. Provide the name, title, experience, and qualifications of the officers, directors, and owners (if involved in management) of Proposer.
9. Give the name(s) of the person(s) who will be authorized to make representations for Proposer, titles, addresses, and telephone numbers.
10. The number of individuals available to provide direct service to CJPRMA.

C. Personnel: Provide the names and experience of each individual that would be assigned to work on the CJPRMA account. This should include account executives, marketing personnel and others who would actively work on the account.

Be sure to identify the individual within your firm that will have overall responsibility for the account and the office in which each account team member is located.

D. Organization: Describe any special expertise and experience your firm has in providing insurance to municipal pools, cities, or other governmental entities.

E. Subcontracts: If any subcontractors are to be used, please provide a description of the qualifications of each person or firm, the amount they are to be paid, and the percentage of work they are to perform.

F. Experience: The prospective Broker should demonstrate the following skills, abilities, and experience:

1. Demonstrated experience in providing brokerage services of a similar nature to other similar public entities.
2. Strong expertise in the field of public entity risk management.
3. Demonstrated ability to communicate effectively verbally and in concise written form to explain complex concepts and processes in a clear and effective manner, and organize complex materials in presentable format.
4. Ability to work effectively in a group or committee setting, and to provide appropriate expert leadership and guidance while understanding the need for consensus.

G. Broker must demonstrate a long-standing working relationship, a minimum of five years, with Munich American Reinsurance. The Broker must provide evidence of its historical working relationship with Munich Re and provide documentation on the type of coverage and volume of placement.

H. Cost: Describe how you plan on being compensated, on the basis of fee for service or capped commissions. If you plan on being paid a fee, how will the amount of the fee be determined? Itemize your cost proposal for Year 1, 2 and 3 of the agreement.

I. Trends: What changes and/or new situations in risk management and insurance are likely to affect the CJPRMA member entities in the next three years? What types of products or solutions can you offer to best meet these problems and opportunities?

J. Can you provide assistance to individual CJPRMA member entities in updating property valuations, completing insurance applications, etc.?

K. Please describe any services or programs your company can provide CJPRMA which have not been mentioned above and any additional fees that might be required for these services.

L. Discuss your firm's philosophy concerning risk management brokerage services.

M. Briefly describe your firm's information technology resources, including equipment, software, and communication capabilities.

N. In a format appropriate for an attachment to the consulting services agreement, prepare a proposed detailed Scope of Services to provide risk management brokerage services for CJPRMA insurance program.

O. Additional Services requirements outlined above describe the minimum work to be accomplished. Upon final selection of the firm, the Scope of Service may be modified and refined during negotiations with CJPRMA.

Failure to properly address all of the items set forth above may disqualify the prospective proposal from consideration.

CJPRMA reserves the right, in its sole discretion, to reject any or all proposals. The CJPRMA final selection process for Broker of Record will be based upon numerous factors including experience, market presence, market relationships, levels of service, and cost.

VIII: REQUIRED QUALIFICATIONS

A. Contractor must be licensed as an insurance brokerage in the State of California.

B. Contractor shall obtain and maintain throughout the length of the contract Professional Liability ("errors and omissions") insurance coverage of at least \$5,000,000 per occurrence, and \$5,000,000 in the aggregate.

Contractor shall obtain and maintain throughout the length of the contract General Liability, Auto Liability, and Property Damage Insurance. The policies must be written on an occurrence basis in the minimum amount of \$5,000,000 per occurrence. All General Liability and Auto Liability Policies shall name CJPRMA, its officers, agents, directors, employees, and volunteers as insureds.

Contractor shall also provide evidence of Worker's Compensation Coverage with a statutory limit and provide a waiver of subrogation in favor of CJPRMA.

C. Conflict of Interest

Provide a statement of conflicts your firm, sub-consulting firms, and/or key staff may have regarding these services. The statement should not only include actual conflicts, but also any working relationships that may be perceived by disinterested parties as a conflict. If no potential conflicts of interest are identified, state so within your proposal.

IX. SPECIAL TERMS AND CONDITIONS

Proposers are prohibited from approaching carriers at this point. They are required to respond in writing indicating their interest, experience, underwriting approach, and carrier relationships. All Brokers will identify their policies regarding transparency and identify their approach to contingent commissions.

The Broker of Record shall establish and maintain procedures and controls that are acceptable to CJPRMA for the purpose of assuring that no information contained in its records or obtained from others in carrying out its functions under the contract shall be used by or disclosed by the Broker, its agents, officers, or employees, except as required to efficiently perform the duties under the contract.

Persons requesting such information shall be referred to CJPRMA. Broker also agrees that any information pertaining to individual persons will not be divulged other than to employees or officers of the broker as needed for the performance of duties under the broker, unless otherwise agreed to in writing by CJPRMA.

A. Proposal Conditions

1. Inaccuracies or Misrepresentations

If in the course of the RFP process or in the administration of a resulting Agreement, CJPRMA determines that Proposer has made a material misstatement or misrepresentation, or that materially inaccurate information has been provided to CJPRMA, the Proposer may be terminated from the RFP process. In the event a contract has been awarded, the contract may be immediately terminated. In the event of termination under this provision, CJPRMA is entitled to pursue any available legal remedies.

2. Right to Request Additional Information

During the evaluation process, CJPRMA reserves the right to request additional information or clarifications from Proposers, or to allow corrections of errors or omissions.

At the discretion of CJPRMA, firms submitting responses may be requested to make oral presentations as part of the evaluation process.

3. Right to Reject Proposals

CJPRMA reserves the right without prejudice to reject any or all Proposals.

4. Public Record

All Proposals submitted in response to this RFP will become the property of CJPRMA upon submittal and a matter of public record pursuant to applicable law.

CJPRMA reserves the right to retain all Proposals submitted, and all Proposals and materials submitted are subject to the "California Public Records Act."

B. Conceptual Plan

The Proposal should address, but is not limited to, the Scope of Work contained in Sections V and VI. Proposer must submit Proposal(s) for all lines of coverage.

The Proposal should include the following:

1. A brief synopsis of Proposer's understanding of CJPRMA's needs and how Proposer's experience and approach are best suited to meet those needs. Indicate features, skills, or services that distinguish Proposer and make it the best choice for CJPRMA.
2. Describe the methods employed to obtain and disseminate information about current local, statewide, and national legislation, trends, new services, new concepts, etc., to the account team that would service this account.
3. Examples of Proposer's leadership and innovation in the insurance industry.
4. Explanation of any services described in the RFP that cannot be provided.
5. Describe how the insurance program(s) would be designed. Include discussions of risk analysis, design of coverage forms, structure of submissions to be presented to underwriters, use of deductibles, self-insured retentions or other alternative risk financing, layering of primary and excess coverage (if applicable), use of manuscript policies, how pricing would be determined, and any services available or to be provided by insurers as part of the insurance placements.
6. Describe and give examples of underwriting presentations and insurance specifications Proposer has prepared for other clients. List markets Broker intends to approach, in order of preference, for each line of coverage. Describe exactly how the marketplace would be approached, whether directly or through surplus lines facilities, brokerage firms, foreign brokers, reinsurance intermediaries, etc. Specifically describe involvement in reinsurance or excess insurance arrangements. Describe Proposer's market leverage and the process for renewals and negotiations.
7. If Proposer contemplates use of excess/surplus lines facilities, specialty or foreign brokers, reinsurance intermediaries or "wholesale" brokerage facilities of any kind, identify any such entities owned (in whole or part) by Proposer or controlled in any way by Proposer or any of its subsidiary, proprietary, or affiliated entities. Describe any other special relationships between such entities and Proposer, including complete details of any commission-sharing arrangements.

8. Describe and provide samples of reports to be used to communicate activities and results. Include examples of an annual comprehensive service report, insurance marketing reports, and quarterly service reports.

Describe the activities and services that would be provided to CJPRMA as part of the broker agreement.

Include descriptions of support that would be provided in such areas as loss control, risk financing, risk analysis and other services.

C. References

Broker must include the following references:

1. At least five (5), of Proposer's largest California state or local public agencies for which Proposer has provided property/casualty and other insurance brokerage services. For each reference give the agency name, contact name and title, phone number, dates services were provided, and a description of the program(s) serviced.
2. At least five (5), additional organizations for which Broker has provided similar services. For each reference show the agency name, contact name and title, phone number, dates services were provided, and a description of the program(s) serviced.
3. Additional references if desired, including any outside of California. For each reference show the agency name, contact name and title, phone number, dates services were provided, and a description of the program.
4. If appropriate for proposal, list the three (3) largest property/casualty insurance accounts lost by the firm in the last five years. For each reference show the agency name, contact name and title, phone number, dates services were provided, and a description of the program.

D. Background Information

1. Provide a brief summary of any investigations by regulatory agencies resulting in any penalty imposed by the agency.
2. Provide a brief summary of criminal filings against the firm and/or its principals in the past ten (10) years.
3. Describe any business relationships, formal or informal, with insurance companies or underwriting firms contemplated for service of the CJPRMA.

4. Complete Appendix I and II.

X. CONCLUSIONS

A. Review of Proposal

Upon receipt of the proposals, CJPRMA staff will review each firm's response to the RFP. CJPRMA staff will schedule presentations by the Brokers to the CJPRMA Executive Committee and Coverage/Claims Committee. CJPRMA reserves the right, in its sole discretion, to award the contract to the Broker of its choice.

B. Award of Contract

CJPRMA intends to select a broker on or before November 1, 2010.

Late bids/proposals will not be accepted. Any correction or resubmission must be received by the submittal due date September 02, 2010 at 2:00 P.M.

APPENDIX I

CERTIFICATION OF PROPOSAL

REQUEST FOR PROPOSALS

PROPERTY AND CASUALTY INSURANCE BROKER SERVICES

- A. The undersigned hereby submits its Proposal and by so doing agrees to furnish services to the California Joint Powers Risk Management Authority in accordance with the Request for Proposals dated August 2, 2010 and to be bound by the terms and conditions of the Request for Proposals.
- B. This firm has carefully reviewed its Proposal and understands and agrees that the CJPRMA is not responsible for them.
- C. All aspects of this Proposal have been determined independently, without consultation with any other prospective broker or competitor for the purpose of restricting competition. No CJPRMA or member staff or board members will be contacted without prior written authorization from the CJPRMA.
- D. It is understood and agreed that the CJPRMA reserves the right to accept or reject any or all Proposals and to waive any informality or irregularity in any Proposals received by the California Joint Powers Risk Management Authority.
- E. Proposal includes all of the commentary, figures and data required by the Request For Proposals dated August 2, 2010.
- F. All declarations in the Proposals and attachments are true and this shall constitute a warrant, the falsity of which entitle CJPRMA and its members to pursue and remedy by law.
- G. The Proposal by this firm shall be valid until December 31, 2010, and may not be modified or withdrawn after the final submission date of September 2, 2010 at 2:00 P.M.

Authorized Signature

Name of Firm

Name _____

Address _____

Title _____

Telephone _____

Fax _____

Email _____

APPENDIX II
SUMMARY SHEET
REQUEST FOR PROPOSALS
PROPERTY AND CASUALTY INSURANCE BROKER SERVICES

Firm Name: _____

Firm Parent or Ownership: _____

Firm Address: _____

Firm Telephone: _____ Firm Fax: _____

Management Person Responsible for Direct Contact with California Joint Powers Risk Management Authority and Services Required by this Request:

Name: _____ Telephone Number: _____

Title: _____ Email: _____

Firm Personnel

Total Personnel _____

Total in California _____

Sales _____

Claims _____

Clerical _____

Loss Control _____

Other _____

Firm Premiums

Total Premium \$ _____

Commercial Lines Premium \$ _____

Personal Lines Premium \$ _____

Life Premium \$ _____

Health Premium \$ _____

Target Account Size \$ _____

Average Account Size \$ _____

Exhibit A
CJPRMA Member List

City of Alameda

City of Chico

City of Fairfield

City of Fremont

City of Livermore

City of Lodi

Northern California Cities Self-Insurance Fund

Including the Cities of Anderson, Auburn, Colusa, Corning, Dixon, Folsom, Galt, Gridley, Jackson, Lincoln, Marysville, Oroville, Paradise, Red Bluff, Rio Vista, Rocklin, Willows, Yuba City

City of Petaluma

City of Redding

Redwood Empire Municipal Insurance Fund

Including the Cities of Arcata, Cloverdale, Cotati, Eureka, Fort Bragg, Fortuna, Healdsburg, Lakeport, REMIF, Rohnert Park, Sebastopol, Sonoma, St. Helena, Ukiah, Willits, Windsor

City of Richmond

City of Roseville

City of San Leandro

City of San Rafael

City of Santa Rosa

Small Cities Organized Risk Effort

Including the Cities of Biggs, Colfax, Crescent City, Dorris, Dunsmuir, Etna, Ft. Jones, Ione, Isleton, Live Oak, Loomis, Loyalton, Montague, Mt. Shasta, Portola, Rio Dell, Shasta Lake, Susanville, Weed, Williams, and Yreka

City of Stockton

City of Sunnyvale

City of Vacaville

City of Vallejo

Yolo County Public Agency Risk Management Insurance Authority

Including Capay Valley Fire Protection District, Clarksburg Fire Protection District, Cottonwood Cemetery District, the City of Davis, Davis Cemetery District, Dunnigan Fire Protection District, East Davis Fire Protection District, Esparto Unified School District, Madison Fire Protection District, No Man's Land Fire Protection District, Sacramento-Yolo Port District, Springlake Fire Protection District, West Sacramento, the City of Winters, Winters Cemetery District, Winters Fire Protection District, the City of Woodland, Yolo County, Yolo Emergency Communications Agency, Yolo County Habitat Conservation JPA, Yolo County Historical Museum, Yolo County In-Home Support Services Public Authority, Yolo County LAFCO, Yolo County Law Library, and Yolo-Solano Air Quality Management District

Exhibit B

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

LIABILITY POOLS MEMBERSHIP – 2010-2011

POOL B <u>(\$500,000 XS \$500,000)</u> <i>(.082 per \$100)</i>	POOL C <u>(\$4,000,000 XS \$1,000,000)</u> <i>(.448 per \$100)</i>	POOL D <u>(\$30,000,000 XS \$5,000,000)</u> <i>(.232 per \$100)</i>
ALAMEDA	ALAMEDA	ALAMEDA
CHICO	CHICO	CHICO
FAIRFIELD	FAIRFIELD	FAIRFIELD
FREMONT	FREMONT	FREMONT
LIVERMORE	LIVERMORE	LIVERMORE
LODI	LODI	LODI
	NCCSIF	NCCSIF
PETALUMA	PETALUMA	PETALUMA
REDDING	REDDING	REDDING
REMIF	REMIF	REMIF
RICHMOND	RICHMOND	RICHMOND
ROSEVILLE	ROSEVILLE	ROSEVILLE
	SAN LEANDRO	SAN LEANDRO
SAN RAFAEL	SAN RAFAEL	SAN RAFAEL
SANTA ROSA	SANTA ROSA	SANTA ROSA
SCORE	SCORE	SCORE
	STOCKTON	STOCKTON
SUNNYVALE	SUNNYVALE	SUNNYVALE
VACAVILLE	VACAVILLE	VACAVILLE
VALLEJO	VALLEJO	VALLEJO
YCPARMIA	YCPARMIA	YCPARMIA

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

INSURANCE BROKER OF RECORD AGREEMENT

Sample Agreement

This AGREEMENT, by and between California Joint Powers Risk Management Authority Authority, hereinafter referred to as “CJPRMA” and , _____ hereinafter referred to as “Broker,” is effective November 1, 2010. The term of this agreement shall commence on November 1, 2010 and terminate on November 1, 2013, unless otherwise extended. Appointment as Broker of Record creates no right to reappointment or continued service.

I. Scope of Work

The Scope of Work is set forth in Exhibit A.

This agreement applies to all insurance placement services for CJPRMA.

II. Broker Service Team

The Broker Service Team is set forth in Exhibit B. These individuals are designated “key personnel” and, except for conditions outside the control of Broker, may not be removed from transactions or projects without the prior written approval of the CJPRMA.

Except for conditions outside the control of Broker, engagement partners, managers, and other supervisory staff may be changed if those personnel leave the firm, are promoted or are assigned to another office. The personnel may also be changed for other reasons with the express prior written permission of the CJPRMA. However, in either case, CJPRMA retains the right to approve or reject replacements.

Except for conditions outside the control of Broker, specialists can only be changed with the express prior written permission of the CJPRMA, which retains the right to approve or reject replacements.

Other staff personnel may be changed at the discretion of Broker provided that replacements have substantially the same or better qualifications or experience.

When any individual who is designated as a main contact person will be unavailable to the CJPRMA or its members for more than three (3) business days, another person will be designated as a contact.

III. Communication and Reporting

Depending on the circumstances, reporting by Broker to the CJPRMA will be directed to the CJPRMA General Manager and sometimes to staff of CJPRMA members. Whenever services are provided directly by Broker to a CJPRMA member, Broker will promptly inform the CJPRMA General Manager.

IV. Service Commitment

Broker will act as an independent advisor to the General Manager and staff and proactively provide unbiased professional advice and recommendations that benefit CJPRMA and its members.

Broker will not compete against CJPRMA by offering insurance to members of CJPRMA if such coverage is available through a CJPRMA pooled program or through insurance products covered by this Agreement, without prior written approval.

V. Ownership of Documents

All documents, books, records, data, products, graphics, computer programs, reports, and accounting procedures and practices specifically prepared by Broker solely with respects to this Agreement shall be considered property of the CJPRMA and its members upon payment for services. Broker shall provide free access to the CJPRMA or its designees at reasonable times to all such documents, books, records, data, products, graphics, computer programs, reports, and accounting procedures and practices. This applies regardless of media type.

CJPRMA or any authorized representative shall have upon reasonable prior notice access to and the right during normal business hours to examine, audit, excerpt, copy or transcribe any pertinent transaction, activity, time cards, or other records relating to engagements under this contract.

All such items shall be maintained for a period of five (5) years after receipt of final payment, and delivered to CJPRMA at the completion of work under this agreement. Unless otherwise directed by CJPRMA, Broker may retain copies of such items.

Upon completion of, or in the event of termination or suspension of this Agreement, all documents, books, records, data, products, graphics, computer programs, reports, and accounting procedures and practices specifically prepared solely with respect to in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of CJPRMA and may be used, reused, or otherwise disposed of by CJPRMA without the permission of Broker. With respect to computer files, Broker shall make available to CJPRMA, at Broker's office and upon reasonable written request by CJPRMA, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files. If software is updated, data must be converted. If it cannot be converted, working copies of software must be maintained for ten (10) years.

VI. Right to Monitor and Audit

CJPRMA shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other directly relevant items as reasonably requested and mutually agreed and upon reasonable written notice and shall have absolute right to monitor the performance of Broker in the delivery of services provided under this Agreement. Broker shall give full cooperation, in any auditing or monitoring and evaluation of this Agreement and comply with all reasonable reporting requirements established by CJPRMA.

VII. Broker Remuneration

A. Compensation

CJPRMA shall pay Broker as follows:

TBD

B. Offsets TBD

C. Insurance Placements Made Through Intermediaries

Broker is permitted to place insurance through intermediaries including any proprietary, affiliated, or subsidiary entity of Broker, provided that no other comparably efficient and cost-effective source of coverage is available. For any placements which require a wholesaler, the wholesaler will receive the standard wholesale commission of 2.5% to 5%. For any placements in the London market, a London broker is required. Any intermediary selected will be chosen based solely on the needs of CJPRMA. All such use of intermediaries shall be fully reported to CJPRMA, including the details of all commissions earned by intermediaries.

D. Accounting

Broker shall furnish written documentation of all commissions or other revenues received by Broker (or any proprietary, affiliated, or subsidiary entity of Broker) from insurers or other sources, including brokers or intermediaries of any kind, as respects CJPRMA account.

- Methods for invoicing to be determined.

VIII. Indemnification

A. Indemnification for Professional Liability

Broker shall indemnify, protect, defend and hold harmless CJPRMA, its members, and all officials, employees, agents and volunteers from and against any and all losses, liabilities, damages, costs and expenses, including liability for claims, suits, actions, arbitration

proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened; and also including attorneys fees and costs, court costs, interest, defense costs, and expert witness fees.

This applies to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Broker, its officers, agents, employees or sub consultants (or any entity or individual that Broker shall bear the legal liability thereof) in the performance of professional services under this agreement but only to the extent attributable to the error or omissions of the Broker.

This further applies where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Broker or by any individual or entity for which Broker is legally liable, including but not limited to officers, agents, employees or sub-consultants of Broker.

B. Indemnification for Other Than Professional Liability

Other than in the performance of professional services and to the full extent permitted by law, Broker shall indemnify, protect, defend and hold harmless CJPRMA, its members, and all officials, employees, agents and volunteers from and against any and all losses, liabilities, damages, costs and expenses, including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened; and also including attorneys fees and costs, court costs, interest, defense costs, and expert witness fees, where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Broker or by any individual or entity for which Broker is legally liable, including but not limited to officers, agents, employees or consultants or sub-consultants.

IX. Insurance

Prior to the beginning of and throughout the duration of the Scope of Work, Broker will secure and maintain insurance in conformance with the normal requirements set forth below. Broker will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Broker agrees to amend, supplement or endorse the existing coverage to do so. Broker acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to CJPRMA in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to CJPRMA.

A. Required Insurance

1. Commercial General Liability Insurance using Insurance Services Office “Commercial General Liability” policy form CG 00 01 or equivalent. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$5,000,000 per occurrence.

2. Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or equivalent. Limits are subject to review, but in no event to be less than \$5,000,000 per accident. If Broker owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Broker or Broker's employees will use personal autos in any way on this project, Broker shall secure evidence of auto liability coverage for each such person.
3. Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.
4. Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to CJPRMA for injury to employees of Broker, sub-consultants or others involved in the Work. The scope of coverage provided is subject to approval of CJPRMA following receipt of proof of insurance as required herein.
5. Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of Broker and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$5,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

B. General Requirements

1. Broker agrees to have its insurer endorse the third party general liability and automobile liability coverages required herein to include as additional insureds CJPRMA and its members and all officials, directors, employees, agents, volunteers, contractors and subcontractors.
2. General liability and automobile liability policies are to be endorsed as primary and non-contributory with any insurance or self-insurance programs carried or administered by CJPRMA and/or its members, as respects claims arising directly from the actions or inactions of Towers Perrin.

3. Insurance or reinsurance of self insurance procured pursuant to the requirements under this Agreement shall be provided by insurers or reinsurers with and A.M. Best rating of A minus(A-) or better and a financial size of VII. Self Insurance will be subject to review by CJPRMA.
4. No liability insurance coverage provided to comply with this Agreement shall prohibit Broker, or Broker's employees, or agents, from waiving the right of subrogation prior to a loss. Broker agrees to waive subrogation rights against CJPRMA regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
5. All insurance coverage and limits provided by Broker and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to CJPRMA or its operations limits the application of such insurance coverage.
6. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
7. Broker shall not make any reductions in amounts or scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect CJPRMA's protection without notifying CJPRMA within 30 days of such change.
8. Proof of compliance with these insurance requirements, shall be provided to CJPRMA at or following the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, CJPRMA has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by CJPRMA shall be charged to and promptly paid by Broker or deducted from sums due Broker, at CJPRMA's option.
9. Certificate(s) are to reflect that the insurer will provide 30 days notice to CJPRMA of any cancellation of coverage.
10. Broker agrees to ensure that sub-consultants, and any other involved party who is brought onto or involved by Broker, provide the same minimum insurance coverage required of Broker. Broker agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Broker agrees that upon request, all agreements with sub-consultants and others engaged by Broker will be submitted to CJPRMA for review.
11. CJPRMA agrees that Broker may self-insure or use self-insured retentions on portions of the insurance required herein.
12. CJPRMA reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving Broker ninety (90) days advance

written notice of such change. If such change results in substantial additional cost to Broker, CJPRMA will negotiate additional compensation proportional to the increased benefit to CJPRMA.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or toward performance of this Agreement.
14. Broker acknowledges and agrees that any actual or alleged failure on the part of CJPRMA to inform Broker of non-compliance with any insurance requirement in no way imposes any additional obligations on CJPRMA nor does it waive any rights hereunder in this or any other regard.
15. Broker will renew the required coverage annually as long as CJPRMA, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until CJPRMA executes a written statement to that effect.
16. Broker shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Broker's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to CJPRMA within five days after the expiration of the coverages.
17. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits, or other requirements, nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
18. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
19. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
20. Broker agrees to provide immediate notice to CJPRMA of any claim or loss against Broker arising out of the work performed under this agreement. CJPRMA assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CJPRMA.

X. Termination

Either Broker or CJPRMA shall have the right to terminate this Agreement immediately upon the insolvency, bankruptcy, dissolution or sale of the other party; neither party waives its right to terminate this Agreement if such right is not immediately exercised.

Notwithstanding any other provision of this Agreement, either party shall have the right to terminate this Agreement at any time and for any reason by giving the other party thirty (30) calendar days written notice of such termination.

Upon receipt of termination notice, Broker shall promptly discontinue services unless the notice or other written communication directs otherwise. If the Agreement is terminated or not renewed for any reason, CJPRMA shall have a continuing right to have access to all Broker files pertinent in any way to CJPRMA account. Broker shall fully cooperate and, at CJPRMA's request, shall provide photocopies or originals of any and all pertinent files or other documents following termination.

If such termination is effected, an equitable adjustment in the price provided for in this Agreement shall be made. Such adjustment shall provide for payment to Broker or return to CJPRMA as appropriate to reflect services rendered and expenses incurred prior to the effective date of termination.

XI. Default of Broker

Broker's failure to comply with the material provisions of this Agreement shall constitute a default ("Default"). In the event Broker is in Default for cause under the terms of this Agreement, CJPRMA shall have no obligation or duty to continue compensating Broker for any work performed after the date of Default and can terminate this Agreement immediately by written notice to Broker. If such failure by Broker to make progress in the performance of work hereunder arises out of causes beyond the Broker's control, and without fault or negligence of the Broker, it shall not be considered a Default.

If CJPRMA determines that Broker is in Default in the performance of any of the terms or conditions of this Agreement, CJPRMA shall cause to be served upon Broker a written notice of the default. Broker shall have ten (10) days after service upon it of said notice in which to cure the Default by rendering a satisfactory performance. In the event that Broker fails to cure its Default within such period of time, CJPRMA shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

XII. Legal Responsibilities

Broker shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. Broker shall at all times observe and comply with all such laws and regulations.

CJPRMA, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Broker to comply with this Section.

XIII. Timely Performance

Timely completion by Broker of all service requirements under this Agreement to the satisfaction of CJPRMA is of the essence of this Agreement.

XIV. Undue Influence

Broker declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of CJPRMA in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of CJPRMA will receive compensation, directly or indirectly, from Broker, or from any officer, employee or agent of Broker, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling CJPRMA to any and all remedies at law or in equity.

XV. Release of Information

No news, releases, advertisements, public announcements or photographs arising out of this Agreement or Broker's relationship with CJPRMA or its members may be made or used without prior written approval of both CJPRMA and Broker.

XVI. Agreement Amendments and Assignability

Broker agrees any alterations, variations, modifications, or waivers of the provisions of this Agreement, shall be valid only when reduced to writing, executed and attached to the original agreement and approved by the required persons.

This agreement is not assignable by Broker either in whole or in part without the prior written consent of CJPRMA.

Broker agrees not to enter into any subcontracting agreements for work contemplated under the Agreement without first obtaining written approval from CJPRMA. Any subcontracting shall be subject to the same terms and conditions as Broker. Broker shall be fully responsible for the performance and payments of any subcontractor's contract.

XVII. Governing Law

CJPRMA and Broker understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall be filed in the Alameda County Superior Court.

XVIII. Attorney Fees and Costs

If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorneys' fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorneys' fees directly arising from a third-party action against a party hereto and payable under Section VIII, Indemnification.

XIX. Entire Agreement

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement shall govern over any conflicts between the Request for Proposal, the Proposal, and this Agreement.

XX. Contents of Request for Proposal and Proposal

Broker is bound by the contents of CJPRMA's Request for Proposal, Exhibit C hereto and incorporated herein by this reference, and the contents of the proposal submitted by Broker, Exhibit D hereto. In the event of conflict, this Agreement shall take precedence over the Request for Proposal, and the Request for Proposal shall take precedence over Broker's proposal.

XXI. Authority to Execute this Agreement

The person or persons executing this Agreement on behalf of Broker warrants and represents that he/she has the authority to execute this Agreement on behalf of Broker and has the authority to bind Broker to the performance of its obligations hereunder.

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

By: _____
David J. Clovis

Title: General Manager

Date: _____

By: _____

Title: _____

Date: _____

INSURANCE BROKERAGE SERVICES AGREEMENT

**EXHIBIT A
SCOPE OF WORK**

To Be Determined