



	Approved	Denied
Date Action Taken:	2/25/08	
Other:	Holler, Larson, Menard, Massie, & Metwa in favor; Woodruff opposer	
Verified by:	K.M.K.	

WASILLA CITY COUNCIL ACTION MEMORANDUM

AM No. 08-13

TITLE: AWARD OF A THREE (3) YEAR CONTRACT TO MARSH USA, INC., FOR INSURANCE BROKERAGE SERVICES IN THE AMOUNT OF \$25,000 PER YEAR.

Agenda of: February 25, 2008 *W.A. Miller*
 Originator: William A. Miller, Purchasing/Contracting Officer

Date: February 12, 2008

Route to:	Department	Signature/Date
	Police Chief Youth Court, Dispatch, Code Compliance	
	Culture and Recreation Services Manager Library, Museum, Sports Complex	
	Public Works & Recreation Facility Maintenance Director	
X	Finance, Risk Management & MIS Director Purchasing	<i>Richard J. Hudson 2-14-08</i>
X	Deputy Administrator Planning, Economic Development, Human Resources	<i>Morgan L. Gode</i>
X	City Clerk	<i>K.M.K.</i>

REVIEWED BY MAYOR DIANNE M. KELLER: *Dianne M. Keller 2/14/08*

FISCAL IMPACT: yes \$25,000.00 or no Funds Available yes no

Account name/number: 001-4134-414.30-34

General & Administrative – Professional Services - Other

Attachments: Marsh USA, Inc., Proposal dated January 14, 2008
 Final Score Sheet

SUMMARY STATEMENT: In accordance with WMC 5.08.120, on December 4, 2007, the City of Wasilla issued Request for Proposal 0651-0-2007/WM for Insurance Brokerage Services (property, liability, automobile and workers compensation). The objective is to secure an insurance broker that will seek the best insurance rates for the City and serve as an independent focal point for all claims and insurance related matters.

Proposals were received from three firms: Combs Insurance of Palmer, Marsh USA, Inc., of Anchorage and Willis of Seattle. A committee of four scorers (Director of Public Works, Deputy City Clerk, Account Payables Clerk and Water/Wastewater Utility

Maintenance Supervisor) scored the proposals based upon firm experience, personnel experience, methodology/approach, communication, proposed fee structure, and response from two references. Combs Insurance of Palmer scored the highest with a score of 372; however, upon verification of the required \$5,000,000 errors and omissions insurance policy as required in Section 1.4 of the RFP, Combs could only produce a \$3,000,000 policy. As Combs did not meet the minimum requirements, Marsh USA, Inc., who was the next highest scoring firm (364 of 400 total points – see attached) and also met and/or exceeded the minimum requirements was chosen. Marsh USA, Inc, the City's current broker, proposed an annual fee of \$25,000 per year for the term of the three year contract. This is the same fee paid to Marsh during the last two year terms and represents a significant savings for the Wasilla taxpayer.

(RFP Excerpt)
REQUEST FOR PROPOSAL
No. 0651-0-2007/WM
Insurance Brokerage Services

The City is seeking proposals from qualified firms to provide insurance brokerage services. The broker must be currently licensed by the State of Alaska in accordance with AS 21.27 for all types of services requested under this RFP.

1. OVERVIEW OF PROJECT

The City of Wasilla is requesting proposals for the services of a broker to serve as Broker of Record for the placement of the City's property, liability, and workers compensation insurance coverage programs to become effective July 1, 2008 for a term of three (3) years with the option to renew for one (1) additional three (3) year term.

Minimum qualifications to submit a proposal are as follows:

- 1.1. The firm must have a minimum of five (5) years experience and the project manager assigned to the City must have a minimum of ten (10) years experience providing multi-million dollar insurance coverage to government agencies and/or corporations.
- 1.2. Premium volume of over \$1,000,000 in excess insurance above primary liability insurance coverage.
- 1.3. At least five accounts with primary property and casualty liability premium development in excess of \$250,000.
- 1.4. Current professional errors and omissions insurance coverage in an amount not less than \$5,000,000.
- 1.5. The broker must be currently licensed by the State of Alaska in accordance with AS 21.27 for all types of services requested under this Request for Proposals.

2. SCOPE OF SERVICES

The goal of this process is to secure a three (3) year minimum contract with a stable, reputable and experienced insurance brokerage firm. As the City continues to grow in population, tourism, land area and employment, new insurance challenges will undoubtedly arise. To address these issues in the most prudent, productive and fiscally responsible manner, a long-term relationship with a well-established broker is imperative. Proposers are not to respond by providing insurance quotations. Contact with carriers for the purpose of preparing proposals is not to be made as **you are NOT to approach any markets at this time**. Proposals will be limited to presentations of service capabilities as they relate to the City's various exposures to loss.

2.1.Coverage Placements

- 2.1.1. Search the market annually for the best available coverage at the best available price.
- 2.1.2. Deliver a proposal to the City annually by approximately June 1 covering all carriers, coverages, premiums, fees, and terms and conditions concerning coverage options and recommended placements for the coming year. This proposal must contain comparisons of coverage options and must clearly delineate any changes in coverage from that of the prior year.
- 2.1.3. Make an oral presentation annually of the above noted proposal to the City council.
- 2.1.4. At the time of the above noted proposal and presentation is made, fully disclose the percentage and amount of commission to be paid to any insurance broker, intermediary or wholesaler used in the placement process, or any dividends or credits to which the City may be entitled.
- 2.1.5. Place all coverage required by the City and arrange for bonds for City employees.
- 2.1.6. Provide a complete review annually of all City policies to assure that policy language, coverage and exclusions are consistent with the City's traditional level of coverage and process any endorsement necessary to accomplish such.
- 2.1.7. To bring to the attention of City staff any additional coverage that may become available in the market place, that could be advantageous to the City, and to obtain authorization and direction from the Deputy Administrator or designee prior to engaging in any related activity.

2.2. Consulting Services

- 2.2.1. Attend City council meetings as may be necessary or as requested to give reports or presentations as requested (two or three times a year).
- 2.2.2. Consult with City staff concerning coverage availability, terms and conditions, coverage interpretations, and premium
- 2.2.3. Cooperate fully with attorneys representing the City as may be necessary regarding claims, coverage, or other legal matters.
- 2.2.4. Cooperate fully with the City's independent auditor concerning any confirmations necessary to complete the annual audit.

2.3. Certificates of Insurance

- 2.3.1. Issue all certificates of insurance that are required by the City. Maintain a list of these recipients so that annual renewals will include a new issuance of certificates.

2.4. Claims Administration

- 2.4.1. The broker selected to provide broker services for the City will arrange claims administration services, and shall include cost proposals for those services.

2.5. Conflict of Interest

- 2.5.1. The individual or firm's assigned staff person shall have no conflict of interest, particularly any business or legal connection with other parties involved in the design and construction process or providing service to suppliers.
- 2.5.2. Supervisors of staff having a conflict of interest and principles of companies in which any employee has a conflict of interest shall be considered to have a conflicting business connection.

ACTION: Council is requested to authorize the award of a three (3) year contract effective July 1, 2008 for insurance brokerage services to Marsh USA, Inc., in the amount of \$25,000 per year. The City may terminate this contract, and Marsh USA, Inc., waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the funding from City, State, and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

January 15, 2008

RFP No. 0651-0-2007/WM

City of Wasilla

MARSH



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Appendix A: Resumés

Appendix B: Form W-9

Appendix C: MarshConnect

Appendix D: Attachment A to RFP

Appendix E: Client Service Agreement

Appendix F: Cost Proposal

CAUTION:

Failure to include this section as the first section of your Proposal will cause it to be deemed non-responsive!

PROPOSAL CERTIFICATION

Request for Proposal

No. 0651-0-2007/WM

Insurance Brokerage Services

CAUTION:

Failure to include this section as the first section of your Proposal will cause it to be deemed non-responsive

The undersigned, as Contractor, declares that s/he has carefully examined the entire RFP document, including all specifications, provisions, proposed instructions and all other conditions of the RFP and all addenda, and that Contractor proposes and agrees, if the proposal is accepted, that Contractor will contract with the City of Wasilla to furnish the item(s) in the manner and time herein prescribed and according to all the requirements set forth.

A Contractor may withdraw the proposal at any time prior to the day of the proposal opening. However, all proposals shall be irrevocable for a period of one hundred and eighty (180) days from the day of the proposal opening.

By initialing this space BA, Contractor hereby certifies that s/he has not discriminated against minority, women, or emerging small business enterprises in obtaining any required subcontracts.

By initialing this space BA, Contractor hereby certifies that it accepts, in substantial conformity, all contract terms and conditions in *SECTION 10.20, CONTRACT & INSURANCE REQUIREMENTS*.

By initialing this space BA, Contractor agree that in case of any discrepancies between the hard copy or the electronic copy of the RFP document and Addenda, supplied as a part of the Contractor's proposal, the secured electronic copy of these documents maintained by the City shall control and take precedence.

By initialing this space BA, Contractor specifically acknowledges receipt of and agrees to be bound by Addenda numbered 1 through 2, inclusive.

By initialing this space BA, Contractor represents that it has not modified or changed terms of the RFP document or Addenda, in either the hard copy or electronic version of its supplied proposal, except to provide proposal responses.

By initialing this space BA, Contractor acknowledges and agrees that in the event there is any discrepancy in the proposal between the notarized hard copy and electronic versions, the hard copy controls and supersedes.

The Contractor represents that the proposal is made without connection to any person, firm, or corporation making a proposal for the same materials, and is in all respects fair and without collusion.

The undersigned attests that he/she has the authority to represent the firm in executing this proposal, that the information provided is true and accurate to the best of his/her knowledge, and understands that any false or substantially incorrect statement may disqualify this proposal or be cause for termination of any resulting contract.

Marsh USA Inc.

Firm's Name (Print or type name)

B. Allen

Signature

1031 W. 4th Avenue

Address

Brandon Allen

Print or type name

Anchorage, Alaska 99501

City, State, Zip Code

Senior Vice President

Title

Telephone: 907.276.5617

Federal Tax I.D. No 36 1436000

Fax Number: 907.276.6292 fax

Subscribed and sworn to before me this 15th day of January, 2008.

Kristin L. Zukowski

Notary Public for the State of

Alaska

My commission expires

9/15/08

MARSH



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Brandon Allen
Senior Vice President

Marsh USA Inc.
1031 W. 4th Avenue, Suite 400
Anchorage, AK 99501
(907) 276-5617
(907) 276-6292 fax
www.brandon.allen@marsh.com
www.marsh.com

January 14, 2008

City of Wasilla
Purchasing Department
290 E. Herning Avenue
Wasilla, AK 99654-7091

Subject:

**Request For Proposal No. 0651-0-2007/WM
Insurance Brokerage Services to the City of Wasilla**

Dear Sir or Madam:

We are pleased to present the City of Wasilla with our response to your Request for Proposal for Insurance Brokerage Services.

At Marsh, our mission has always been centered on working to create and deliver risk solutions and services that make our clients more successful. We have thoroughly reviewed and considered your RFP requirements as set forth in Section 4 Scope of Services of your Request for Proposal dated December 4, 2007. We've had the honor to be your insurance broker for the last six years and hopefully have provided evidence that we understand the services that the City of Wasilla is seeking and we have the ability to provide these services.

The undersigned, Brandon Allen, is authorized to make representations for our firm and has the authority to bind the firm. His contact information is as follows:

Brandon Allen
Marsh USA Inc.
1031 W. Fourth Avenue, Suite 400
Anchorage, AK 99501
907-276-5617 – Phone
Brandon.Allen@marsh.com

As you consider our Proposal, we'd like to emphasize the following Marsh differentiators that separate us from the competition and highlight the value-added benefits we will bring to the City of Wasilla:

Service Team

- Marsh has assigned a strong team with decades of public sector experience and broad risk and insurance expertise to service your risk management needs. They are well-versed in Alaska public entity risks, challenges, issues, workforce and proven solutions and they are all properly licensed to practice in the State of Alaska. Further, Marsh's Anchorage, Alaska office has over 55 employees, ensuring that the depth and breadth of capabilities needed by the City of Wasilla are available.
- Marsh's dedicated National Public Entity Practice supports the local service team, and gives access to a global network of Marsh public entity professionals who serve clients with similar risk exposure and challenges. They also monitor trends within the industry from all perspectives – legal, finance, operations, regulatory and insurance – to offer our clients broad, relevant guidance proven to solve issues and help clients improve their overall risk management programs.

Our Approach, Resources and Innovation

- Marsh views the City of Wasilla's exposures and provides service from a true enterprise-wide "risk" perspective, not simply from the "how much insurance do they need" viewpoint. Our organizational structure by industry and risk specialization uniquely positions Marsh to bring unparalleled expertise to the City of Wasilla's efforts to address current and future challenges.
- Marsh has significant experience working with public agencies, and over time has led the way in innovative insurance products to create new markets and greater capacity for this sector.
- Marsh provides advanced technology tools and a vast amount of credible analytical information to augment what the City of Wasilla is already doing and to help in measuring and reporting outcomes that drive decision-making. Our breadth of public entity expertise nationally will provide valuable benchmarking support; access to key peer group benchmarking; solutions to emerging risk issues facing public entities; and give you opportunities to interact with peers at upcoming client events.
- Marsh is well ahead of all others in our industry in the adoption of total transparency practices.

Our Experience in the Public Sector

- Marsh is the broker and consultant of choice to over 3,000 federal, state, county and city governments - foreign and domestic - as well as school districts and port operators in every corner of the United States. In Alaska, Marsh currently serves over seventeen public entity clients, making us well-positioned to meet and exceed the needs of the City of Wasilla.

We look forward to the opportunity to continue to partner with you to achieve your risk management and insurance program goals and hope that the City of Wasilla will once again appoint Marsh USA Inc. as its Insurance Broker of Record.

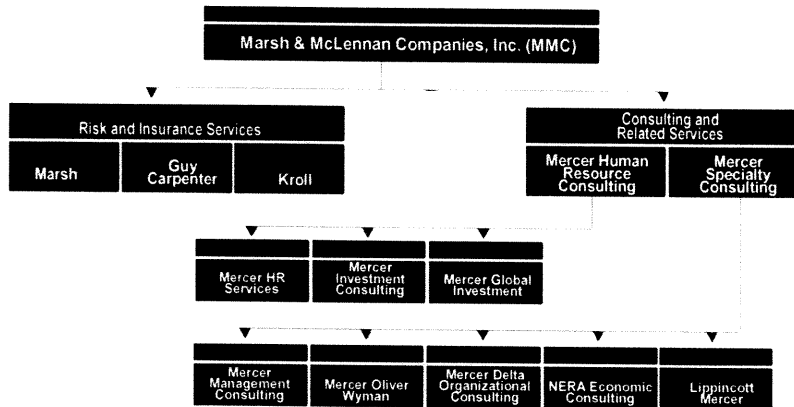
Sincerely,



Brandon Allen
Senior Vice President

5.3 Statement of Interest and Qualifications

Marsh is a unit of Marsh & McLennan Companies (**MMC**), a global professional services firm that specializes in the treatment of strategic, operational, and financial risks of every description. Following is an organizational chart of MMC and its subsidiaries:



Since its founding in 1871, Marsh has evolved from a small entrepreneurial firm to one of the largest risk and insurance financial services firms in the world. Marsh employs approximately 30,000 professionals in 365 locations around the world, including 159 in the US – with annual

revenues exceeding \$5 billion. The firm provides advice and transaction capabilities to clients in over 100 countries. Our business infrastructure entails industry practices, risk specializations and service levels based on client needs. This results in unsurpassed capabilities in solving complex risks and issues for our clients.

MMC is a global professional services firm with more than 60,000 employees and annual revenues exceeding \$12 billion. **MMC's** stock (ticker symbol: MMC) is listed on the New York, Chicago, Pacific, and London stock exchanges. In addition to Marsh, **MMC** is also the parent company of some of the most respected names in the financial services and insurance industry, including:

- **Kroll**, the world's leading risk consulting and security company;
- **Guy Carpenter**, one of the world's leading reinsurance specialists;
- **Mercer HR Consulting** (including Mercer HR Services, Mercer Global Investments, Mercer Investment Consulting, and Mercer Health & Benefits), a leading-edge provider of human resource consulting services; and **Mercer Specialty Consulting Businesses** (including Mercer Oliver Wyman, Mercer Strategy & Operations, Lippincott Mercer, Mercer Delta, and NERA).

Disciplinary Action

On October 14, 2004, the New York State Attorney General filed a civil lawsuit against Marsh & McLennan Companies, Inc. ("MMC") and Marsh Inc. ("Marsh") relating to Marsh's placement practices. On October 21, 2004, the New York State Department of Insurance issued a citation ordering Marsh to show cause why regulatory action should not be taken against it relating to the practices alleged in the Attorney General's complaint. On January 31, 2005, MMC reached an agreement with the New York State Attorney General and the Superintendent of the New York State Insurance Department that resolved all issues related to the allegations in the complaint filed by the New York Attorney General and the citation by the New York State Department of Insurance. Under the terms of the agreement, Marsh agreed to establish a fund of \$850 million to compensate certain clients and to implement a series of business reforms.

The Connecticut Attorney General filed an action against Marsh on January 21, 2005 alleging that Marsh improperly failed to disclose to its client, the Connecticut Department of Administrative Services (DAS), a \$50,000 fee which was paid to Marsh by an insurer in connection with an \$80 million workers compensation loss portfolio transfer transaction for which the DAS had agreed to pay Marsh a fee of \$100,000. Subsequently, the Connecticut Attorney General amended the complaint to assert additional claims substantially similar to those asserted by the New York Attorney General in its October 14, 2004 complaint and for violations of Connecticut's antitrust and unfair trade practices laws.

The Florida Attorney General and the Florida Chief Financial Officer filed a joint action against Marsh on March 14, 2006 asserting claims substantially similar to those asserted by the New York Attorney General and the Connecticut Attorney General. The complaint alleges violations of Florida's civil RICO and antitrust statutes on behalf of private sector and public entity policyholders which purchased insurance through Marsh.

The Ohio Attorney General filed an action against Marsh and four major insurance companies on August 24, 2007, asserting claims substantially similar to the claims already asserted by the Attorneys General of New York, Florida and Connecticut. The complaint, which is directed at activities which occurred in 2004 and earlier, alleges that Marsh and the insurers conspired to raise the price of insurance to Ohio customers in violation of Ohio's antitrust laws.

Please see Note 16 to Consolidated Financial Statements in MMC's Form 10-K for the year ending December 31, 2006 and Note 14 to MMC's Form 10-Q for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007.

Office Locations

Our 30,000 employees serve clients from offices in more than 100 countries around the globe. The core service team for the City of Wasilla will be located in our Anchorage, Alaska office. Your client executive, Brandon Allen, is responsible for bringing other Marsh resources into the team as the City's needs evolve. We anticipate involvement from our San Francisco, Seattle and Portland offices.

Firm Experience

Since opening the Anchorage office in 1977 with only three employees locally, Marsh Anchorage office has become the largest Alaska-based insurance brokerage. We are the recognized leader in risk advisory and insurance placement for Alaska's most complex businesses. Our Anchorage office represents seven of the top ten in Alaska Business Monthly most recent 49er's list – and 40% of the 49er's overall. We represent the leaders in nearly every Alaskan industry segment both public and private.

Local Experience Providing Service to Government Agencies

Our Public Entity Department in Anchorage consists of seven colleagues dedicated to managing a diverse portfolio of 17 public sector clients. We provide insurance brokerage and risk consulting services to Alaskan cities, boroughs, school districts, housing authorities and state agencies. Many of these clients have been with us for over ten years, (some of them nearly twenty years!) – a testament to our stability and the exemplary service our team provides. Marsh Anchorage currently has 50 licensed agents and brokers, 33 of whom also carry surplus lines licenses.

The following are five Marsh Anchorage Public Entity Clients with property and casualty liability premium in excess of \$250,000:

- Alaska Housing Finance Corporation
- City of Unalaska
- City of Wasilla
- Mat Su Borough and School District
- North Slope Borough.

We work with seventeen Alaskan public entities, including cities, state agencies, boroughs and school districts. Our work for them includes insurance brokerage, risk advising, claims advocacy and loss control services. In order to stay within the RFP's 20 page limit, we refer you to our reference section which offers a representative range of public entity clients and outlines our services to them.

Our public entity clients range from self-insured entities to small rural school districts. Their activities go beyond basic public services and include natural gas production/distribution, power generation/distribution, healthcare, search and rescue, ports and airports.

During our tenure as the City of Wasilla's broker, we have demonstrated our ability to negotiate premium concessions from underwriters, design and innovative coverage structure and advocate favorable claim settlements.

National Experience Providing Service to Government Agencies

The Marsh professionals in Anchorage work closely with associates in our national Public Entity practice. The resulting free exchange of knowledge helps to ensure that the City's risk management program and insurance policies provide the broadest coverage available in the marketplace, at the lowest possible cost to you.

Marsh's Public Entity Practice was organized in 1988 to support our commitment to serving the needs of our public sector clients. Today, over 200 insurance and risk specialists place approximately \$450 million in public entity premium annually. This represents:

- More than 10,000 public sector clients (individual and pooled)
- 50% of all state governments
- 30% of all cities with populations greater than 100,000
- 30% of all counties with populations in excess of 1,000,000.

Because of the broad experience our professionals have managing the exposures and issues unique to public entities, you can feel confident that Marsh is best positioned to help you navigate your world of risk. We have significant knowledge in and practice with public entity risk management and insurance brokerage. We also excel at complex problems such as self-insurance pool formation/administration and alternative risk financing programs. Regardless of what phase the City is in with regards to your long-term risk management plan, Marsh can help you get to the next step and beyond.

The Public Entity Practice is constantly monitoring and evaluating governmental developments relating to insurance and risk management. This assures the City the opportunity to create early solutions to potential problems created by these changes.

Company policy prohibits actual premium volume disclosure, but it would be safe to say our excess premium volume exceeds \$1 billion.

We have included a completed W-9 form in Appendix B and we can confirm that our E&O policy does include "Consultant for Fee" coverage.

Firm Personnel

What ultimately differentiates one broker from another are the people - their level of expertise, industry sector knowledge, relevant experience and their ability to deliver consistent, value-added services. We believe that every team member must have a passion for their job, a commitment to teamwork, and a sincere desire to help our clients succeed.

We are proud to present the City of Wasilla with a service team that represents the strongest resources in the Public Entity and Risk Management specialty practices, each of whom brings decades of relevant experience and expertise. It is a powerful alliance of local leaders and national resources. Your service team will be led by **Brandon Allen**, a Senior Vice President and head of our Alaska Public Entity Practice Group, as Client Executive.

With over 95 years of combined risk management, insurance and public entity experience, the team portrayed in graphical format below has been carefully selected for its ability to address the unique concerns of the City of Wasilla. The team's extensive capabilities include experience working directly with many local public entities and providing risk consultative services similar in scope and complexity to what the City now seeks.

Marsh Anchorage has a loyal and stable group of employees. Our employee count is one less than a year ago and our Client Executives average 15 years tenure.

We can also verify that no Marsh employees are employed by the City of Wasilla or any other political subdivision or government.

Key Staff

A summary of each prospective team members' qualifications follows, while a complete compilation of team member biographies may be found in Appendix A.

Brandon Allen

Brandon has over 30 years of experience working with Alaskan public entities, entering the insurance industry after attending the University of Washington. He has been with the Marsh Anchorage office or its predecessor companies for 15 years. He has earned his Certified Risk Manager designation. Brandon works with a broad range of Alaskan public entities including first class cities, small rural school districts and large, self-insured boroughs. The services these clients provide their population exceed basic government services and include aviation-based search and rescue, the United States' largest fishing port, all forms of utilities including natural gas production/distribution, and emergency services. As your Client Executive, Brandon is responsible for insuring that our service commitments to the City are delivered as promised.

Trenitie Schnell

Trenitie, a Marsh Client Advisor, has over 13 years experience in the Alaskan insurance industry. She graduated from University of Alaska and is working toward her Certified Insurance Counselor designation.

Trenitie is responsible for the City of Wasilla's day to day service needs and works closely with Brandon, your Client Executive, to fulfill our service plan. Following our operating principle of focusing on client service, Trenitie works with only 14 clients including five public entities. Her daily work with public entity issues allows her to notice and advise her clients of developing issues and solutions. Trenitie is responsible for fulfilling your day to day service needs.

Jenny Dean

Jenny joined Marsh in 2006 after several years as a middle school science and math teacher. She graduated from the University of Washington with a BS in Zoology and a MS in Teaching with honors. She is currently completing her Certified Insurance Service Representative designation. Jenny will act as Trenitie's back up. Her previous experience working on your account will insure that the City does not suffer a service deficiency.

Two of Jenny's clients are qualified self-insurers for workers' compensation. Her experience on these clients includes participating in claims reviews, assisting with client loss control initiatives, and placing their excess policies. She recently worked with Brandon on a liability placement covering an eight-city public entity. This placement involved negotiation of a complex environmental placement for fuel storage facilities, landfills, and public works activities.

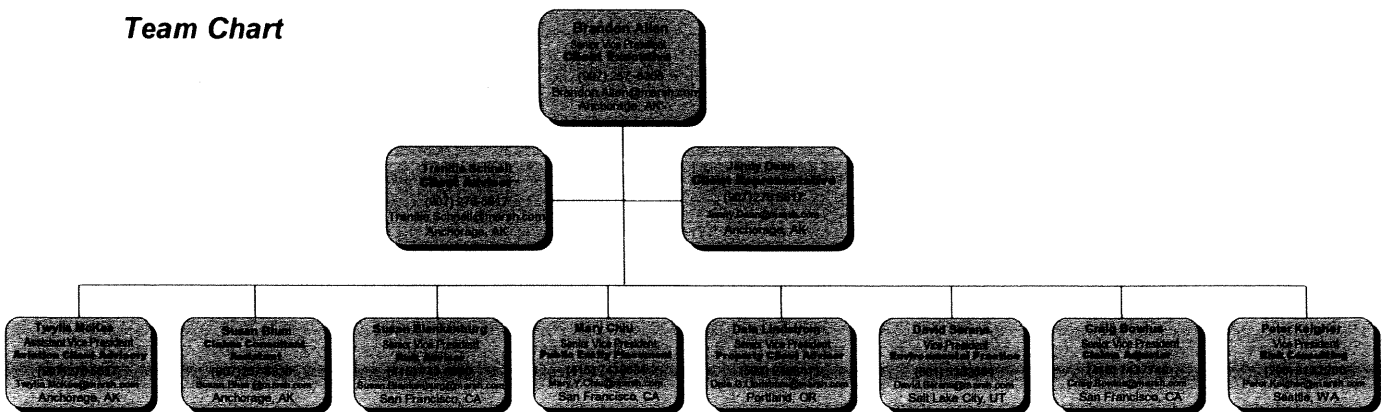
Twylia McKee

Twylia is an Assistant Vice President of Marsh and leader of our Anchorage Aviation practice group, of which she is a 16-year member. Twylia, who holds Certified Aviation Insurance Professional, Certified Insurance Counselor, and Associate in Insurance Services designations, was recently instrumental in attracting a new aviation market to Alaska. Twylia works with public entities, airport/helicopter operations, fixed base operators, search and rescue operations and corporate aircraft. Twylia is responsible for placing and monitoring the City's aviation coverages.

Susan Blum

Susan, a Claims Consultant Assistant, serves as claims coordinator in our Anchorage office. She aids in the reporting and monitoring of client claims, and also performs various analytical tasks in support of our claims consultants. Susan has dedicated over ten years to the insurance claims field, and has worked with both insurers and brokers. She will work with your service team to monitor your claims and track costs to ensure that your losses are being handled effectively. If any discrepancies are noted, Susan will work with the Marsh claims consultants to elevate the matter and bring it to a speedy resolution.

Team Chart



5.4 Identification of Anticipated Potential Implementation Problems

We do not anticipate any implementation problems stemming from our response to your RFP. However, if one should arise, we will work as a team to see that the matter is resolved as quickly and efficiently as possible always keeping in mind the trust and responsibility placed on us by the City of Wasilla.

5.5 Methodology

Marsh services equate to delivering solutions that make our clients more successful. First and foremost, we recognize that our primary role is to serve you, the City of Wasilla, in ways that meet your business needs. Designing and placing risk financing and insurance program solutions for clients is surely one of our strong suits. However, we fully understand that it is equally important to you that we listen to you, strive to understand your business and needs, and provide solutions that optimize achievement of your risk objectives.

The Steps to a Successful Program

Because each client's risks are unique to their industry sector and culture, our approach to risk management services is tailored to each client's needs. We utilize a rigorous methodology to identify issues and work with our clients to address these on an ongoing and proactive basis. Our services are necessarily dependent on the extent and scope of your needs and the potential return on investment to you. The frequency of specific services and reports will be discussed and agreed with the City at the beginning of our engagement.

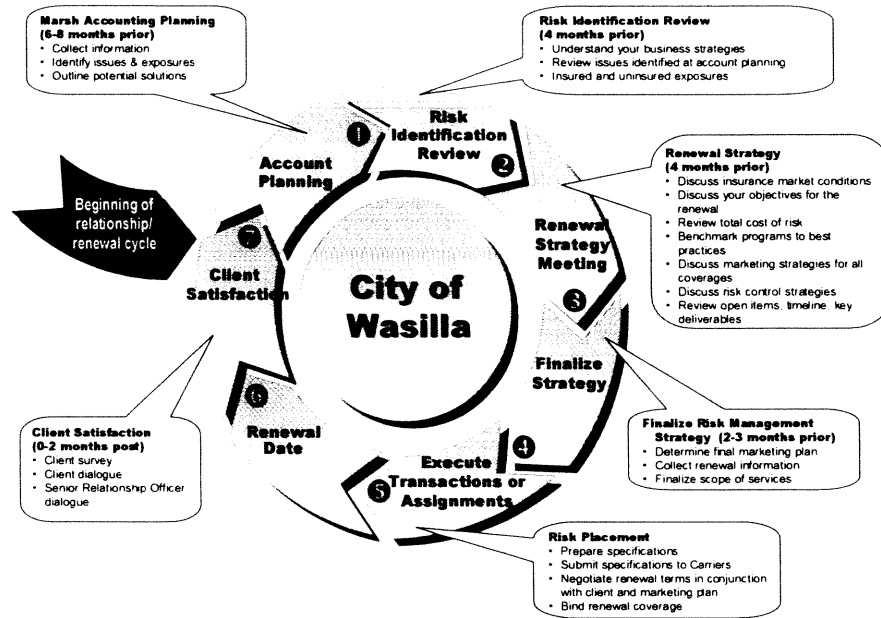
The chart following is a summary of the steps to successful implementation of your comprehensive insurance program, as well as an outline of the role we each will play in the placement process. As you can see, our methodology strives to involve the City as much as possible in the marketing process in order to ensure that you are pleased with your final program structure, terms and conditions, and pricing.

Step	Action Item	Marsh's Role	City's Role	
1	Strategic Planning	<ul style="list-style-type: none"> ▪ Know your industry and continue to deepen our understanding of your specific organization 	<ul style="list-style-type: none"> ▪ Participate in planning and objective setting 	
	<ul style="list-style-type: none"> ▪ Isolate objectives ▪ Set priorities ▪ Outline marketing plan 	<ul style="list-style-type: none"> ▪ Isolate strengths/weaknesses in current program ▪ Utilize the expertise of Marsh coverage specialists 		
	Program Design	<ul style="list-style-type: none"> ▪ Historical loss analysis, trend and development 	<ul style="list-style-type: none"> ▪ Communicate philosophy towards risk assumption 	
	<ul style="list-style-type: none"> ▪ Forecast losses ▪ Identify alt. financing plans ▪ Evaluate cost factors ▪ Evaluate collateral requirements 	<ul style="list-style-type: none"> ▪ Creation and implementation of innovative funding mechanisms ▪ Cost/benefit analysis 	<ul style="list-style-type: none"> ▪ Set objectives and priorities ▪ Review alternatives and Marsh recommendations ▪ Select program 	
	Market Evaluation and Selection	<ul style="list-style-type: none"> ▪ Complete market evaluation/comparison ▪ Familiarity with class of business ▪ Financial strength/stability ▪ Service capabilities ▪ Geographic spread of risk 	<ul style="list-style-type: none"> ▪ Approve markets to be approached 	
	<ul style="list-style-type: none"> ▪ Match your needs with insurers' strengths and weaknesses 			
	2	Applications & Submissions	<ul style="list-style-type: none"> ▪ State of the art electronic submissions ▪ Comprehensive, easy to read format ▪ Detailed exposure and loss exhibits 	<ul style="list-style-type: none"> ▪ Provide necessary financial, exposure and loss information to Marsh
		<ul style="list-style-type: none"> ▪ Prepare submissions (coverage, specs, exposures, loss history) 		
		3	Market Negotiation	<ul style="list-style-type: none"> ▪ Thorough knowledge of your operations ▪ Understanding of your needs and priorities ▪ Market reputation, relationships ▪ Overall book of business
	<ul style="list-style-type: none"> ▪ Isolate areas of negotiation ▪ Allay underwriters' concerns ▪ Negotiate for better terms 			
4	Analyze Proposals		<ul style="list-style-type: none"> ▪ Thorough analysis at various loss levels ▪ Coverage differences, advantages and disadvantages ▪ Structural design longevity ▪ Loss trending both frequency and severity ▪ Modeling for decision making 	<ul style="list-style-type: none"> ▪ Joint participant in establishment of evaluation criteria
	<ul style="list-style-type: none"> ▪ Compare each option and alternative 			
	5	Present Optimal Program	<ul style="list-style-type: none"> ▪ Assistance with program selection ▪ Plan for implementation 	<ul style="list-style-type: none"> ▪ Preview Marsh recommendations and provide final decision
<ul style="list-style-type: none"> ▪ Presentation of results 				

Proposed Service Plan

The first step in our service plan is to meet with the City of Wasilla Finance Department and other appropriate personnel to have a strategy and risk review meeting. We will work with you to develop an approach to our service efforts that best suits the needs and expectations of the City of Wasilla.

In addition to a comprehensive array of insurance brokerage services, we also offer you a wide range of consulting services to help manage your property and casualty risks and insurance programs. These services include forecasting trends in the insurance marketplace, assisting you with contract review, and helping you with necessary actuarial analysis. Our approach is encompassed in an annual cycle that goes beyond the insurance renewal process to include risk identification and control, claims advocacy and alternative risk financing:



Marsh's Client Service Cycle is designed to encourage proactive risk management by incorporating the full range of consulting services needed to reduce the City of Wasilla's total cost of risk. Our overriding goal is to help you assume risk prudently and economically. The above service cycle will be translated into a detailed project work plan for the City of Wasilla that includes measurable goals and objectives, target dates and clearly identified responsibilities - discussed with and agreed upon by you. Frequent meetings, designed to ensure effective communications between the City of Wasilla and Marsh, will be scheduled in our action plan.

Brokerage Services

We like to begin the insurance renewal process at least 150 days in advance of the expiration of your program, performing a thorough evaluation of your current coverage and exposures. An effective program – one that balances the correct amount of insurance coverage with retained risk at a cost that is aligned with your budget – requires clear objectives and priorities. We discuss and formalize these in a "Renewal Strategy Meeting". Based on your coverage goals, pricing objectives and selected financial analyses, we then help you to determine the best combination of risk retention and risk transfer.

Renewal Strategy Planning				Renewal Process					Post-Renewal Servicing		
Conduct RIR with City of Wasilla	Conduct pre-RSM with team	Conduct RSM with the City	Written confirmation back to City	Prepare specs & submit to City review	Submit specs to market	Carrier negotiations	Present proposal to City	Binding/ Transaction date	Issue Certificates of Insurance	Check and deliver policies	Policy endorsements

150 days

KEY
 RIR = Risk Identification Review
 RSM = Renewal Strategy Meeting

Presenting Your Risk

Insurance companies go through a rigorous underwriting process to assess exposures and the systems in place to mitigate them. To differentiate the City of Wasilla in the eyes of underwriters, Marsh will package your exposures in a quality submission that highlights the City's favorable loss history and risk mitigation efforts. We also encourage and facilitate client-underwriter partnerships. Underwriters appreciate these efforts to provide them with a three-dimensional picture of the risk, which translates into better terms and conditions for our clients.

Informed Decision-Making

Once quotes are received from the underwriters, we use our market intelligence and benchmarking data to ensure that your program is competitive. We compare insurer quotes on the basis of coverage, premium and services and provide you with a comprehensive report, including our recommendations, to facilitate informed decision-making. To help the City of Wasilla assess the most desirable program design structure, we'll present the best renewal proposals in a format that normalizes alternate program design structures. We conduct further negotiations with selected markets as needed to achieve the coverage goals and pricing objectives established with you at the outset.

Full Disclosure

Marsh is fully committed to the principle of transparency in our insurance transactions. This means keeping our clients informed through every step of the placement process. Before we advise underwriters to bind your insurance coverage, we will disclose to you:

- **Quotes and indications:** A marketing summary of all quotes and indications requested and received from insurers in response to our underwriting proposal will be provided to you.
- **Our compensation:** The amount of commission that Marsh and its affiliates expect to receive from insurers or third parties from the transaction or, in the event of a fee, the fees associated with such placement if not included in the Client Service Agreement. If included in the Client Service Agreement, it will be noted "as separately agreed" on the Authorization to Bind form.
- **Use of wholesalers:** If a wholesale broker is involved in the transaction, we will disclose the name of the wholesaler, the amount of wholesale commission, any interest in or relationship to the wholesaler that Marsh may have, and the alternatives to using the wholesaler.
- **Relationships with insurers:** A description of any interest in or contractual relationships that Marsh and its affiliates may have in any prospective insurer will be provided to you.

Annually, we will provide the City of Wasilla with a summary of all compensation that Marsh has received in connection with the placement, renewal or servicing of your policy. Marsh will also advise you annually of the aggregate interest income Marsh earns on the investment of premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from all clients and the time such payments are remitted to the applicable insurer.

Accessing the Insurance Marketplace

To deliver the widest array of choices and the best available solution to our clients, we have strong, actively managed relationships with insurers worldwide. Marsh is also a surplus lines broker, so we have direct access to all viable markets whether admitted or not. This eliminates a layer of cost to you and enhances your control over the process.

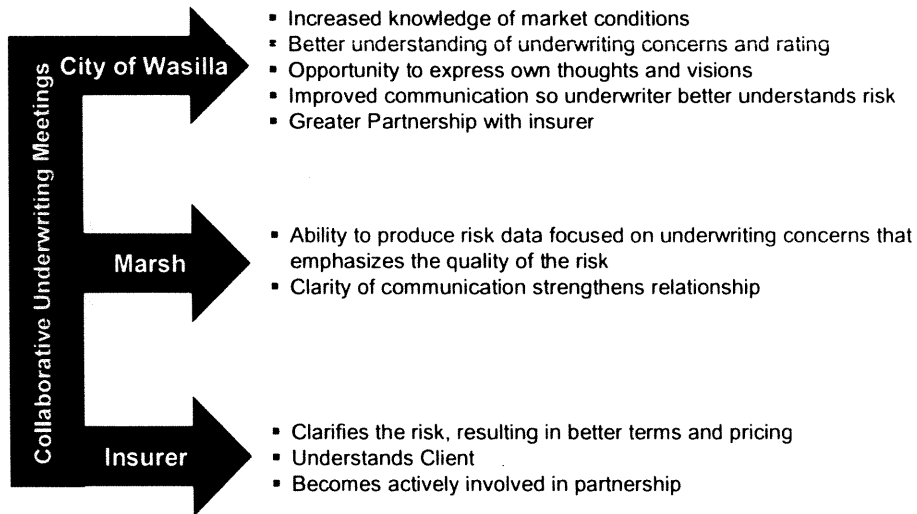
In fact, for most major insurers, Marsh is the single largest producer of business. Because of the volume of business we place, we know what the markets can and cannot do. This enables us to secure coverage that protects our clients at the least possible cost. Our daily contact with the ever-changing insurance marketplace provides us with up-to-the-minute insight into insurers' capacity, services and depth of commitment to clients.

Insurance Placement Specialist

In addition to your core service team, Marsh is the only brokerage firm with insurance transaction specialists dedicated to marketing and placing insurance for the public entity industry. This team of experts understands the need for stability in markets that are committed to your industry. They employ rigorous standards in the identification of primary and reinsurance markets to offer the broadest terms and conditions for our clients. The placement specialists support individual entity placements, pool, and consortia programs. There are many best practices utilized by this team in their efforts to provide the broadest, most competitively priced coverage, by the most financially stable carrier.

Underwriter Meetings

The most effective positioning often entails face-to-face meetings between you and the underwriters. Marsh facilitates meetings with key insurers as well as potential new insurers, when appropriate. Carefully prepared, effectively conducted underwriter meetings benefit all parties, as illustrated below:



In summary, Marsh's approach to secure competitive premiums for the City of Wasilla is to leverage our public entity sector expertise, extensive knowledge of the City's business operations and our market penetration to drive down costs wherever possible. In this process, we will rely heavily on the strategy and placement plan we have discussed during our renewal strategy meeting, as well as our excellent professional relationships with you and the markets.

We are very excited about the opportunity to continue serving as the City of Wasilla's insurance broker and risk management services provider. Please contact us with any questions you may have regarding this proposal response.

Marsh's Corporate Philosophy

Today, more than ever, major organizations need a strategic partner with an in-depth understanding of the complexities of their industry and the ability and agility to provide innovative tools and forward looking, proven solutions that anticipate and proactively respond to changes in the market. Marsh brings both a strong local presence and access to unmatched global services to the table by design and in practice.

Marsh Anchorage expands upon Marsh's Corporate Philosophy by further positioning our clients in the center of the equation. In today's complex corporate environment, Marsh Anchorage seeks to be our client's "out-sourced" risk management partner. We work with our clients on a strategic basis as a trusted advisor in assessing and quantifying their risk, then developing innovative solutions to mitigate or eliminate the identified exposure. A model of this process is provided here.



While it is not Marsh's normal policy to provide full access to our client files, we're glad you included this question in your RFP. Marsh has just recently developed MarshConnect, a client portal that delivers real-time access to insurance data, reference materials and interactive tools. It improves day-to-day collaboration, communication and workflow. Through this portal, you gain convenient, work-based access to your insurance program information, including on-demand policy information as well as property information and values. Please see Appendix C for more detailed information.

Additional Services

Marsh Risk Consulting can assist the City of Wasilla in the areas of risk identification and quantification, risk prevention, risk transfer, and risk mitigation. We employ hundreds of consultants in areas such as employee and public safety, property loss control, liability and product recall. Our consultants can help you assess your organization's risks so that you can make informed decisions about the most economical and efficient program design. In addition, Marsh Risk Consulting can assist you in creating plans to avoid or minimize the impact of any potential catastrophe (from a simple fire to a pandemic). As a Marsh client, the knowledge and expertise of these experts is a phone call away. Our proposal includes 10 hours of risk consulting services of your choice.

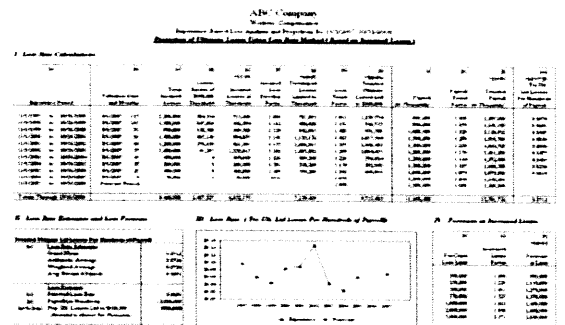
Risk Identification and Quantification	Our Risk Focus, risk modeling and risk assessment platforms can help you identify and prioritize your business risks. Clients value our collaborative approach and ability to engage Marsh and MMC expertise based on our findings.
Risk Prevention	Marsh employs hundreds of consultants specializing in risk avoidance and prevention in areas such as employee and public safety, property loss control, liability and product recall. Our size and relationship with Kroll enables considerable specialization and a uniquely comprehensive service offering. This enhances our ability to provide differentiating services with deep industry expertise in areas such as background screening, fraud and security.

<p>Risk Identification and Quantification</p>	<p>Our Risk Focus, risk modeling and risk assessment platforms can help you identify and prioritize your business risks. Clients value our collaborative approach and ability to engage Marsh and MMC expertise based on our findings.</p>
<p>Risk Transfer</p>	<p>Efficient risk transfer requires valid risk assessment and data collection. Through the use of world-class technologies, our property, casualty and liability experts can provide you with an accurate assessment of risk to assist you in making informed decisions supporting the most economical and efficient program design.</p>
<p>Risk Mitigation</p>	<p>Our risk consulting expertise is among the best when it comes to disaster planning or response to an undesirable event. We will also assist you in creating plans to minimize the impact of any form of potential business interruption (from a simple fire to a pandemic). You will benefit from our consultants' comprehensive knowledge and expertise in claims management, forensic accounting and mass tort.</p>

Workers' Compensation Program and Performance Metrics

One of the best ways to assess the ongoing effectiveness of workers' compensation programs is to measure program outcomes. In this sphere, Marsh can deliver immediate and ongoing cost savings to the City's program. We'll do this by working to understand cost drivers, and by identifying and employing targeted cost-containment strategies.

In addition to traditional insurance placement, your workers' compensation team can assist you in analyzing your losses and validating loss reserves. We also offer workers' compensation benchmarking services to compare your loss experience with your peers.



Alternative Risk Financing

Through Marsh's Alternative Risk Solutions (ARS) Practice, we have expertise in a number of customizable, alternative risk finance products that blend elements of risk retention, finance and transfer. As you retain more risk, you exercise greater control over your total cost of risk. Marsh's ARS professionals examine and compare various program options and risk financing techniques to ensure that the City's program is aligned with your financial objectives and risk philosophy. Using proprietary analytical techniques, our specialists work with us to help determine:

- Your capacity to retain risk
- Your expected loss activity to help you choose among insurance options and prepare budgets
- The most cost-effective program structure
- How to allocate program costs equitably.

Proprietary Analytical Tools

- **Loss TRIangle Model** – develops loss development factors based on the client’s actual loss experience. The loss development factors play a key role in forecasting retro adjustment costs, collateral, and escrow requirements.
- **Loss Analysis Model** – forecasts losses at various retentions and stratifies losses into specified layers.
- **Captive Model** – calculates the after-tax net present value cost of a captive versus self-insurance; produces captive pro-formas.
- **Cash Flow Analysis Model** – calculates the after-tax net present value cost of insurance programs, (e.g., guaranteed cost, self-insurance, retros, differing payment schedules).
- **Allocation Model** – assists in allocation of premium/expenses based on the client’s historical losses and exposures.
- **Collateral RampUp Model** – calculates outstanding loss reserves going back fifteen years and forward ten years, as well as loss payouts over time.

Loss Control Services

Marsh’s Risk Consulting Practice works closely with government clients to build sound loss control programs designed to align with important goals such as enhanced public safety, a safer workplace, or more efficient response to compliance issues. We understand the insurance market’s requirements and have built a reputation as a leader in the risk consulting business.

Our loss control professionals work closely with public entities to manage the delivery of services from insurance carriers to ensure the greatest return on investment for the premium. They can also help to identify opportunities to improve existing loss control programs and achieve a “best practices” program focused on reduction of preventable losses.

Casualty Loss Control Services

Marsh’s Casualty Risk Consultants can work with your risk management team to identify and assess the liability risks facing the City of Wasilla, benchmark your risk costs with your peers, evaluate potential risk control solutions, and assist with implementing changes to minimize or eliminate risk exposures. Our consultants can apply their knowledge and experience to prioritize your needs in the following areas and develop a service plan based on your priorities and budget:

- Accident/incident investigation and training
- Behavioral based safety
- Ergonomics
- Fleet safety
- Floor slip resistance testing
- Forklift safety training and certification
- General liability/third party assessment
- Safety program development
- Safety training.

Property Loss Control Services

Managing the loss control services provided by your property insurer is key to avoiding the prohibitive costs sometimes associated with insurer loss control recommendations. Marsh’s Property Risk Consultants provide these traditional property loss control services as well as more specialized consulting services to our public entity clients. Our specialists can work with your risk management staff and your insurance companies to:

- Schedule inspections that suit your timetable

- Increase the amount and quality of information provided in insurer surveys
- Determine normal loss expectancy, probable maximum loss (PML) and maximum foreseeable loss (MFL) information
- Clearly identify serious property risks and recommend solutions, including cost-effective alternatives, if any, to reduce exposure
- Obtain information that enhances Marsh's marketing efforts on your behalf
- Assure that reports are timely and of acceptable quality to you.

Compliance Issues

Marsh consultants around the world are networked through an intranet system that allows them to share information about risks and compliance issues that may affect your operations. We subscribe to both printed and electronic publications that address risk and compliance issues, periodicals like *CalOSHA Reporter*, *Professional Safety*, and *Modern Materials Handling*, to name a few. Our consultants attend professional development conferences to stay on top of the emerging trends associated with federal, state and local agencies such as FedOSHA, StateOSHA, DOT, EPA, StateDEC and others. We keep our clients advised of these emerging trends and assist in the development of strategies for implementing change.

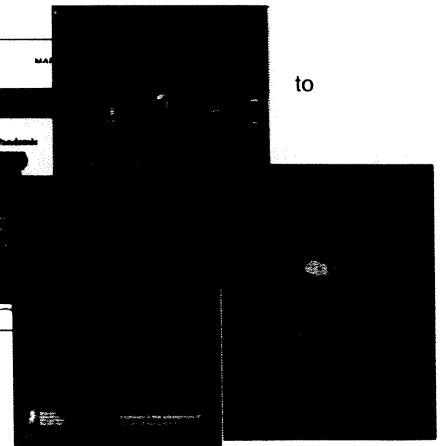
Enterprise Risk Consulting

Marsh's Enterprise Risk Consulting practice can help you effectively manage risks throughout the City so you can better achieve your objectives and improve organizational efficiencies. The goal is to assist with the development of a practical, effective, and sustainable framework and processes that enable all departments within the City of Wasilla to understand and proactively manage the complexities of all risk – existing and emerging – across your entire organization.

Publications

We invest considerable time in communicating and publishing timely, topical information to our colleagues and clients. From benchmarking you against other companies in your industry alerts on recent developments in the insurance marketplace, you can be sure that your Marsh team will keep you informed about trends and how you may be affected by them.

- **Casualty Cost of Risk** – This report is a benchmarking tool will allow the City of Wasilla to compare its casualty premium costs, as well as the structure of its primary casualty insurance program, with those of its peers.
- **Limits of Liability** – Deciding what level of limits to purchase for liability insurance can be one of the toughest challenges facing an organization. This report aims to help companies strike a balance between the cost of excess liability insurance and their specific coverage needs.
- **Risk Alert** – These publications, sent out as needed throughout the year, provide information for colleagues and clients on various risk-related topics.
- **Excellence in Risk Management** – This report is co-sponsored by RIMS and Marsh, and examines the benefits and near-term urgency of ERM program in your organization.



These proprietary publications are free-of-charge to clients as part of our preventative risk management efforts.

List of Markets

Marsh has access to most of the insurance carriers throughout the world that meet our stringent financial requirements. We also know which markets best suit the needs of a particular client. In the City of Wasilla’s case, they include:

- Alaska Public Entity Insurance
- Alaska Municipal League/Joint Insurance Association
- Alaska National
- AIG Companies
- ACE Property & Casualty Insurance Co.
- Mt. Hawley Insurance Co.
- Pacific Insurance Co., Ltd.
- Seabright
- Commonwealth
- Insurance Company of Pennsylvania
- Employer Reinsurance Corp.
- Liberty Mutual Companies

Other Marsh carriers include:

- Zurich Insurance Co.
- St. Paul Travelers
- Lloyds of London
- Chubb Insurance Group
- XL Insurance Group
- Factory Mutual Group
- Hartford Group
- Aetna Insurance
- CNA Insurance Group
- CIGNA
- Allianz Insurance Group

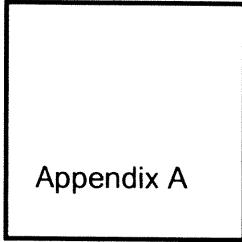
5.6 References

Marsh has asked the following to complete and forward to you Reference Questionnaires under separate cover.

Reference	Services Provided
1. Alaska Housing Finance Corporation Nola Cedergreen, Director of Admin. Services (907) 330-8448	<ul style="list-style-type: none"> ▪ Property/Casualty placements ▪ Risk Advisory ▪ Loss Control ▪ Claims Advocacy
2. City of Unalaska Elizabeth Masoni, Risk Manager (907) 581-1251	<ul style="list-style-type: none"> ▪ Property/Casualty/Marine placements ▪ Risk Advisory ▪ Loss Control ▪ Claims Advocacy
3. North Slope Borough Rob Elkins, Deputy Director Admin/Finance (907) 852-0238	<ul style="list-style-type: none"> ▪ Property/Casualty/Aviation placements ▪ Risk Advisory ▪ Loss Control ▪ Claims Advocacy

5.7 Subcontracting

Marsh does not anticipate the use of any subcontractors in providing insurance brokerage services to the City of Wasilla.



Resumés

Brandon Allen*Senior Vice President*

Experience Brandon is leader of our Alaska Public Entity Practice Group. He has over 30 years experience with public entities, utilities, ports, Alaska Native Corporations, oil field service contractors, health care providers and large infrastructure construction projects.

Previously, Brandon was leader of our Healthcare Practice Group working with Alaskan Native Hospitals, both urban and rural. He was a member of the Denali Commission workgroup on rural Alaskan insurance issues relating to publicly financed projects.

He has considerable experience with alternative risk programs including directing the process of qualifying one of Alaska's largest private employers as a self-insurer for workers comp.

Brandon has spoken on risk management topics at both utility industry and public entity conferences.

- Education**
- Assumption Abbey Prep School
 - University of Washington
 - Certified Risk Manager

- Affiliations**
- RIMS
 - Board Member, Better Business Bureau of Western Washington, Oregon and Alaska

Trenitie Schnell

Client Advisor

- Current Responsibilities** Trenitie Schnell is a member of our Anchorage Property & Casualty Practices Group. Trenitie is responsible for her client's day to day service requirements. She handles confidential issues with professionally and tactfully. Her clients are public entity clients are city governments and school districts.
- Experience** Trenitie has over 13 years experience in the insurance industry. Throughout her many years of experience, she has worked in several areas within the insurance industry including risk management, broker services, underwriting and claims.
- Education** Trenitie graduated from Robert Service High School, Anchorage, AK. She attended the University of Arizona and graduated from University of Alaska Anchorage with an Associates of Arts & a Bachelors in Sociology.
- Affiliations** Trenitie is in the process of obtaining her CIC designation and surplus lines license.

Jenny Dean*Client Representative***Current
Responsibilities**

Jenny Dean is an important member of our Anchorage Property & Casualty Practice Group. Jenny is responsible for completing/supervising the day to day activities of account service. Jenny's current clients are primarily public entities, school districts and general contractors.

Experience

Jenny has two years of experience in the property and casualty industry in Broker Services. Prior to working as an insurance broker, Ms. Dean worked as a Middle School Science & Math teacher for 6 years.

Education

Jenny graduated from the University of Washington with a BS in Zoology/Minor in Fisheries in 1997. In 1999, Ms. Dean also obtained her Masters in Teaching from the University of Washington with honors. She attends various continuing education classes and is in the process of completing her Certified Insurance Service Representative, CISR, designation.

Affiliations

Jenny is a board member for the Cook Inlet Insurance Association, Alaska. She is also a member of the National Association of Insurance Women.

Twylia McKee*Assistant Vice President*

Current Responsibilities Twylia is a licensed property and casualty, surplus lines broker with 20 years experience with aviation risks and insurance programs.

Experience Twylia is responsible for the placement of aviation and related insurance coverages; her experience includes:

- Large fixed wing and rotary wing
- Search & Rescue Operation
- Fixed and Rotary Wing Charter Operations
- Fixed Base operators
- Corporate aircraft
- Airport and heliport operations

Education Twylia has completed extensive insurance study and holds the following designations:

- Certified Aviation Insurance Professional
- Certified Insurance Counselor
- Associate in Insurance Services
- Associate in Commercial Underwriting

Affiliations

- Member - Alaska Air Carriers Association
- Member - Aviation Insurance Association
- Member - Insurance Professionals of Anchorage

Susan Blum

Claims Consultant Assistant

Current Responsibilities

Susan serves as claims coordinator in our Anchorage office. She aids in the reporting and monitoring of client claims, and also performs various analytical tasks in support of our claims consultants.

Experience

Susan has 13 years of experience in the insurance industry primarily working in personal auto claims. She holds a Property & Casualty license in Alaska and has worked for Marsh since 2003. She strives to provide excellent customer service to everyone.

Education

Susan earned a Bachelor's in Business Management at the University of Alaska, Juneau as well as an Associate in Arts for Administrative Assistant from Frederick Community College.

Affiliations

Susan has completed the Certified Insurance Service Representative designation and is currently working on her Associate In Claims designation.

**Susan Blankenburg***Senior Vice President***Current Responsibilities**

Susan Blankenburg is the Manager of the Public Entity Department of Marsh in San Francisco. Susan provides leadership to the team and shares her twenty years of insurance industry experience, while being assigned to the more complex accounts where her insurance and risk management expertise adds value. Susan is responsible for the design and implementation of a self-insured pooling program for Fire Agencies Insurance Risk Management Authority, consisting of 120 fire districts. She has created and placed difficult property/earthquake programs, saving clients thousands of dollars. Susan designed a group purchase carve-out for a JPA's Difference in Conditions (DIC) program and analyzed alternative property, earthquake and flood programs, such as finite risk transfer, to satisfy bond issuance requirements. Her clients also benefit from assistance with contract review, risk identification, suggestions for risk transfer and exposure avoidance, where appropriate.

Experience

Susan began her insurance career in 1982. She has focused most of her time on public entity and risk management clientele. Her responsibilities include managing and servicing portfolios for several Joint Power Authority clients. She also manages individual portfolios for cities, school districts, water districts, counties, and various non-profit entities.

Affiliations

Susan was invited to speak at PRIMA's annual conference and addressed the topic of property insurance fundamentals. She is affiliated with PRIMA, PARMA, and CAJPA.



Mary Y. Chiu

Senior Vice President

Current Responsibilities

Mary Chiu is the Public Entity National Placement Specialist Leader for Marsh. Her managerial responsibilities include placement management and product development, as well as solidifying client and market relationships on a national basis. She is solution based and customer service driven.

Experience

Prior to joining Marsh Global Broking in 2002, Mary was the Profit Center Manager for the Public Entity Division of Victor O. Schinnerer & Co., Inc. In addition to her management responsibilities, she was responsible for underwriting a large national book of complex, public entity, and pool risks. Previously, Mary served for 23 years as Executive Vice President for S. J. Petrakis Insurance Services which later merged with Schinnerer in the late nineties. She introduced and developed the rating model for aggregate stop loss product to the Petrakis program. In addition, she developed the Schinnerer's Ten Commandments of Customer Service.

Her vast client experience includes State of Arizona, State of Colorado, State of Hawaii, Coconino County, Maricopa County, Monterey County, Pima County, Mesa Unified School District, Tucson Unified School District, ASRRT (Arizona School Pool), Las Vegas Valley Water District, Los Angeles County Contract Cities, ICRMA (California Cities Pool), Bicep (bus and rail in St. Louis, Missouri), Sacramento Regional Transportation (bus and rail in California), California Transit Pool, SMART (Transit in Detroit), MIRMA (Park District pool in Illinois), and various other individual cities and villages throughout the country.

Mary has developed lateral lines and identity theft programs with carriers exclusive to Marsh.

Education

Mary has attended numerous management training seminars including Seabury & Smith Management Training and attended San Francisco Community College.

Affiliations

Mary maintains insurance licenses in over 50 states and holds California Surplus Lines & Special Surplus Lines licenses. She is a member of "Focus on Family" "Family Life" ministries and vast supporter of many charitable organizations. She has served as Team Mom for Baseball Little League, managed Snack Shack at games, and served on fund raising committees for YWMA and Chinese Hospital.



Dale G. Lindstrom

Senior Vice President

Current Responsibilities

Dale Lindstrom is a Property Client Advisor for clients with industrial and commercial property exposure, with a focus on providing property risk management resources and delivering risk solutions. He is based in Marsh's Portland, Oregon office.

Experience

Dale began his professional carrier in 1985 with Factory Mutual as a fire protection engineer. After seven and a half years of fire protection and risk control experience, he joined Marsh's Portland, OR operation. For over five and a half years of service, Dale provided property risk control advice and developed insurance and risk management solutions for business partners. In 1999 Dale assumed the risk manager position for WaferTech, LLC, a foundry semiconductor company owned by Taiwan Semiconductor Manufacturing Company. Besides managing the day-to-day risk management affairs of WaferTech, Dale was the safety committee chairman, the 401(k) committee chairman and assumed the tax responsibilities of the company in 2001. In 2003, Dale rejoined Marsh's Portland operation.

Education

Dale holds a BS in Chemical Engineering from Nevada Reno.

Affiliations

He holds the following:

- Licensed Professional Engineer in Fire Protection (PE) – 1991
- Chartered Property Casualty Underwriter (CPCU) – 1999
- Associate in Risk Management (ARM) – 2003
- Local Risk and Insurance Management Society (RIMS) Board Member – VP Special Projects 2002 - 2003
- Member of CPCU New designee task force 2000 - 2002
- Member of local Society of Fire Protection Engineers (SFPE) – Treasurer 1996 - 2002
- Glenwood Little League Board Member – 2004 to present

David B. Serena*Vice President***Current Responsibilities**

David Serena is a Vice President in the Environmental Practice of Marsh. His specialty is the development of environmental-based risk-reduction and control strategies in the careful design and implementation of customized and cost-effective insurance programs that support his client's business objectives. David addresses complex environmental issues associated with real estate due diligence activities, liability buyouts, guaranteed fixed-price remediation projects, the capping of environmental cleanup costs, negotiating and structuring solutions to meet government-mandated closure-post closure financial assurance criteria, limiting contractor pollution liability exposures, and designing company and project-focused professional errors and omissions coverages. David's client base includes mining, construction, manufacturing, transportation, wholesale/retail trade, finance, real estate, professional services, and public administration entities. He is based in our Salt Lake City office.

Experience

David has been employed in the energy/mineral, environmental consulting, and insurance underwriting and broking businesses since 1982. Prior to joining Marsh, he provided technical assistance in the underwriting of environmental and related property/casualty insurance coverages, with his primary focus on the heavy industrial and energy/mineral business sectors for the Environmental Risk Management Division of American International Group (AIG).

Education

David earned a BA Geology and Geography from the University of Colorado at Boulder and an MS (*cum laude*) in Geology from San Jose State University.

Affiliations

He is a licensed Property, and Casualty, and Surplus Lines Insurance Broker (multiple states), registered Professional Geologist (AK, AZ, CA, OR, UT, WY), Certified Environmental Manager (NV), Registered Environmental Assessor (CA), Certified Professional Geologist (AIPG), and Hazardous Waste and Emergency Response (HAZWOPER) OSHA certified.

**Craig Bowlus***Senior Vice President***Current Responsibilities**

Craig Bowlus is a Risk Specialist with the Public Entity Practice of Marsh in San Francisco. He has extensive experience in public sector litigation management, reserve evaluation and in negotiating catastrophic liability claims. This experience allows him to act as an advocate for Marsh clients when dealing with their insurers on coverage, and to add value with respect to their reserving and self-administered claims issues.

Experience

Before joining Marsh in 2001, Craig had over 23 years of claims management experience. He managed the consulting divisions of two national third-party administrators, providing claims auditing for self-insurers, pools, insurance companies, reinsurers and Lloyds of London. Craig has fourteen years of claims management experience with pools of cities and schools in California. Several of these pools had risk sharing layers attaching at or above one million dollars. These include the Schools Excess Liability Fund (SELF) and the Independent Cities Risk Management Authority (ICRMA). Craig has provided excess claims auditing for the California Joint Powers Risk Management Authority (CJPRMA) for the past seven years.

Education

Craig obtained a BS from the University of California at Davis. He earned his Associate in Risk Management designation in 1983.

Affiliations

Craig is a member of:

- Professional Liability Underwriting Society (Past Chairperson, Bay Area Chapter)
- Public Agency Risk Management Association
- California Association of School Business Officials



Peter Keigher

Vice President

Current Responsibilities

Peter Keigher provides casualty risk consulting services to clients throughout North America and Canada. His range of services includes hazard recognition and casualty risk assessment reviews, OCIP project management, workers compensation cost containment program development, regulatory reviews, security, fleet, liability, and product safety consulting.

Experience

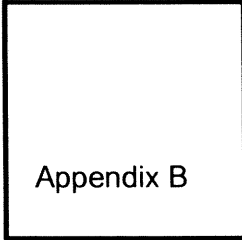
Peter has twenty years of consulting experience with industry, including manufacturing, heavy construction, transportation, forest products, marine, mining, and utilities. He has held risk consulting positions with an insurer, specializing in construction and related high exposure business (industrial indemnity), and a northwest risk management consulting firm. Peter also served as a risk management consultant for the Washington Department of Labor & Industries, advising state employers on workers compensation cost containment, employment standards, and workplace safety issues. In addition, he served as the risk manager for a northwest firm, managing insurance programs, litigation, and regulatory affairs programs. He also worked for 6 years for the U.S. Forest Service and ski areas in Washington and Oregon, where he managed operational and construction related activities, with direct experience in technical safety, road/bridge building, blasting (licensed blaster), underground utility construction, and logging.

Education

Peter holds a Bachelor of Science from the University of Oregon in Eugene, Oregon.

Affiliations

He has earned the Associate in Risk Management and Associate in Loss Control Management. Peter is a Member of the American Society of Safety Engineers; Construction and Consulting Specialty Practices.



Form W-9

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type
See specific instructions on page 2.

Name (as shown on your income tax return) Marsh USA Inc.	
Business name, if different from above	
Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
Address (number, street, and apt. or suite no.) 1031 W. 4th Avenue Suite 400	Requester's name and address (optional)
City, state, and ZIP code Anchorage, AK 99501	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number	
OR	
Employer identification number	36 : 1430000

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶ B. Anon	Date ▶ 1/10/08
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

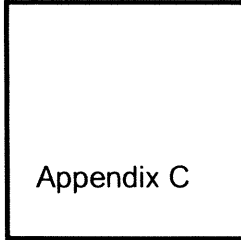
Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

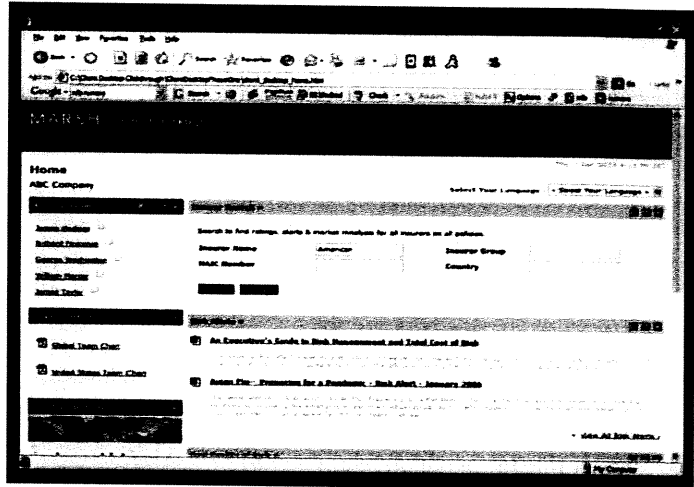
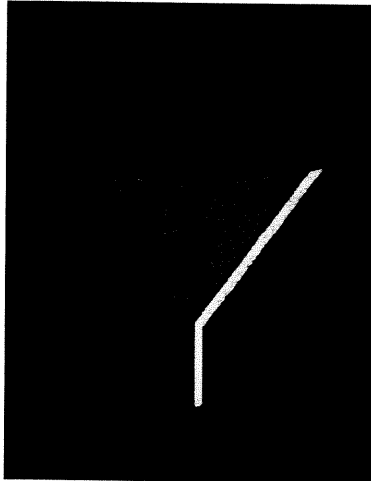
- The U.S. owner of a disregarded entity and not the entity,



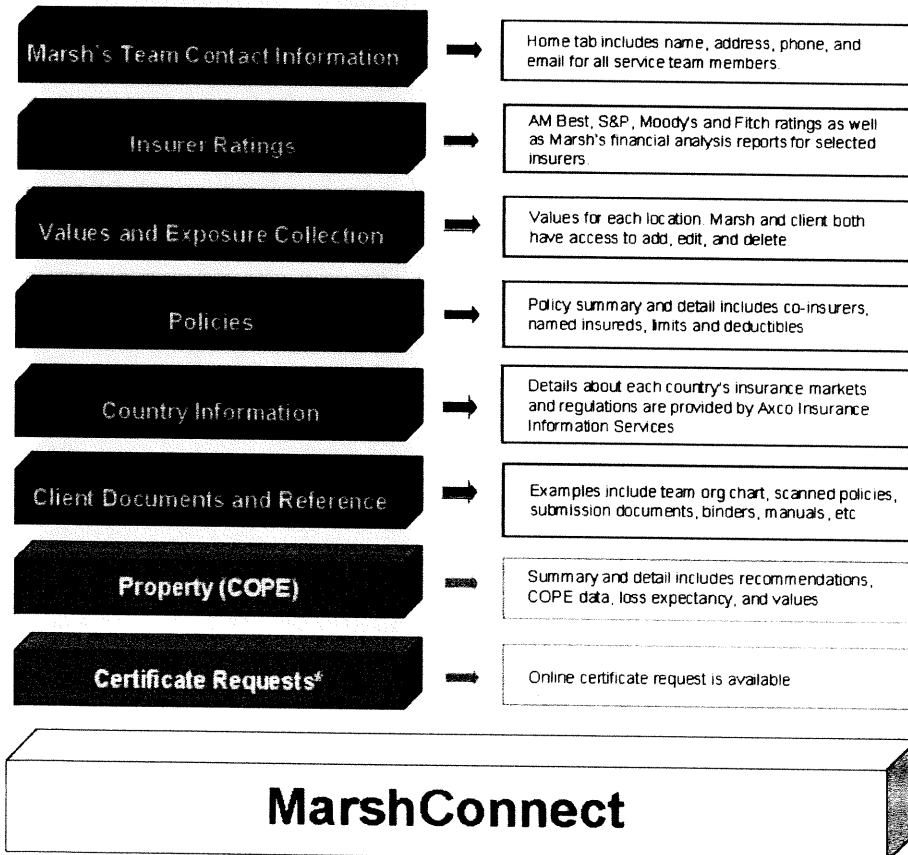
MarshConnect

MarshConnect

Marsh offers industry-leading information technologies that helps clients assess, analyze, and mitigate their risks. MarshConnect provides a single, global utility that enables Marsh and its clients to share information, collaborate, and transact business online.

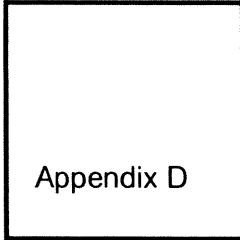


- Consolidates client information into a secure
- Delivers a single, user-centric portal from which clients can access Marsh technology applications
- Portal delivers client data, tools, reference materials, document library and platform for collaboration

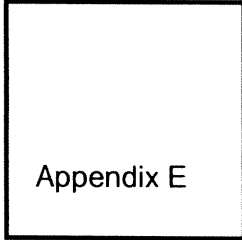


MarshConnect Features

- Consolidated database of policies placed by Marsh
- Carrier ratings and related information
- Key documents such as submission information
- Marsh team contact information
- Country information
- Detail captured by Property brokers on your facilities
- Ability to request certificates



Attachment A to RFP



Client Service Agreement

**Client Service Agreement
By and Between
Marsh USA Inc.
and
City of Wasilla**

AGREEMENT, effective September 1, 2007 (the "Effective Date"), between Marsh USA Inc. ("Marsh"), and City of Wasilla ("Client").

It is agreed as follows:

1. **Services.**

Marsh is hereby engaged to act as the Client's risk management advisor and consultant and insurance broker, as applicable, and shall provide the Client with the services set forth on Appendix A (the "Services") in accordance with the terms set forth herein. Appendix A may be amended from time to time by written agreement of the parties. The additional services set forth in Section 4 of Appendix A are available for additional compensation and subject to the negotiation of separate agreements.

2. **Compensation.**

- (a) Marsh shall be compensated for providing the Services to the Client as set forth on Appendix B. Appendix B may be amended from time to time by written agreement of the parties.
- (b) If there is a significant change in the Client's operations or exposures that affects the nature and scope of its insurance program and/or service needs, Marsh and the Client both agree to renegotiate Marsh's compensation in good faith as appropriate.

3. **Term and Termination.**

- (a) **General Termination.** This agreement may be terminated by the client for any reason upon thirty (30) days written notice prior to the date such termination is effective. In the event the client exercises its right to termination of this agreement pursuant to this section, all finished or unfinished reports or other material prepared by Marsh under this agreement shall, at the option of the client, be delivered to the client, and consultant shall be entitled to receive just a equitable compensation for any satisfactory work completed on such documents and materials pursuant to Section 3(c) below.

- (b) Client Termination for Nonappropriation.** The continuation of this agreement beyond the current fiscal year is subject to and contingent upon sufficient funds being appropriated, budgeted and otherwise made available by the client, State-Legislature and/or federal sources. The client may terminate this agreement, and Marsh waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the contracting agency's funding from client, State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.
- (c) Cause Termination for Default or Breach.** A default or breach may be declared with or without termination. This agreement may be terminated by either party upon written notice of default or breach to the other party as follows:
- i. If Marsh fails to provide or satisfactorily perform any material duty, called for by this agreement within the time requirements specified in this agreement or within any granted extension of those time requirements; or
 - ii. If any state, country, client or federal license, authorization, waiver, permit, qualifications or certification required by statute, ordinance, law or regulation to be held by Marsh to provide the goods or services required by this agreement is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or
 - iii. If Marsh becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or
 - iv. If the client materially breaches any material duty under this agreement and any such breach impairs Marsh's ability to perform; or
 - v. If it is found by the client that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Marsh or any agent representative of Marsh, to any officer or employee of the client of Wasilla with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
 - vi. If it is found by the client that Marsh has failed to disclose any material conflict of interest relative to the performance of this agreement.
- (d) Time to Correct.** Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in paragraph (4), and the subsequent failure of the defaulting party within 15 calendar days of receipt of that notice to provide evidence,

satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.

(e) **Winding Up Affairs Upon Termination.** In the event of termination of this agreement for any reason, the parties agree that the provisions of this paragraph survive termination:

- i. The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this agreement. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination.
- ii. Marsh will assist the client in arranging a smooth transition process. However, Marsh's obligation and the obligation of its affiliates (including, if applicable, Marsh's U.K. affiliates) to provide services to the client will cease upon the effective date of termination, unless otherwise agreed in writing.

4. Authorization.

Marsh shall be authorized to represent and assist the Client in all discussions and transactions with insurers relating to the lines of insurance listed on Appendix A when acting as the Client's insurance broker, provided that Marsh shall not place any insurance on behalf of the Client unless so authorized by the Client in writing. Notwithstanding the foregoing, at all times during the performance of this Agreement Marsh shall be an independent contractor and shall not be an employee of Client.

5. Other Terms and Conditions.

The Standard Terms and Conditions set forth in Appendix C shall apply to the Services performed by Marsh under this Agreement.

6. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflicts of law provisions.

7. Miscellaneous.

This Agreement, together with all appendices attached hereto, contains the entire understanding of the parties with respect to the subject matter

hereof and supersedes all written or oral prior agreements, understandings and negotiations with respect to such matters. This Agreement may be modified or otherwise amended and the observance of any term of this Agreement may be waived, only if such modification, amendment or waiver is in writing and signed by the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors. Neither party shall have any liability for any failure or delay in performance of its obligations under this Agreement because of circumstances beyond its reasonable control, including, without limitation, acts of God, fires, floods, earthquakes, acts of war or terrorism, civil disturbances, sabotage, accidents, unusually severe weather, governmental actions, power failures, computer/network viruses that are not preventable through generally available retail products, catastrophic hardware failures or attacks on its server.

Marsh USA Inc.

By: BRANDON ALLEN
Brandon Allen
Senior Vice President

Date: 9/24/07

Accepted and agreed:

City of Wasilla

By: Dianne M. Keller
Dianne M. Keller
Mayor

Date: 9/25/07

Appendix A
Scope of Services

1. Marsh will act as the Client's risk management advisor and consultant and insurance broker, as applicable, with respect to the following lines of insurance (effective dates noted in parenthesis):
 - (a) Aviation and Aerospace (09/01/2007)
 - (b) Casualty (09/01/2007)
 - (c) Financial Products (09/01/2007)
 - (d) Package (09/01/2007)
 - (e) Professional Liability (09/01/2007)
 - (f) Property (09/01/2007)
 - (g) Surety (09/01/2007)

2. As respects the lines of insurance in Section 1, above, Marsh shall provide the following services:
 - (a) Work with the Client to assess the Client's risk exposures;
 - (b) Work with the Client to design and develop the Client's insurance program;
 - (c) Assist with documentation and other steps to obtain commitments for and implement the Client's insurance program upon the Client's instructions;
 - (d) Keep the Client informed of significant changes and or trends in the insurance marketplace and provide the Client with annual information on market trends;
 - (e) Assist the Client in identifying insurers. Solicit quotes from insurers selected by the Client for the placement of Client's insurance program in accordance with the Client's instructions.
 - (f) Conduct a Renewal Strategy Meeting in advance of each placement.
 - (g) Negotiate on the Client's behalf with insurers and keep the Client informed of significant developments in the negotiations;
 - (h) Assist the Client with the evaluation of options received from the insurance market;
 - (i) Use best efforts to place insurance on behalf of the Client as directed by the Client and secure the Client's approval prior to requesting insurers to bind coverage;
 - (j) Follow up with insurance carriers for timely issuance of policies and endorsements;
 - (k) Promptly respond to Client's questions related to coverage placed by Marsh or the placement process;
 - (l) Deliver binders on or before the effective date of coverage being placed, subject to placement;

- (m) Process or facilitate the processing and delivery of certificates or memoranda of insurance and auto identification cards with respect to insurance policies placed by Marsh, as requested by the Client;
- (n) Review policies and endorsements for conformity to agreed terms and coverages;
- (o) Provide coverage summaries for all new placements and updates on changes to existing policies;
- (p) Review premium and exposure audits, rating adjustments, dividend calculations and loss data;
- (q) Assist the Client in establishing claims reporting procedures to insurers,
- (r) Monitor published financial information of the Client's current insurers and alert the Client when the status of one or more of such insurers falls below Marsh's minimum financial guidelines. Insurers with whom the Client's risks have been placed will be deemed acceptable to the Client, in the absence of contrary instructions from the Client;
- (s) Provide the Client with detailed invoices, except in the case of direct billing by insurers. Remit premiums to insurers and taxes and fees to the relevant authorities on a timely basis, following receipt thereof from the Client.
- (t) Assist the Client with initial reporting of claims to Insurers as follows:
 - Notify insurers of claims, provided that the Client's Marsh claims representative is informed in writing by the Client of the claim, with details of the claim, and Marsh has placed the applicable policies or the Marsh claims representative has been provided written notice by the Client of the applicable carrier and policies.
 - Coordinate responses to, meetings with and loss site visits by, insurers

Sections 2(e), (g), (i), (j), (l), (m), (s), and (t) will only apply with respect to placements for which Marsh is acting as the Client's insurance broker.

3. Whenever the Marsh client executive is informed in writing by the Client that a claim has been notified to the primary carrier, Marsh will notify all applicable excess carriers of the claim, unless the Client gives the Marsh client executive contrary instructions in writing, provided that Marsh has placed the applicable excess policies or the Marsh client executive has received written notice from the Client of the applicable carrier and policies. If Marsh is instructed not to provide notice to any excess carrier, Marsh shall have no responsibility for any consequences arising out of the failure to give notice.
4. Additional Services are available for separate compensation and shall be agreed upon in advance and addressed by amendment to this agreement or by separate agreement (in certain cases with affiliates of Marsh). Such additional services include, but are not limited to:

- Actuarial analysis of Workers' Compensation, General Liability, and Automobile Liability claims, or other lines of insurance;
- Consulting relating to workers' compensation cost containment, including behavioral risk management, absence management, cumulative injury management, financial diagnostics and custom cost containment solutions;
- Business interruption and other claim valuation services offered by Kroll's Forensic Accounting practice;
- Environmental risk consulting services;
- Operations and assets consulting services, including business continuity management, supply chain risk management, loss control and engineering support services and strategic risk assessments;
- Claims services other than those specified above, including catastrophic claims support, mass tort claims support, claims management services, special claims advocacy services and archival research;
- Services in connection with loss portfolio transfers and alternative risk financing, including placements made in connection with such services;
- Captive insurance company feasibility studies;
- Establishment and administration of captive insurers;
- Placement of non-recurring insurance, including, but not limited to:
 - "one-time" placements for construction projects,
 - "one-time" placements for marine/cargo risks,
 - "one-time" placements for surety,
 - Placements for specific financial risks, such as trade credit,
 - Placements involving significant quantitative or actuarial analysis or modeling,
 - Placement of risks with financial institutions other than insurance carriers, and
 - Placements of risks not customarily accepted by insurers;
- Employee benefits services;
- Pension plan consulting;
- Compensation consulting;
- Executive deferred compensation services;
- Risk management claims information systems, including STARS and TrendTracker software programs, and related services;
- Enterprise Risk Management consulting;
- Strategic Risk Assessment;
- Provision of Marsh personnel on an out-sourced basis;
- Intellectual Property Consulting;
- Security Consulting;
- Insurance-related mergers and acquisition due diligence services and transactional solutions;
- Placement and servicing of owner controlled insurance programs; and

- **Interactive on-line client services.**

Appendix B Compensation

As compensation for providing the Services, the Client shall pay Marsh an annual fee of \$25,000.00.

The annual fee shall be paid by the Client commencing September 1, 2007 in equal quarterly installments.

Prior to each placement by Marsh for the Client, Marsh shall disclose to the Client and obtain the Client's approval of any commissions to be collected by Marsh or its affiliates with respect to such placement. Marsh shall credit amounts equal to any retail commissions collected by Marsh or its affiliates against remaining installments of the annual fee (except as provided below) and, to the extent in excess of the remaining installments, refund previously paid installments of the annual fee. In the event such retail commissions for a Contract year exceed the annual fee for that year, then such excess retail commissions shall be returned to the Client if permitted by law. Otherwise, an amount equal to such excess retail commissions shall be carried forward and applied against Marsh's annual compensation for subsequent years if permitted by law. Any wholesale commissions collected by Marsh or its affiliates will not be credited against the annual fee.

In addition to the compensation set forth above, Marsh's foreign offices and affiliates shall be entitled to receive commissions on foreign local placements made on behalf of the Client or its foreign subsidiaries, which shall be in addition to and not be credited against the annual fee. Marsh shall disclose to the Client and obtain the Client's approval of such commissions prior to placement. Marsh may make such disclosure to and obtain such approval from the Client's local operating management.

In the event (i) the Client elects to obtain insurance for a particular line of coverage from a foreign insurer and that insurer is domiciled in a country not part of the Client's insurance program with respect to such line of coverage as of the commencement date of this Agreement and (ii) the resources and services of a foreign Marsh affiliate are necessary or appropriate for such placement, Marsh and the Client shall negotiate additional compensation for such services and/or modification to Marsh's compensation in good faith.

Any commissions collected by Marsh or its affiliates shall be considered fully earned at the time of placement, including if an insurance policy placed by Marsh or its affiliates for the Client or its foreign subsidiaries is terminated by the Client or its foreign subsidiaries prior to expiration unless such policy is replaced by another policy placed by Marsh or its affiliates for the Client or its foreign subsidiaries during the term of this Agreement.

Appendix C
Standard Terms and Conditions

These Standard Terms and Conditions are part of the attached Client Service Agreement between City of Wasilla (the "Client") and Marsh USA Inc. ("Marsh").

1. Taxes and Fees.

In certain cases, insurance placements that Marsh makes on the Client's behalf may require the payment of insurance premium taxes (including U.S. federal excise taxes), sales taxes, use taxes, surplus or excess lines and similar taxes and/or fees to federal, state or foreign regulators, boards or associations. The Client agrees to pay such taxes and fees, whenever assessed. To the extent practical, such taxes and fees will be identified by Marsh on invoices covering such placements. Any such taxes and fees collected by Marsh will be promptly remitted by Marsh to the appropriate authorities.

2. Client Responsibilities.

The Client shall be solely responsible for the accuracy and completeness of information and other documents furnished to Marsh and/or insurers by the Client and the Client shall sign any required application for insurance. The Client recognizes and agrees that all insurance coverages placed in connection with this Agreement and all Services, evaluations, reports and recommendations provided by Marsh hereunder are based on data and information furnished by the Client. Marsh will be under no obligation to investigate or verify the completeness or accuracy of any such data or information, nor will Marsh have any liability for any errors, deficiencies or omissions in any Services, evaluations, reports or recommendations provided to, or any insurance coverages placed on behalf of, the Client that are based on such inaccurate or incomplete data or information. The Client understands that the failure to provide all necessary information to an insurer, whether intentional or by error, could result in the impairment or voiding of coverage.

The Client will review all policies, endorsements and program agreements delivered to it by Marsh and will advise Marsh of anything which the Client believes is not in accordance with the negotiated coverage and terms within thirty days following receipt.

3. Intermediaries.

(a) When in Marsh's professional judgment it is necessary or appropriate and subject to the Client's prior approval, Marsh may utilize the services of other intermediaries, including wholesale brokers, to assist

in the marketing of the Client's insurance. Such intermediaries may be affiliates of Marsh.

- (b) Wholesale brokers may represent insurers or act as managing general agents. Prior to utilizing a wholesale broker in connection with a placement for the Client, Marsh shall disclose to the Client the compensation received or to be received by Marsh and its affiliates in connection with the wholesale placement, any interests of Marsh and its affiliates in the wholesale broker, any contractual agreements between Marsh and its affiliates, on the one hand, and the wholesale broker, on the other, and alternatives to using the wholesale broker.
- (c) Marsh shall disclose to the Client the compensation of any Marsh affiliated intermediaries utilized in connection with the Client's placements, and obtain the Client's consent to such compensation, prior to the binding of coverage. Marsh shall disclose to the Client the compensation of any non-Marsh affiliated intermediaries utilized in connection with the Client's placements to the extent known by Marsh.

4. Other Revenue.

- (a) If the Client requests assistance with obtaining premium financing in connection with the Client's placements and Marsh provides such assistance, Marsh may receive compensation from the finance company that provides premium financing to the Client. Marsh shall provide to the Client information relating to Marsh's and its affiliates' arrangements with and interests in the premium finance companies to be considered by the Client and the compensation that Marsh and its affiliates would receive from finance companies with respect to the Client's placements.
- (b) Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by applicable law.

5. Confidentiality.

(a) Confidential Information.

The Client may provide Marsh with certain proprietary and confidential information ("Confidential Information") in connection with the Services provided by Marsh under this Agreement. Neither Marsh nor any of its employees or agents directly or indirectly shall disclose to any third party or use any Confidential Information furnished by or on behalf of Client for any purpose except in furtherance of the Services and in furtherance of other insurance brokerage, risk consulting, risk

financing, risk transfer, employees benefits or other insurance-related services rendered by Marsh to Client, which may include in the normal course of business the release to insurers and other financial institutions of Confidential Information relevant to the underwriting and/or evaluation of Client's risks and the processing of its claims, provided that such insurers and financial institutions are informed of the confidential nature of such information. Marsh shall take all steps reasonably required to maintain the confidentiality of Confidential Information in Marsh's possession. The transmission of Confidential Information via electronic data transmission networks which provide for the security of users' data shall be deemed consistent with Marsh's obligations hereunder unless such use is contrary to Client's express instructions.

(b) Exceptions.

The restrictions and agreements set forth above shall not apply to any Confidential Information: (i) which at the time disclosed to or obtained by Marsh is in the public domain; (ii) which becomes part of the public domain through no act, omission or fault of Marsh; (iii) which Marsh's records demonstrate was developed independently by Marsh or was received by Marsh from a third party which Marsh had no reason to believe had any confidentiality or fiduciary obligation to the Client with respect to such information; (iv) which is required to be disclosed by law, including, without limitation, pursuant to the terms of a subpoena or other similar document; provided, however, Marsh shall, to the extent practical, give prior timely notice of such disclosure to the Client to permit the Client to seek a protective order, and, absent the entry of such protective order, Marsh shall disclose only such Confidential Information that Marsh is advised by its counsel must be disclosed by law; or (v) following the lapse of two years after disclosure of such information to Marsh.

(c) Return of Confidential Information.

As between the Client and Marsh, Confidential Information shall be the sole and exclusive property of the Client. Upon the Client's request, all documents and records in Marsh's possession containing Confidential Information shall be returned to the Client; provided, however, that Marsh may retain copies of documents that may contain Confidential Information which are necessary for the conduct and proper record keeping of Marsh's business in accordance with standard operating procedures or applicable law.

(d) Remedy.

It is understood and agreed that money damages would not be a sufficient remedy for any breach of these confidentiality provisions and the Client shall be entitled to injunctive relief as a remedy for such

breach, without prejudice to any other rights or remedies available to the Client under applicable law.

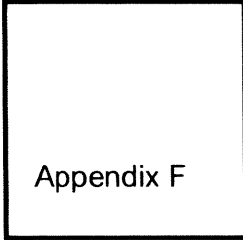
6. Record Retention.

Files (other than core documents, as defined in Marsh's record retention policy, including insurance policies, which are permanently retained) will not be retained for more than five years after the expiration of a particular policy's term.

7. Disclaimers: Limitation of Liability.

- (a) Marsh does not speak for any insurer, is not bound to utilize any particular insurer and does not have the authority to make binding commitments on behalf of any insurer, except under special circumstance which Marsh shall always endeavor to make known to the Client. Marsh shall not be responsible for the solvency of any insurer or its ability or willingness to pay claims, return premiums or other financial obligations. Marsh does not guarantee or make any representation or warranty that insurance can be placed on terms acceptable to the Client.
- (b) If Marsh has taken over any existing program or policies implemented by another broker, Marsh will not assume any responsibility for the adequacy or effectiveness of those programs or policies or any acts or omissions occurring prior to Marsh's engagement. Within 45 days, Marsh will have completed a review of such programs and policies and will make recommendations it believes are necessary.

Any loss control services and/or surveys performed by Marsh under this Agreement are advisory in nature. Such services are limited in scope and do not constitute a safety inspection as provided by a safety engineering service. Marsh does not claim to find or include every loss potential, hazard, statutory or code violation or violation of good practice. All surveys and reports are based upon conditions observed and information supplied by the Client. Marsh does not expressly or impliedly guarantee or warrant in any way the safety of any site or operation or that the Client or any of its sites or operations is in compliance with federal, state or local laws, codes, statutes, ordinances or recommendations. In any event, Marsh's liability if any, relating to or arising out of loss control services performed by it for the Client shall not exceed the total compensation paid to Marsh under this Agreement.



Cost Proposal

As required by the RFP, our Cost Proposal is submitted in a separate envelope.

MARSH



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Brandon Allen, SVP
Marsh USA Inc.
1031 W. 4th Avenue
Anchorage, Alaska 99501
907.276.5617
907.276.6292 fax
brandon.allen@marsh.com

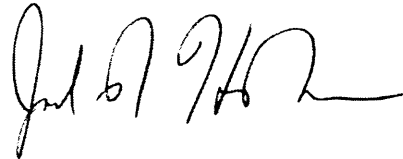
CERTIFICATE OF INSURANCE

INSURED: Marsh & McLennan Companies, Inc.
ADDITIONAL INSURED: Marsh USA Inc.
INSURER: Epsilon Insurance Company, Ltd.
POLICY NUMBER: EO07080930
POLICY PERIOD: September 30, 2007 – September 30, 2008
LIMIT OF LIABILITY: Each Claim Aggregate
\$10,000,000 \$10,000,000
TYPE OF INSURANCE: Professional Liability

CERTIFICATE HOLDER: EVIDENCE OF INSURANCE

Should the above described policy be cancelled before the expiration date thereof, the Insurer will endeavor to mail 30 days written notice to the certificate holder named above, but failure to mail such notice shall impose no obligation or liability of any kind upon the Insured, the Insurer, their manager, agents or representatives.

Epsilon Insurance Company, Ltd.



Joel R. Hughes
Authorized Representative

Date: September 26, 2007

PLEASE REFER ALL INQUIRIES TO MARSH & MCLENNAN COMPANIES, INC.,
RISK MANAGEMENT DEPT., 1166 AVENUE OF THE AMERICAS, NEW YORK,
NEW YORK 10036

CITY OF WASILLA

• Purchasing •
290 East Herning Avenue • Wasilla • Alaska • 99654-7091
• Telephone 907-373-9047 • Fax 907-373-9011 •

REQUEST FOR PROPOSAL

No. 0651-0-2007/WM

Insurance Brokerage Services

FINAL SCORES

The scoring process has been completed and the results are as follows:

Individual Qualification Based Scores					
	Scorer #1	Scorer #2	Scorer #3	Scorer #4	Total
Marsh USA, Inc.	88	92	89	95	364
Willis	91	89	88	88	356
Combs Insurance Agency	Deemed non-responsive as firm did not meet minimum requirements per Section 1.5 of the RFP.				

A Recommendation of Award in the form of an Action Memorandum will be submitted to the Wasilla City Council for approval of a \$25,000 per year contract with Marsh USA, Inc., for three (3) years.



CITY OF WASILLA

• Purchasing •

290 East Herning Avenue • Wasilla • Alaska • 99654 • 7091

• Telephone 907-373-9047 • Fax 907-373-9011 •

REVISED 2/15/2008 @ 9:45 a.m.

February 15, 2008

Combs Insurance Agency, Inc.
341 S. Alaska Street
Palmer, AK 99645

Dear Mr. Combs:

Subject: RFP 0651-0-2007/WM and your email dated 02/14/2008

Mr. Combs,

I understand your concerns outlined in your subject email and you are fully within your rights to speak to the Wasilla City Council on any matter you deem appropriate. However, prior to doing so I wish to ensure you fully understand my decision concerning RFP 0651-0-2007/WM - Insurance Brokerage Services. The proposal submitted by Combs Insurance Agency was deemed non-responsive because the firm did not meet the minimum requirements. In addition, your offer on February 11, 2008 to acquire the required E&O coverage and "have it post dated" would have given your firm a competitive advantage not afforded to the two other proposers.

As stated previously, the decision to deem your proposal non-responsive was solely my conclusion based upon Combs Insurance Agency's failure to meet the minimum qualification to submit a proposal as outlined in Section 1.5 of the Request for Proposals (RFP). Specifically, Combs failed to ensure they had current errors and omissions (E&O) insurance in an amount not less than \$5,000,000. Upon final review of the three (3) proposals, Marsh U.S.A., Inc., had \$10,000,000 per claim/\$10,000,000 aggregate E&O insurance, Willis had \$5,000,000 per claim/\$5,000,000 aggregate E&O insurance, and Combs had \$3,000,000 per claim/\$6,000,000 aggregate E&O insurance. While two of the three proposers (Marsh and Willis) clearly understood and met the minimum requirements of not less than \$5,000,000 E&O insurance per Section 1.5, Section 10.20, and Attachment E Sample Contract, Section 15.i., Combs \$3,000,000 did not. Additionally, this was reinforced by your comments during our phone conversation on the afternoon of February 8, 2008 when you stated that you "assumed" the \$5,000,000 E&O coverage wasn't required until a contract was awarded. This was quickly reinforced by the fax you sent to me of a quote you obtained on January 15, 2008 from your insurer for \$5,000,000 per claim/\$5,000,000 aggregate E&O insurance but failed to obtain prior to submission as required by the RFP.

Section 8.1 of the RFP clearly stated "Proposers shall carefully review this RFP for defects and questionable or objectionable materials. Proposers comments concerning defects and questionable or objectionable material in the RFP must be made in writing and received by the Purchasing Officer not later than the pre-proposal conference date and time noted above." In addition, Section 8.13 stated "Proposers who believe proposal requirements or specifications are unnecessarily restrictive or limit competition may submit a request for administrative review, in writing, to the Purchasing Officer. To be considered, a request for review must be received no later than the deadline for submission of questions." Finally, Section 10.8 stated "Any irregularities or lack of clarity in the RFP should be brought to the Purchasing Officer's attention as soon as possible so that corrective addenda may be furnished to prospective proposers."

Needless to say, the RFP was quite clear concerning your responsibility to raise questions concerning the minimum requirements or any other part of the RFP. You and your firm never submitted any questions or concerns and it is evident based upon comments from you on the afternoon of February 8, 2008 and the morning of February 11, 2008 that you "made assumptions concerning the minimum requirements." Your assumptions ultimately caused the proposal to be deemed non-responsive.

I assure you that the decision to deem a proposal non-responsive is a task I do not take lightly and one that I have done only three times in the last fifteen years. With that said, **my decision is final** as I have submitted Action Memorandum 08-13 to the Wasilla City Council for approval of a three (3) year contract in the amount of \$25,000 per year with Marsh U.S.A., Inc.

I fully understand the outcome is not what your firm envisioned when you submitted your proposal. However, I am required to comply with local, state, and federal law as well as the National Institute of Government Purchasers and Institute of Supply Management's Code of Ethics. I wish your firm continued success and hope the City can conduct business with Combs Insurance Agency in the future.

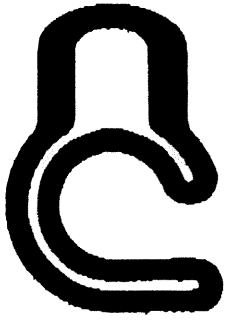
Sincerely,



William A. Miller
Purchasing/Contracting Officer

City of Wasilla
290 E. Herning Avenue
Wasilla, AK 99654-7091
Phone: (907) 373-9047
Fax: (907) 373-9011

Attachments



Combs
Insurance
Agency, Inc.

"The Right Coverage at the Right Price" ®

February 8, 2008

City of Wasilla
Attn: William Miller
290 E. Herning Ave.
Wasilla, Alaska 99654

Re: RFP No. 0651-0-2007/WM

Dear Bill,

Please find the following quote received from our Errors & Omissions carrier for the \$5,000,000. limit.

Please let me know if we can be of further assistance.

Sincerely,

Cheryl R. Combs, CISR

2 pages total

Mike Combs

From: Claudia Bartlett [cbartlett@iamt.org]
Sent: Tuesday, January 15, 2008 10:49 AM
To: Mike Combs
Subject: Endorsement & approx cost to change limits

Attachments: combs ins end to change address.pdf



combs ins
o change add

Hi Mike

Attached is the endorsement changing the address of your office, I made the effective date as of 1/13/08 the date I received the request.

I also did a tentative quote using the limits of 5MM/5MM with the same deductibles; current premium is \$42,071, to change would increase the premium to \$1,247.00, this is subject to change since premium is based not only on the limits but on the GAP (gross annual premium) reported.

Let me know if you have any further questions or concerns.

Thank you

Claudia P Bartlett

Membership Services Coordinator

Public Risk Insurance Management, Inc

1200 N Montana Ave Ste 2

Helena, MT 59601

Phone : (406)443-7810-Fax: (406)442-8263

Website: www.iamt.org



CITY OF WASILLA

• Purchasing •

290 East Herning Avenue • Wasilla • Alaska • 99654 • 7091

• Telephone 907-373-9050 • Fax 907-373-9096 •

DATE: February 11, 2008

TO: Combs Insurance
ATTN: Mr. Michael Combs
341 S. Alaska Street
Palmer, AK 99645

SUBJECT: RFP 0651-0-2007/WM - Insurance Brokerage Services

Upon review of the proposal submitted by Combs Insurance on January 16, 2008, and the subsequent conversations with Michael Combs and me on Friday, February, 8, 2008 and Monday, February 11, 2008, the City of Wasilla has deemed the proposal non-responsive. The proposal was deemed non-responsive as Combs Insurance did not meet the minimum qualifications as outlined in Section 1 of the RFP. Specifically, Combs Insurance did not have current errors and omissions coverage in an amount not less than \$5,000,000 as stipulated in Section 1.5 of the RFP.

I verified the discrepancy with Tom Klinkner, Wasilla City Attorney and received his legal opinion as follows: "The City's purchasing ordinance does not include a provision for the City to waive bid requirements; though perhaps that reservation was included in the bid solicitation. In any event, the general rule is that such waiver authority does not extend to a matter where the waiver would give a bidder a competitive advantage. Since there is a cost associated with obtaining a higher limit of E&O insurance coverage, the bidder who gets a quote for the higher amount, but will acquire the extra coverage only if it is awarded the contract, clearly receives a competitive advantage if granted a waiver of the requirement." He goes on to state "the common sense interpretation of "\$5,000,000 coverage" would be \$5,000,000 per occurrence, not \$5,000,000 aggregate. A limit on aggregate coverage is for the protection of the insurer, while the limit per occurrence is the more important measure of protection for the insured. To take an absurd example, surely the City would not accept a policy providing \$1 per occurrence and \$5,000,000 aggregate coverage as responsive to a requirement of \$5,000,000 coverage."

On behalf of the City of Wasilla I wish to thank you for your submission and hope the City will have the opportunity to conduct business with Combs Insurance. If you have any questions, please don't hesitate to contact me.

Sincerely,

William A. Miller
Purchasing/Contracting Officer

William A. Miller

From: Mike Combs [mike@combsinsurance.com]
Sent: Wednesday, February 13, 2008 10:44 AM
To: William A. Miller
Subject: RE: RFP 0651-0-2007/WM - Insurance Brokerage Services

Good Morning Bill,

I understand your position that the City Attorney directed your interpretation and position regarding the Insurance Services Request For Proposal dated December 4th, 2007 and please do not feel that this is anything but a request to be heard and perhaps overturn the City Attorney's opinion.

I will be present at the City Council meeting on the 25th to request that the City Attorney's opinion be set aside and the proposal submitted by Combs Insurance be awarded the contract. (Section 10.28 states that the City Attorney will not render any type of legal opinion regarding this transaction)

I feel our position regarding the interpretation is as follows:

(1). The overview of the project states that proposals for services for placement of the insurance coverage is to become effective July 1, 2008.

The submittal instructions also states that work will not commence until July 1, 2008.

Page 3 of 33 states "current professional errors and omissions insurance coverage in an amount not less than \$5,000,000.00"

Our policy effective July 1, 2007 to July 1, 2008 provides limits of \$3,000,000.00 per claim and \$6,000,000.00 in annual aggregate limits of liability. The specification did not indicate "claim", or "aggregate". A reasonable interpretation could use either description as the minimum basis.

We chose aggregate. No coverage dates are indicated except in the contract requirements section 10 - as July 1, 2008.

The City Attorney's opinion that the "common sense interpretation" of this requirement would be \$5,000,000 per occurrence, not aggregate. Per occurrence limit for this coverage is not available. Claims made coverage is the traditional form and carries a multiple limit aggregate per policy term.

Our interpretation that the \$3,000,000 per claim and \$6,000,000 aggregate meets the specifications is substantiated by the contract requirements on page 15 of 33 number 10.20 which states the awarded company must maintain for the duration "professional liability (\$1,000,000.00 per claim)". The insurance broker shall have a minimum of \$5,000,000. coverage in errors and omissions insurance or insurance broker professional liability insurance.

... Proof of... professional liability coverage (\$1,000,000) shall be provided. The only reference to a per claim limit is \$1,000,000.

For clarification - Professional liability and Errors and Omissions Insurance are the same coverage.

We obtained a quotation from our insurer to increase our per claim limit to \$5,000,000 and reduce our aggregate limit to \$5,000,000 in case the City wanted those coverages at the contract inception of July 1, 2008. The approximate additional cost of \$1,247.00 was included in our broker fee calculation. A copy of that confirmation dated January 15, 2008 was FAXED to you on February 8, 2008.

(2). The City Attorney stated that by not purchasing the coverage we would have gained a

"competitive advantage" over the other proposals. We understood the cost and the increase was included in our broker fee calculation for the contract period. The current broker demonstrated that they had already purchased the coverage so no additional costs are directly associated with this proposal. The current broker was scored in the second position.

Marsh USA has approximately 26,000 employees and generates \$5 billion in revenues. Willis has approximately 16,000 employees and generates \$2.4 billion in revenues. Combs has 15 employees and generates \$1.6 million in revenues.

I cannot see how Combs could ever demonstrate a competitive advantage over either Marsh or Willis for any proposal.

(3). All of the minimum qualifications with the exception of 1.5 are based upon past performance. 1.5 is based upon future exposure. Combs could not suffer a professional errors and omissions claim prior to having a contract to providing specific services to the City of Wasilla.

(4). The City Attorney stated that the City's purchasing ordinance does not include a provision to waive bid requirements. We are not asking for a waiver, we are just asking for a reasonable interpretation of the requirements and confirm the \$3,000,000. per claim coverage with a \$6,000,000. annual aggregate meets or exceeds the \$1,000,000 per claim (identified in 10.20) and \$5,000,000. limit requirement.

Thank you for your understanding on our position.

Sincerely, Mike Combs

-----Original Message-----

From: William A. Miller [mailto:WMiller@ci.wasilla.ak.us]
Sent: Monday, February 11, 2008 3:33 PM
To: mike@combsinsurance.com
Subject: RFP 0651-0-2007/WM - Insurance Brokerage Services

The letter concerning the proposal submitted by Combs Insurance is attached.

Again, I wish this could have worked out better for your firm but my hands are tied by the law. If you have any questions, please don't hesitate to contact me.

Thank you.

William A. Miller

Purchasing/Contracting Officer

City of Wasilla

290 E. Herning Avenue

Wasilla, AK 99654-7091

Phone: (907) 373-9047

Fax: (907) 373-9011

LAW OFFICES

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* D.C. BAR
** D.C. AND ALASKA BAR
† MARYLAND BAR
‡ VIRGINIA BAR
§ ALL OTHERS ALASKA BAR

February 14, 2008

via EMAIL ONLY

Mr. William A. Miller
Purchasing/Contracting Officer
City of Wasilla
290 East Herning Avenue
Wasilla, Alaska 99654-7091

RE: Insurance Requirement in RFP No. 0651-0-2007/WM, Insurance Brokerage Services

Dear Bill:

You have asked whether the City acted correctly in rejecting as nonresponsive the proposal of Combs Insurance Agency, Inc. ("Combs") under the request for proposals ("RFP") referred to above. I conclude that rejecting Combs' proposal as nonresponsive was correct, as Combs failed to provide the errors and omissions ("E&O") insurance coverage required by the RFP, failed to obtain clarification from the City regarding the E&O insurance coverage requirement before submitting its proposal, and stood to gain a material competitive advantage by not providing the required E&O insurance coverage.

1. Factual Background.

I understand the facts related to your question to be as follows. Combs' proposal received the highest score of the three proposals that the City received in response to the RFP. However, Combs did not provide the required certificate of insurance with its proposal. In response to an inquiry from the City about its insurance coverage, Combs stated that it currently had E&O insurance coverage of \$3 million per claim and \$6 million aggregate. You determined that Combs' proposal was nonresponsive because Combs did not provide the minimum E&O insurance coverage of \$5 million per claim that the RFP required.

William A. Miller
February 14, 2008
Page 2

The RFP includes the following provisions concerning the amount of E&O insurance that a proposer must provide:

- In Part I, Overview of Project, at p. 3, the RFP lists among “minimum qualifications to submit a proposal”:
 - 1.5 Current professional errors and omissions insurance coverage in an amount not less than \$5,000,000.
- In Part 10, Terms, Conditions and Exceptions, at p. 15:
 - 10.20 The awarded company must maintain, for the duration of its contract,...Professional Liability (\$1,000,000 per claim). The insurance broker shall have a minimum of \$5,000,000 coverage in errors and omissions insurance or insurance broker liability insurance...Proof of...professional liability coverage (\$1,000,000) shall also be provided...
- In Attachment E, Sample Contract, Section 15, Insurance Schedule, at p. 30, insurance requirements include, “i. *Professional Errors & Omissions Liability Insurance*—i. Minimum Limit required: \$5,000,000 per occurrence/aggregate.”¹

Thus in two places, the RFP stated that proposer must provide E&O insurance “in an amount not less than \$5,000,000,” or with “a minimum of \$5,000,000 coverage,” and in one place specified a required minimum limit for E&O insurance of “\$5,000,000 per occurrence/aggregate.” Unfortunately in Paragraph 10.20, which included the second reference to \$5,000,000 of E&O insurance, the RFP also called for “professional liability” insurance of \$1,000,000 per claim and with minimum coverage of \$1,000,000.

The RFP addresses the procedure where terms of the RFP either are ambiguous or contradictory, as follows:

- 8.1 Proposers shall carefully review this RFP for defects and questionable or objectionable materials. Proposers comments concerning defects and questionable or objectionable material in the RFP

¹ As Combs points out in its correspondence, this reference to “per occurrence” is incorrect, as E&O insurance typically is provided on a “claims made” basis—that is, the insurance covers claims made during the policy period, regardless of whether the incident giving rise to the claim occurred during the policy period. In contrast, most liability insurance covers claims arising from incidents occurring during the policy period, regardless of when the claim is made.

William A. Miller
February 14, 2008
Page 3

must be made in writing and received by the Purchasing Officer not later than the pre-proposal conference date and time noted above.

In correspondence following the City's request for information concerning its insurance coverage, Combs stated that it intended to obtain the required E&O insurance coverage if awarded the contract, and that it would incur an additional premium cost of about \$1,200 to provide the required E&O insurance coverage.

2. *Combs Had the Burden of Resolving the Contradiction in the RFP's E&O Insurance Coverage Requirement.*

Paragraph 8.1 of the RFP required proposers to inform the Purchasing Officer of defects in the RFP before submitting a proposal. Combs was responsible for taking the opportunity that this provision provided to clarify the RFP's E&O insurance requirement before submitting its proposal:

A prime purpose of these contractual provisions relating to ambiguities and discrepancies is to enable potential contractors (as well as the Government) to clarify the contract's meaning before the die is cast. The bidder who is on notice of an incipient problem, but neglects to solve it as he is directed to do by this form of contractual preventive-hygiene, cannot rely on the principle that ambiguities in contracts written by the Government are held against the drafter. Even more, the bidder in such a case is under an affirmative obligation. He 'should call attention to an obvious omission in a specification, and make certain that the omission was deliberate, if he intends to take advantage of it.' If the bidder fails to resort to the remedy proffered by the Government, a patent and glaring discrepancy (like that which existed here) should be taken against him in interpreting the contract.²

As the decision quoted above explains, because Combs failed to bring the contradiction in the E&O insurance coverage requirement in the RFP to the City's attention before submitting a proposal, it now is bound by the City's stricter interpretation of the requirement.

² *Beacon Const. Co. of Mass. v. U.S.*, 314 F.2d 501, 504 (Ct.Cl. 1963).

William A. Miller
February 14, 2008
Page 4

3. *Waiving Failure to Comply with the E&O Insurance Coverage Requirement Would Give Combs an Unfair Competitive Advantage.*

The City must preserve a fair and equal competitive procurement process, even where rejecting a proposal as nonresponsive is not to the City's financial advantage:

There is considerable authority to the effect the public policy requires carefully drawn public competitive bidding standards and strict compliance with such standards. The basic theory behind such holdings is expressed in *Inn Operations, Inc., v. River Hills Motor Inn Co.*:

'Public policy underlies the requirements of competitive bidding. The purpose of the statute is that each bidder, actual or possible, shall be put upon the same footing. * * * If any bidder is relieved from conforming to the conditions which imposed some duty upon him, or from strict performance of the terms of the invitation to bid, such bidder is not contracting in fair competition with those bidders who propose to be bound by all conditions.'

The Court of Appeals for the District of Columbia Circuit in *Superior Oil Company v. Udall*, in an opinion by now Chief Justice Burger, held that the Secretary of the Interior could not award an oil and gas lease to a bidder who had failed to sign the bid, where an authorized officer of the Bureau of Land Management has previously rejected the bid. In reaching its decision, the court emphasized the importance of strict compliance with bidding procedures, and quoted with approval the following excerpt from an opinion by the Comptroller General:

'(T)he strict maintenance of the competitive bidding procedures required by law is infinitely more in the public interest than obtaining a pecuniary advantage in individual cases by permitting practices which do violence to the spirit and purpose of the law.'

The court went on to say:

'The requirement of steadfast compliance with competitive bidding procedures * * * is an

William A. Miller
February 14, 2008
Page 5

indispensable ingredient to the maintenance of competitive bidding processes which will engender public confidence and that of persons dealing with the Government.³

Notwithstanding this general policy requiring strict compliance with bid specifications, the City has discretion to disregard minor deviations in a proposal from the terms of an RFP. Paragraph 10.5 of the RFP expressly provides for this discretion: "The City reserves the right to waive informalities and minor irregularities in proposals received." However, this discretion must be exercised in a manner that preserves the required fair and equal competitive process:

According to the prevailing view, proposals for public contracts must substantially comply with all requirements contained in the invitation for proposals. Thus all terms of [the agency's] invitation became by implication part of a valid proposal, in order that competition among [proposers] remains equal. Consistent with this well established principle, courts hold that while a 'material' variance from the invitation requires rejection of the proposal, a 'minor' variance does not require rejection of the proposal. A variance is said to be material **'if it gives the bidder a substantial advantage over other bidders, and thereby restricts or stifles competition.'**⁴

One way that variation from a specification in the RFP gives a proposer a substantial advantage over other proposers is if the variation would allow it to reduce significantly the cost of its proposal. In its correspondence, Combs has stated that it would incur an additional premium cost of about \$1,200 to increase its E&O insurance coverage to \$5,000,000 per claim. Addendum #1 to the RFP states that the current fee that the City pays for insurance brokerage services is \$25,000. Thus, the premium cost that Combs could have avoided by not complying with the \$5,000,000 per claim coverage requirement would have been about 5% of the amount that the City currently pays for insurance brokerage services—representing a significant cost advantage to Combs.⁵ Combs claims in its correspondence that it actually included the higher

³ *Kelly v. Zamarello*, 486 P.2d 906, 918-919 (Alaska 1971) (citations omitted).

⁴ *King v. Alaska State Housing Authority*, 512 P.2d 887, 892 (Alaska 1973) (footnotes omitted; emphasis added).

⁵ *Compare, Lower Kuskokwim School Dist. v. Foundation Services, Inc.*, 909 P.2d 1383, 1387 (Alaska 1996) (corporation's failure to pay \$100 tax to be in good standing did not give it a competitive advantage in its bid of over \$1,400 per school day for a student transportation contract).

William A. Miller
February 14, 2008
Page 6

premium amount in pricing its proposal. Assuming the accuracy of this claim, Combs nonetheless had the competitive advantage of complete discretion in how to treat the premium increase in its pricing, without contractually binding itself to provide the required E&O insurance coverage.

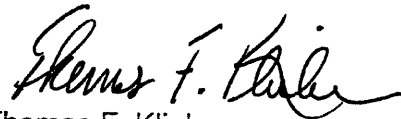
4. Conclusion.

For the reasons stated above, I conclude that the City correctly rejected Combs' proposal as nonresponsive.

Please let me know if I may be of further assistance in this matter.

Yours truly,

BIRCH, HORTON, BITTNER and CHEROT



Thomas F. Klinkner