State of Nevada
Department of Administration

Purchasing Division

515 E. Musser Street, Suite 300
Carson City, NV 89701

Brian Sandoval
Governor

Patrick Cates
Director

Jeffrey Haag
Administrator

State of Nevada

Purchasing Division

Request for Qualifications: 3495

For

PROPERTY AND CASUALTY BROKERS

Part IA – Technical SOQ	
RFQ Title:	Property and Casualty Brokers
RFQ:	3495
Vendor Name:	Willis Towers Watson
Address:	600 University Street, Suite 3100 Seattle, WA 98101
Opening Date:	October 25, 2017
Opening Time:	2:00 PM

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VENDOR INFORMATION SHEET FOR RFQ 3495

Vendor Shall:

A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 shall be used for development of the contract;

B) Type or print responses; and

C) Include this Vendor Information Sheet in Section III of the Technical SOQ proposal.

V1	Company Name	Willis Towers Watson

V2	Street Address	600 University Street, Suite 3100

V3	City, State, ZIP	Seattle, WA 98101

V4	Telephone Number		
	Area Code: 206	Number: 343-6049	Extension:

V5	Facsimile Number		
	Area Code: 206	Number: 326-7909	Extension:

V6	Toll Free Number		
	Area Code:	Number: None	Extension:

V7	***Contact Person for Questions / Contract Negotiations, including address if different than above***
	Name: Theresa Clune
	Title: Senior Vice President
	Address: 600 University Street, Suite 3100 Seattle, WA 98101
	Email Address: Theresa.Clune@WillisTowersWatson.com

V8	Telephone Number for Contact Person		
	Area Code: 206	Number: 343-6049	Extension:

V9	Facsimile Number for Contact Person		
	Area Code: 206	Number: 326-7909	Extension:

V10	***Name of Individual Authorized to Bind the Organization***	
	Name: Theresa Clune	Title: Senior Vice President

V11	Signature ***(Individual shall be legally authorized to bind the vendor per NRS 333.337)***	
	Signature:	Date: October 25, 2017

Section IV: State Documents

State of Nevada
Department of Administration
Purchasing Division
515 E. Musser Street, Suite 300
Carson City, NV 89701

Brian Sandoval
Governor

Jeffrey Haag
Administrator

SUBJECT:	Amendment 01 to Request for Qualification 3495
DATE OF AMENDMENT:	October 11, 2017
DATE OF RFQ RELEASE:	September 28, 2017
DATE AND TIME OF OPENING:	October 25, 2017 @ 2:00 PM
AGENCY CONTACT:	Gail Burchett, Purchasing Officer II

The following shall be a part of RFQ ***3495 for Property and Casualty Brokers.*** If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

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1. Section 2.2 General Minimum Qualifications, 2.2.8 Brokers engaged in cyber assessments and cyber liability policy placement will be required to meet additional background check requirements and/or will required to provide the State letters of attestation from employer certificating that serving broker has no criminal convictions that would preclude them from marketing that particular line of coverage.

   a. Does the State require that the broker selected to market and place cyber coverage also provide cyber assessment services?

      Those two services can be provided independently of each other.

   b. Has the State had any cyber assessments performed by a broker or other outside vendor in the past 5 years?

      State had a cyber-liability insurance assessment completed during our fiscal year 2016.

   c. If the scope of a requested cyber assessment is outside the available services of a broker, would that disqualify the broker/firm from being able to market and place the cyber coverage?

      Not necessarily, but background check requirement would remain in place as we consider any underwriting data provided to outside parties for cyber liability to be confidential as it pertains to sensitive information about the State's computer networks and/or systems.

2. Section 8.1 General Submission Requirements, 8.2.2.4 Section IV – State Documents

   a. Part D. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements.

      1. Does the State require any particular vendor licensing agreements from responding brokers?

         No, not at this current time.

      2. Does the State require any particular hardware or software maintenance agreements from responding brokers?

         No, not at this current time.

   b. Copies of applicable certifications and/or licenses.

      1. Does the State require copies of professional certifications of individual team members (i.e. ARM, CPCU or other)?

         Copies not required but desirable if used to further demonstrate individual broker's qualifications.

      2. Does the State require copies of insurance licenses of individual team members in addition to our corporate license(s)?

         Yes, copies of insurance licenses required.

3. Would you please provide additional clarification for 2.4 Optional Services item 2.4.9 Document issuance and verification? What type of documents and verifications do you consider an optional service?

   Document issuance and verification includes contracts and other documents (I assume we are not talking about insurance policies as that would not be optional but be required) used in conjunction with providing the optional services as noted within paragraph 2.4., including and not limited development of service agreements and/or subcontractor agreements along with verification of insurance provided as required under those agreements.

   Please see additional clarifying response under question 10 which pertain to document issuance as part of the required services.

4. Regarding Section 3.1.1-3.1.3: Please confirm the responding must only be licensed to do business in the State of Nevada and is not required to have a service office in the state.

   Brokers must be licensed to do business in Nevada. We expect that if Office is located outside the State, that Service Team would be available during the State's normal

business hours from 8 a.m. – 5 p.m. PST to answer questions and provide services as needed.

5. Please provide a detailed schedule of insurance coverage including the following for each policy/line of coverage:

   a. type of coverage (i.e. property, aircraft, boiler and machinery, etc.);
   b. current carrier(s);
   c. name of current broker, intermediary, and/or managing general agent (MGA);
   d. all compensation paid to incumbent broker, intermediary, and/or MGA including retail and/or wholesale commissions, fees, etc.;
   e. policy effective dates;
   f. premium;
   g. limits;
   h. deductible/self-insured retention; and provide a complete copy of the current policy including all endorsements.

   The State of Nevada is not able to provide a detailed policy schedule at this time; however, we can provide the following:

   Policies issued to the State of Nevada include those lines of coverage referenced in revised Section 1, Paragraph 2 (see question nine). Current legislatively approved budget for policy premiums and their associated fees and/or commissions for Fiscal Year 2018, total approximately 2.6 Million dollars.

6. Regarding Section 2.3.7, respondents are asked to "List the top five (5) insurance companies, ranked by premium volume, you place commercial all risk property insurance within Nevada and in other States and your premium volume with each of them for the past two (2) years." Please confirm this request is for both the firm overall and separately for Nevada.

   Yes, please provide information showing business placed within the State of Nevada vs. the amount of business placed outside the State of Nevada.

7. Will the State be willing to consider any exceptions to the proposed contract terms?

   The State is not willing to consider exceptions to the contract.

8. Will the State consider adding limitation of liability language to any final contract?

   The State is not willing to consider exceptions to the contract.

9. The following is a change to the RFQ document.

   Section 1, Paragraph 2 shall be changed as follows. "The primary insurance coverages that the Risk Management Division obtains at this time are aviation, commercial

property, boiler and machinery, crime (employee dishonesty), cyber liability, excess liability, fine arts and various agency specific liability policies."

10. The following is a change to the RFQ document.

    Under section 2.2 General Minimum Qualifications, the following requirement has been added.

    2.2.10 - For those insurance programs and insurance policies procured on behalf of the State of Nevada, broker will be responsible for document issuance and verification including the timely review and delivery of all policy documents from the insurance carriers including but not limited to binders, policies and any associated policy endorsements/amendments.

11. Attachment D, Insurance Schedule shall be replaced by the attachment below.

RFQ 3495
Attachment D Insurar

ALL ELSE REMAINS THE SAME FOR RFQ 3495.

Vendor shall sign and return this amendment with proposal submitted.

NAME OF VENDOR Willis of Seattle, Inc.

AUTHORIZED SIGNATURE

TITLE SVP DATE Oct 12, 2017

RFQ 3495 Amendment 01

This document must be submitted in the "State Documents" section/tab of vendors' technical proposal

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **shall not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFQ, vendors are requested to submit confidential information in separate files marked "**Part IB Confidential Technical SOQ**" and "**Part III Confidential Financial**".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the proposals shall remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

Part IB – Confidential Technical SOQ Information			
YES	X	NO	
Justification for Confidential Status			
Proprietary agreements with carriers			
Section 2.3.7 to Section 2.3.11 page 26			

Part III – Confidential Financial Information			
YES		NO	X
Justification for Confidential Status			

Willis Towers Watson

Company Name

Signature

Theresa Clune

Print Name

26 Oct 17

Date

This document must be submitted in Section IV of vendor's technical proposal

ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and will comply with the following:

(1) Any and all prices that may be charged under the terms of the contract do not and will not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.

(2) All proposed capabilities can be demonstrated by the vendor.

(3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.

(4) All proposal terms, including prices, will remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, will remain in effect throughout the contract negotiation process.

(5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.

(6) All conditions and provisions of this RFQ are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.

(7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFQ. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFQ, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest will automatically result in the disqualification of a vendor's proposal. An award will not be made where a conflict of interest exists. The State will determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.

(8) All employees assigned to the project are authorized to work in this country.

(9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or handicap.

(10) The company has a written policy regarding compliance for maintaining a drug-free workplace.

(11) Vendor understands and acknowledges that the representations within their proposal are material and important, and will be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

(12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.

(13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Willis Towers Watson

Vendor Company Name
Willis Towers Watson

Vendor Signature

Theresa Cline

Print Name

19 Oct 2017

Date

This document must be submitted in Section IV of vendor's technical proposal

Barbara D. Richardson, Commissioner of Insurance

Non-Resident Producer Firm

Casualty, Health, Life, Property, Surety

WILLIS OF SEATTLE INC

600 UNIVERSITY STREET
SUITE 3100
SEATTLE, WA 98101

is authorized to transact business as described above

License No: 1699 Issue Date: 10-01-2001 Expiration Date: 06-01-2018

Generated by Sircon 151360839

Nevada Division of Insurance

THIS IS TO CERTIFY THAT

WILLIS OF SEATTLE INC
600 UNIVERSITY STREET, SUITE 3100, SEATTLE, WA 98101

LICENSE NUMBER: 1699

IS HEREBY AUTHORIZED TO TRANSACT BUSINESS IN ACCORDANCE TO THE LICENSE DESCRIPTION SHOWN BELOW:

Non-Resident Producer Firm
Casualty, Health, Life, Property, Surety

Issue Date: 10-01-2001 Expiration Date: 06-01-2018

Generated by Sircon 151360839

THERESA M CLUNE
1024 191ST ST SW
LYNNWOOD WA 98036

Scott Kipper, Commissioner of Insurance

THERESA M CLUNE

License Number 798170

is licensed to engage in the business of insurance in the State of Nevada in the capacity stated below, subject to applicable laws and regulations.

		Effective Date:	Expiration Date:
License Type:	Non-Resident Producer	01-09-2012	02-01-2018
Qualifications:	Casualty, Health, Property		

Licensees must notify the Division of any change of address within 30 days of the change. You are subject to revocation for noncompliance.

Individuals must be properly affiliated to the business entity's license prior to transacting insurance on the entity's behalf. The individual and the business entity are responsible for maintaining the affiliation.

A producer of insurance acting as an agent of the insurer must be appointed by the insurer prior to transacting insurance business.

This license must be conspicuously displayed in your place of business that is open to the public.

THERESA M CLUNE

License Number 798170
National Producer ID 678304

is licensed to engage in the business of insurance in the State of Nevada in the capacity stated below, subject to applicable laws and regulations.

LICENSE TYPE	EFFECTIVE DATE
Non-Resident Producer	01-09-2012
QUALIFICATIONS	**EXPIRATION DATE**
Casualty, Health, Property	02-01-2018

OIC online services login information:

User ID:	LIC174915
Registered email address:	theresa.clune@willis.com
Next expiry date:	01/07/2018

Remember, all licensing processes must be completed online.

Contact us via:

Email:	licinfo@oic.wa.gov
Phone:	360-725-7144
Fax:	360-586-2019
Postal mail:	P.O. Box 40255 Olympia, WA 98504-0255

Visit our website: http://www.insurance.wa.gov/for-producers/

Make sure you are familiar with insurance license compliance laws and rules at:
http://www.insurance.wa.gov/for-producers/new-licensee/welcome/

Cut Here Cut Here Cut Here Cut Here Cut Here Cut Here

State of Washington

OFFICE OF THE INSURANCE COMMISSIONER

*** * * INSURANCE PRODUCER LICENSE * * ***

WAOIC # : 174915

EFFECTIVE : 07/01/2009

EXPIRES : 01/07/2018

THERESA M CLUNE
1024 191ST ST SW
LYNNWOOD WA 98036

THE LICENSEE IS AUTHORIZED TO SELL THE FOLLOWING LINES OF INSURANCE:
Property, Casualty, Disability

THIS LICENSE MUST BE ACCOMPANIED BY A CURRENT APPOINTMENT OR AFFILIATION FOR EACH INSURER OR BUSINESS ENTITY REPRESENTED.

NOT TRANSFERABLE

INSURANCE COMMISSIONER

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 10/19/2017

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

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

PRODUCER

Willis of New York, Inc.
c/o 26 Century Blvd.
P. O. Box 305191
Nashville, TN 37230-5191

CONTACT NAME:
PHONE (A/C, NO, EXT): 877-945-7378 FAX (A/C, NO): 888-467-2378
E-MAIL ADDRESS: certificates@willis.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Zurich American Insurance Company	16535-076
INSURER B: Sentry Insurance a Mutual Company	24988-001
INSURER C: See Subsequent Page	00000-004
INSURER D: National Union Fire Insurance Company of	19445-008
INSURER E:	
INSURER F:	

INSURED

Willis North America Inc.
and its subsidiaries
200 Liberty Street
New York, NY 10281

COVERAGES **CERTIFICATE NUMBER: 25758030** **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			GL0014436301	7/1/2017	7/1/2018	EACH OCCURRENCE	$ 5,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 100,000
	X Contractual Liability						MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 5,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 5,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 5,000,000
	OTHER:							$
B	AUTOMOBILE LIABILITY			90-20597-04	7/1/2017	7/1/2018	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	ANY AUTO						BODILY INJURY(Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY(Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DED / RETENTION $							$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			90-20597-01	7/1/2017	7/1/2018	X PER STATUTE / OTH-ER	
B	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		90-20597-02	7/1/2017	7/1/2018	E.L. EACH ACCIDENT	$ 1,000,000
B				90-20597-03	7/1/2017	7/1/2018	E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
C	Errors and Omissions			SM1718	7/1/2017	7/1/2018	$5,000,000	Per claim/Agg.
D	Crime Coverage			11235222	7/1/2017	7/1/2018	$500,000	Limit

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

Additional Named Insured: Willis of Seattle, Inc.

Additional Insured status will be automatically provided upon awarding of the business to the Willis entity and in accordance with the terms and conditions of the appropriate insurance policies.

All employees of Willis North America and its subsidiaries are included as Insureds under the Errors & Omissions policy.

CERTIFICATE HOLDER

Evidence of Insurance
.
.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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AGENCY CUSTOMER ID: 412600

LOC#:

ADDITIONAL REMARKS SCHEDULE

AGENCY	NAMED INSURED
Willis of New York, Inc.	Willis North America Inc. and its subsidiaries 200 Liberty Street New York, NY 10281
POLICY NUMBER See First Page	
CARRIER: See First Page / NAIC CODE	EFFECTIVE DATE: See First Page

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

Professional Indemnity Insurance (Errors & Omission Liability) Carrier: Stone Mountain Insurance Company

Re: RFQ 3495

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ADDENDUM TO CERTIFICATE OF INSURANCE

WILLIS NORTH AMERICA, INC.
SUBSIDIARY LIST AS OF 7/1/17

Acclaris Holdings, Inc.	U.S.A.
Acclaris, Inc.	U.S.A.
Charles Monat Associates LLC	U.S.A.
Encore Insurance PCC Limited	U.S.A.
Encore One IC, Inc.	U.S.A.
Extend Health, Inc.	U.S.A.
Extend Insurance Services LLC	U.S.A.
Freberg Environmental, Inc.	U.S.A.
Liazon Benefits, Inc.	U.S.A.
Liazon Corporation	U.S.A.
PBW LLC	U.S.A.
Premium Funding Associates, Inc.	U.S.A.
Professional Consultants Insurance Company, Inc.	U.S.A.
Queenswood Properties Inc	U.S.A.
RSDIG Risk Purchasing Group LLC	U.S.A.
Smith, Bell & Thompson, Inc.	U.S.A.
Special Contingency Risks, Inc	U.S.A.
Stone Mountain Insurance Company	U.S.A.
The Willis Foundation	U.S.A
Towers Perrin Capital Corp.	U.S.A.
Towers Watson America LLC	U.S.A.
Towers Watson Delaware Holdings Inc.	U.S.A.
Towers Watson Delaware Inc.	U.S.A.
Towers Watson Investment Services, Inc.	U.S.A.
Towers Watson Latin America Holdings LLC	U.S.A.
Towers Watson Middle East Holdings LLC	U.S.A.
Towers Watson Retiree Insurance Services, Inc.	U.S.A.
TPF&C International Inc.	U.S.A.
Watson Wyatt European Investment Holdings 1, LLC	U.S.A.
Watson Wyatt European Investment Holdings 2, LLC	U.S.A.
Watson Wyatt European Investment Holdings, Inc.	U.S.A.
Watson Wyatt International, Inc.	U.S.A.
Westport Financial Services, LLC	U.S.A.
Westport HRH, LLC	U.S.A.
Willis Administrative Services Corporation	U.S.A.
Willis Americas Administration, Inc.	U.S.A.
Willis Giaconia Life, LLC	U.S.A.
Willis HRH Inc.	U.S.A.

Willis Insurance Services of California, Inc.	U.S.A.
Willis Insurance Services of Georgia, Inc.	U.S.A.
Willis NA Inc.	U.S.A.
Willis North America Inc.	U.S.A.
Willis North American Holding Company	U.S.A.
Willis of Alabama, Inc.	U.S.A.
Willis of Arizona, Inc.	U.S.A.
Willis of Colorado, Inc.	U.S.A.
Willis of Connecticut, LLC	U.S.A.
Willis of Florida, Inc.	U.S.A.
Willis of Greater Kansas, Inc.	U.S.A.
Willis of Illinois, Inc.	U.S.A.
Willis of Louisiana, Inc.	U.S.A.
Willis of Maryland, Inc.	U.S.A.
Willis of Massachusetts, Inc.	U.S.A.
Willis of Michigan, Inc.	U.S.A.
Willis of Minnesota, Inc.	U.S.A.
Willis of Mississippi, Inc.	U.S.A.
Willis of New Hampshire, Inc.	U.S.A.
Willis of New Jersey, Inc.	U.S.A.
Willis of New York, Inc.	U.S.A.
Willis of North Carolina, Inc.	U.S.A.
Willis of Ohio, Inc.	U.S.A.
Willis of Oklahoma, Inc.	U.S.A.
Willis of Oregon, Inc.	U.S.A.
Willis of Pennsylvania, Inc.	U.S.A.
Willis of Seattle, Inc.	U.S.A.
Willis of Tennessee, Inc.	U.S.A.
Willis of Texas, Inc.	U.S.A.
Willis of Virginia, Inc.	U.S.A.
Willis of Wisconsin, Inc.	U.S.A.
Willis of Wyoming, Inc.	U.S.A.
Willis Personal Lines, LLC	U.S.A.
Willis Processing Services, Inc.	U.S.A.
Willis Programs of Connecticut Inc.	U.S.A.
Willis Re Inc.	U.S.A.
Willis Securities, Inc.	U.S.A.
Willis Services LLC	U.S.A.
Willis Towers Watson Risk Purchasing Group, Inc.	U.S.A.
Willis Towers Watson Management (Vermont) Limited	U.S.A.
Willis US Holding Company, Inc.	U.S.A.
WTW Delaware Holdings, LLC	U.S.A.

Section V:
2.2 - General Minimum Qualifications

2. REQUEST FOR QUALIFICATIONS

2.2 GENERAL MINIMUM QUALIFICATIONS

2.2.1 Brokers/firms must demonstrate experience in structuring and obtaining property and liability insurance programs for at least one (1) State government, a university system, a large public or governmental entity (3,000 + employees/$2 Billion property value) or a large public entity pool with similar risks, within the past two (2) years.

Willis Towers Watson has proudly served as broker and trusted risk management advisor to the State of Nevada since 2000. We have also served the Nevada System of Higher Education since 2000.

Your team outlined in this response handles accounts such as the following:

State of Oregon
Client since 2005 – Willis Towers Watson negotiates and places all lines of coverage. Willis Towers Watson serves the State of Oregon on all risk management issues and considerations.

State of South Carolina
Client since 2008 – Willis Towers Watson is the broker for the State's Property, Inland Marine, Terrorism, Builder's Risk and other segments.

State of Georgia
Client since 2009 – Willis Towers Watson is the broker for the State's Property, Liability, Builders Risk, Boiler & Machinery and Cyber Liability programs.

South Carolina School Boards Insurance Trust
Client since 2010 – Willis Towers Watson is the broker for all lines of coverage to including Property, Terrorism, Builder's Risk, Workers' Compensation, Liability, Cyber Liability and other policies.

City of Spokane, Washington
Client since 1991 – Willis Towers Watson handles all insurance placements to cover all city exposures including Law Enforcement, Fire Fighters, Incidental Malpractice and Vehicles, claims, loss control and risk management consulting for the city.

City of Vancouver, Washington
Client since 2007 – Willis Towers Watson markets and places Excess Liability, Excess Work Comp, Aviation, Property, Auto and Crime and works with the Risk Manager on consulting on projects and contract language.

Central Puget Sound Regional Transit Authority DBA Sound Transit
Client since 2002 – Willis Towers Watson has been involved with their OCIP insurance program as well as their operational insurance program including Liability, Property, Crime and Directors & Officers coverage.

Additionally, Willis Towers Watson provides insurance brokerage expertise for the following states: Arizona, Ohio, Tennessee, Utah and Wisconsin.

Willis Towers Watson serves in partnership with the following educational systems: New York City Dept. of Education, Orange County Public Schools and the Pennsylvania School Boards Association to name a few. Willis Towers Watson is the brokerage partner of choice Chemeketa Community College (CCC). We are experienced in understanding the unique risk issues of higher education and public entity issues, in developing insurance programs and specifications for the marketplace, and in providing risk management support services to our clients.

Willis Towers Watson Pooling Practice is responsible for the brokerage of over $500 million of annual pooling premiums. Willis Re Pooling is a group of specialists who are 100% dedicated to serving public entity pools and their public agencies. This exclusive focus enables us to stay ahead of our competitors who serve this sector on a part-time basis. Our in-depth understanding of the impact of economic changes and business trends in public agencies makes us especially effective in addressing evolving risk management challenges.

Willis Re Pooling serves over 30 Public Entity Self-Insurance Pool clients. We provide a variety of services ranging from the consultancy through placement of group purchased insurance coverages and vendor selection to the administration of all underwriting, policy issuance, rating, financial analysis, claims and loss control management required by those clients who accept risk on a pooled basis. In each case, the level of service is dictated by the needs and best interests of the client organization. Our ability to respond to the changing needs of our client organizations is demonstrated by their loyalty — many of our pools have been clients for more than two decades.

Pool	Contact	Services and History
Alaska Public Entity Insurance (APEI)	*Barbara Thurston* *Executive Director* *(907) 523 9440* *bthurston@akpei.com*	*We have served as their broker and consultant since 2014. APEI has 66 members comprised of cities, counties, schools and special districts participating in property, casualty, workers' compensation, cyber, crime, equipment breakdown, and marine coverages. We provide pool consulting, reinsurance brokerage, coverage form design and maintenance, and ancillary coverage placement.*
Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT)	*Wayne Carlson* *Executive Director* *(775) 885 7475* *waynecarlson@poolpact.com*	*We have been their broker and consultant since the inception of both pools. The Property & Casualty pool started in 1987 and now has 117 members. The Workers' Compensation pool started in 1996 and now has 111 members. We provide pool consulting, reinsurance brokerage, coverage form design and maintenance, underwriting services, pool financial modeling, actuarial services, equipment maintenance brokerage, property appraisal coordination, and loss control services.*
Oregon Public Entity Excess Pool (OPEEP)	*Scott Moss* *Administrator* *(503) 763 3840* *smoss@cisoregon.org*	*We have served as their broker and consultant since this excess liability pool formed in 2015. OPEEP has three county members and one pool member, comprised of both cities and counties. We provide pool consulting, reinsurance brokerage and coverage form consulting.*

Willis Towers Watson has been active in the State of Nevada since the early 1980s. We anticipated and have reacted to the changes in the various laws and legislative reforms that impact public entities since that time. This is evidenced by our involvement in the development of the <u>Nevada Public Agency Insurance Pool and the Public Agency Compensation Trust.</u>

2.2.2 Brokers/firms must demonstrate experience in negotiation and managing large deductible or other alternative risk financing plans for a large public entity or private employer with the past two (2) years.

Willis Towers Watson is the current broker for the <u>State of Nevada and the Nevada System of Higher Education</u>. Willis Towers Watson efficiently and effectively negotiates with insurers to secure the most advantageous coverage and cost effective insurance programs including but not limited to:

- ***Aviation***
- ***Cyber Liability Risk Assessment***
- ***Excess Liability***
- ***Fine Arts***
- ***Workers' Compensation***

Willis Towers Watson again negotiated the renewal of the State of Nevada's Excess Liability program for the September 1, 2017-2018 to the satisfaction of the State. The renewal for 2017-2018 was particularly challenging in the marketplace due to constriction of capacity and coverage by insurers with respect to perceived and actual risks that State exposures present to insurers. Insurers have been paying out claims on State clients to exhaustion of full policy limits. With the renewal this year, Willis Towers Watson again utilized the skills of highly experienced brokerage to obtain a favorable program.

In particular:

- ***Willis Towers Watson approached and negotiated with over 30 insurers.***
- ***Markets included US, Bermuda, London and European insurers.***
- ***Willis Towers Watson has owned offices around the globe therefore providing the State with direct Willis Towers Watson resources and no need to utilize a 3rd party broker to access the marketplace.***

The incumbent market, AIG, again provided the most favorable terms. AIG and Willis Towers Watson have a strong working relationship at the field level and through senior level leadership. The policy has a limit of $15M with a self-insured retention (for most coverages) of $2M. The challenges this renewal included:

Insurers sought to exclude coverage for "wildfire". In view of the 2017 Little Valley Fire in Nevada which presents a complex claim scenario, we were pleased to secure coverage terms that do not exclude "wildfire". Willis Towers Watson brokers and claims advocates worked closely with the State of Nevada Risk Management team and the State of Nevada Attorney General's office.

Another sensitivity with insurers in today's marketplace is Neurodegenerative Injury aka - "concussion injuries". Insurers are actively constricting or excluding this coverage. Willis Towers Watson worked closely with the State of Nevada Risk Management team, the State of Nevada Attorney General's office and the State of Nevada legal team across the Nevada University System to specifically assess this

exposure and policy language. Willis Towers Watson negotiated with AIG to secure a "carve back" of Neurodegenerative Injury coverage.

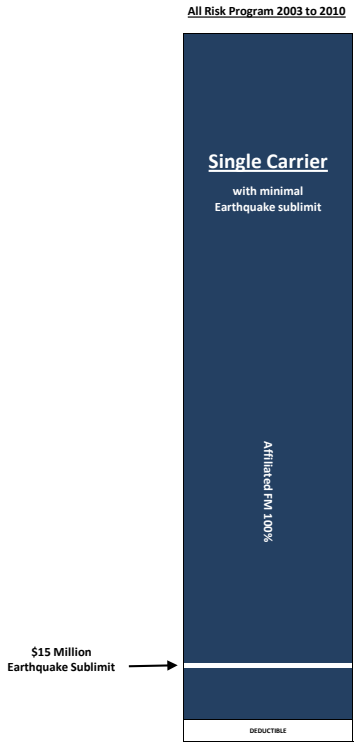
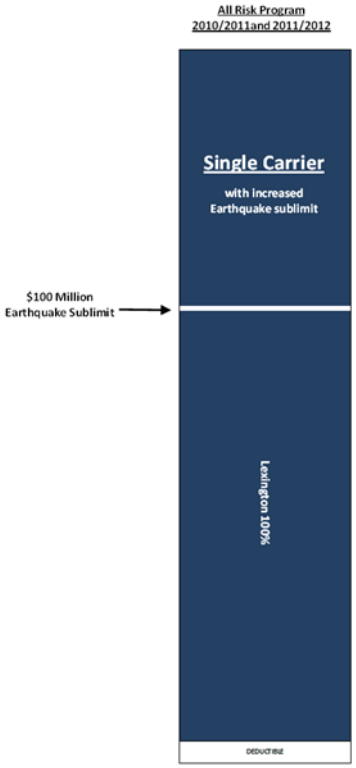
Additional examples of Willis Towers Watson brokerage expertise and experience with negotiation and management of large deductible and alternative risk financing plans for our clients include:

<u>Program Design & Optimization</u>

Our client, Sound Transit presents unique but state-of-the art exposures to the property marketplace. Rather than using a standard program design format, our program design recommendations for Sound Transit has varied from year to year based on market conditions, available capacity in the marketplace domestic markets, price of reinsurance by layer, emergence of new alternative risk financing products, and continued growth of Sound Transit's asset portfolio.

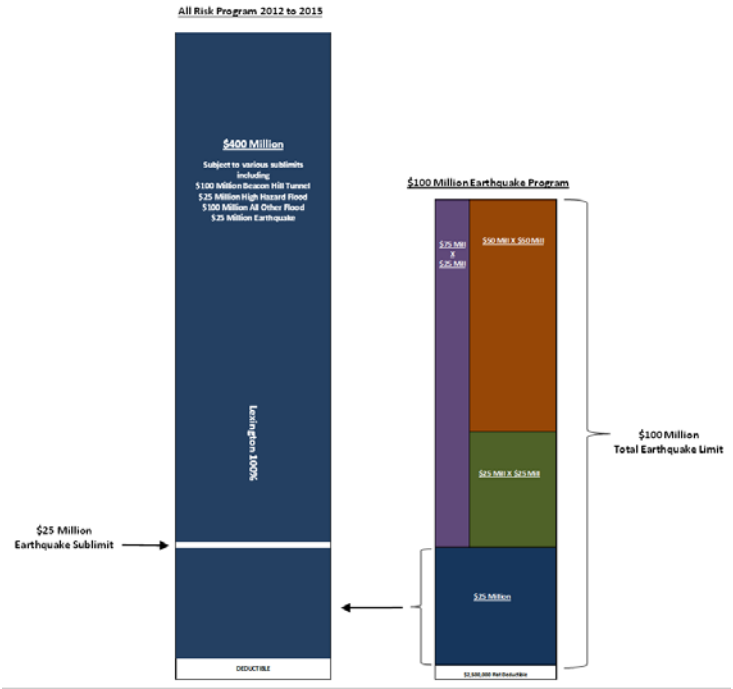
As mentioned above, we evaluate numerous program design options using proprietary analytic tools to develop the best structure for your program and determine how each would perform under specific loss scenarios.

The design and implementation of the optimal property structure is a multi-faceted process that requires constant evaluation of risks and exposures, assessment of current and anticipated protection requirements, stress-testing of the costs associated with countermeasures, and development of administrative and compliance guidelines consistent with best financial and legal practices.

	
Historical Perspective 2003 to 2010 ***Single Carrier*** ***Low Earthquake Sublimit*** ***Values grew 862%***	***Historical Perspective 2010 to 2012*** ***Values increased an additional 200%*** ***Property Program moved to an insurer with:*** ****Larger earthquake appetite*** ****Capability to offer increased program sublimits***

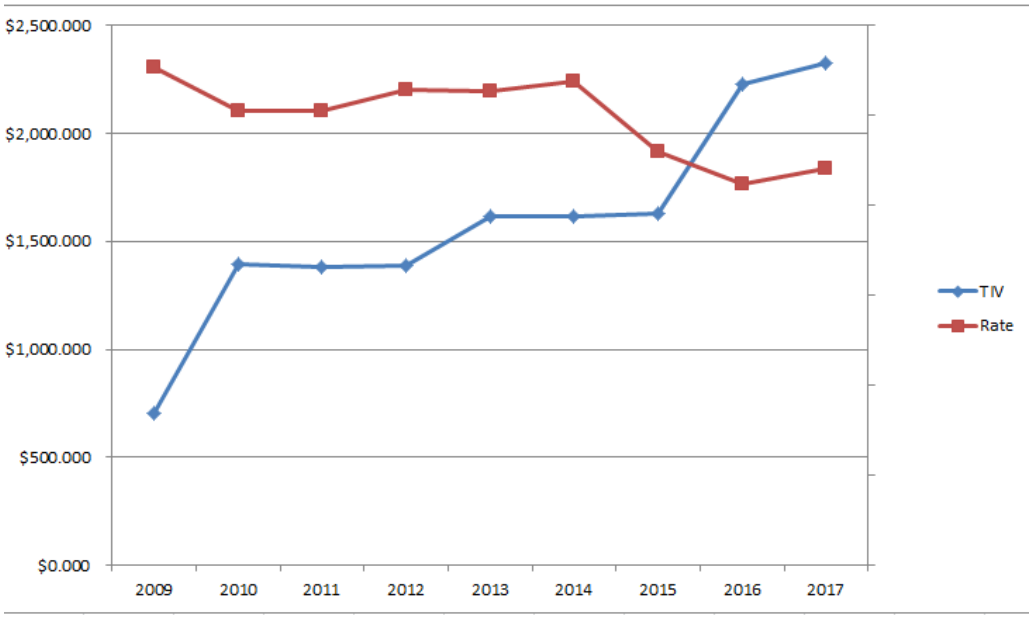
Historical Perspective 2012 to 2015

- ***Program transitioned to bring in Difference in Conditions Markets to increase earthquake limit to $100 Million.***



Historical Perspective 2015 to 2017
Total Values Milestones 2015 to 2016

- ***2015 Expiring Values - $1,616,917,631***
- ***2016 Renewal Values - $2,226,217,862***

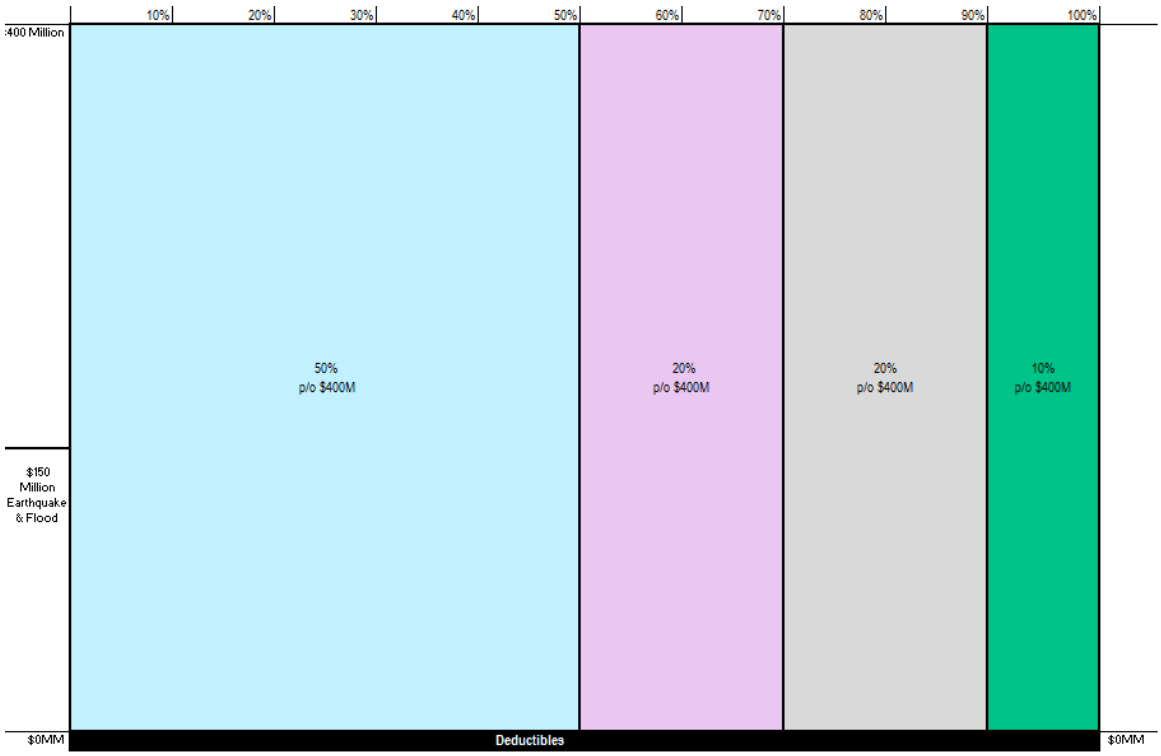


Strategically, Sound Transit and Willis Towers Watson worked diligently to address the large future asset growth of the Agency and how to address this growth in terms of alternative property insurance structures, potential reinsurance structures and public entity captives.

In anticipation of the asset valuation "make up" changes during the 2015/2016 policy term and the potential impact of the earthquake risk for Sound Transit, Willis Towers Watson hosted a Property Reconfiguration Meeting in the Fall of 2014. Six prospective underwriters attended the communal meeting along with Sound Transit's Risk Management team.

Our vision and strategy was to partner with insurers that are stable for a long-term program that can "grow" and "stretch" as the University Link Extension became operational in Q1-2016 as well and South 200th Link as well as deploy the required Earthquake limits while containing cost.

Effective May 1, 2015 we transitioned in to a Vertical Quota Share program achieving our goals; thus, eliminating the costly capacity of the Difference in Conditions markets.



This program structure remains today; however, for the 2017 to 2018 term, the earthquake limit was increased from $100 Million to $150 Million. Again, demonstrating our vision placed in 2015 was working.

An integral part of Willis's proposition to its clients is the ability to evaluate and execute all forms of risk transfer, be that traditional (re)insurance, alternative risk transfer or capital markets based instruments.

Our activities in these fields encompass capital market solutions, structured (re)insurance, derivative transactions, loss portfolio transfers, index based risk transfer, collateralized (re)insurance credit related activities, multi-trigger transactions and the like. Examples of areas where we have expertise include:

- ***Structured Solutions - Creating flexible multi-year underwriting capacity by blending risk financing and risk transfer***
- ***Loss Portfolio Transfer – transferring portfolios of retained liabilities to pay claims to a third party***

- ***Weather solutions - Mitigating the impact of adverse weather conditions on company revenues by structuring single season or multi-year hedging programs***
- ***Index-based risk transfer for natural catastrophes - Providing additional catastrophe capacity by deploying non-indemnity based risk transfer structures***
- ***Catastrophe Bonds - Providing advisory and execution functions relating to Private Placements and Insurance-Linked Securitizations***
- ***Non-Damage Business Interruption – Structuring coverage to respond to catastrophic reductions in revenues not necessarily linked to a property damage event***
- ***Contingent capital - Prearranging contingent debt and equity financing to replenish capital after devastating losses***
- ***Credit enhancement - Improving the financing of portfolios of assets, ranging from aircraft to real estate by marshalling insurance to underpin cash flows or underlying asset values***
- ***Index Transactions – utilizing indices as a proxy for a given risk exposure to facilitate risk transfer***
- ***Contingency Risk Transfer – providing risk transfer for low frequency events to facilitate a wider transaction***

Strategic Risk and Consulting practice is the center of excellence for Structured Finance and Alternative Risk Transfer (ART) solutions, fulfilling a wide variety of needs, for both corporate and reinsurance clients.

The process model we adopt is based on a partnership. We begin by understanding our clients' goals, aspirations, motivations and constraints. We then review your existing financial resources and (re)insurance arrangements, evaluating them in terms of efficiency, longevity and consistency with the vision of your organization's future.

We work with you to identify ways of strengthening the resources available. After assembling several possible solutions, we assist you in selecting and developing a solution that most efficiently and effectively meets your requirements and furthers your goals.

In support of this work we are able to turn to our analytical, actuarial and structuring talents that have achieved acclaim in insurance and financial circles around the globe.

Our solutions are highly effective in dealing with risks that are generally difficult to insure via conventional methods. They include reducing earnings volatility, managing speculative risks, risk hedging, deal facilitation and the management of specific balance sheet provisions.

Examples of our range of solutions include:

- ***Non-insurance capital enhancement to support insurance risk***
- ***Insurance capital to finance the assumption of derivative trading risk***
- ***Traditional quota share reinsurance deployed as a means of delivering contingent capital***
- ***Parametric structures introduced to supplement indemnity-based risk capacity***
- ***Contingent debt and equity financing lined up to replenish capital after devastating losses***
- ***Structured Risk Solutions are deployed to create flexible underwriting capacity and ease the impact of loss events on corporate finances***

Our solutions are tailored to the specific needs of the customer and are developed utilizing our deep understanding of risk issues, our strong analytical capabilities, and our ability to access capital from multiple sources.

Willis Towers Watson works seamlessly with the State and University Risk Managers and the State of Nevada Attorney General's office to address sensitive information, negotiate with insurers and effectively manage claim activity.

Willis Towers Watson is the long time brokerage partner and Advocate for the State of Nevada's Workers' Compensation program which renews on January 1st. This program includes many unique features including $2M deductible, clash coverage aggregate, beneficial coverage terms and alternative risk financial collateral triggers.

2.2.3 Brokers/firm and key staff must be available to the Risk Management Division during regular business hours (8:00 a.m. – 5:00 p.m., Pacific Time, Monday-Friday, excluding State holidays) and must agree to allow the Risk Manager or her designee to communicate directly with the insurer and underwriters upon request.

All Willis Towers Watson offices are open 8:30AM to 5:00PM, Pacific Time, Monday – Friday with key staff available to the State of Nevada. In the event of non-office hour time sensitive issues or emergencies, the Risk Management Division and the Attorney General's office have after-hours phone numbers for immediate contact with key Willis Towers Watson colleagues.

2.2.4 Brokers/firms or brokers assigned to work on the State's account must not have been issued a "Cease and Desist Order" from the Insurance Commissioner in the State of Nevada for any reason within the past two (2) years.

No "Cease and Desist Order" from the Insurance Commissioner in the State of Nevada has been issued against either Willis Towers Watson and Willis Pooling or any of the proposed account team assigned to work on the State's account for any reason within the past two years.

2.2.5 Broker/firms must be licensed with the Insurance Division and the Secretary of State to do business in the State of Nevada.

Willis Towers Watson has been licensed to do business in Nevada since 1979. We have attached a copy of our Nevada license. Willis Towers Watson has offices in Reno and Las Vegas.

2.2.6 Broker/firms must agree to all conditions outlined in ***Section 1, Overview and Scope of Project.***

Willis Towers Watson agrees to all conditions outlined in Section 1, Overview and Scope of Project.

2.2.7 Brokers must be able to demonstrate favorable insurance market relationships for the type of coverages/programs needed by the State.

Willis Towers Watson maintains direct contact with local level underwriters and senior home office decision makers of the major insurance and reinsurance carriers who are domiciled in the U.S., London, Bermuda and other global markets. Excellent underwriting relationships developed through mutual, long term professional respect allow Willis Towers Watson brokers to readily obtain the needed capacity/limits/program structures for our clients at the optimum cost and coverage terms available in the marketplace. Willis Towers Watson is in constant communication with insurers and is immediately aware of changes in the retail, wholesale and reinsurance marketplace. The trust and commitment we have earned from the insurers and reinsurers has enabled us to obtain very favorable results when

negotiating on behalf of our clients. Also, as one of the largest insurance brokers in the US, Willis Towers Watson places over $45 billion in total premium volume into the marketplace at large.

We believe an assertive, highly technical and experienced negotiating team is required to achieve desired results and directives – minimizing the State of Nevada's overall insurance premiums, while obtaining enhanced terms and conditions. The Willis Towers Watson team for the State of Nevada has developed decades of experience negotiating with the senior decision makers of global insurers. This positions the State for immediate market attentions. We negotiate on behalf of and at the direction of the State of Nevada. Our market negotiations are always conducted in the best interests of our clients as we look to capitalize upon our position in the global insurance theater for the benefit of the State of Nevada, it's operating Agencies and Universities.

2.2.8 Brokers engaged in cyber assessments and cyber liability policy placement will be required to meet additional background check requirements and/or will required to provide the State letters of attestation from employer certificating that serving broker has no criminal convictions that would preclude them from marketing that particular line of coverage.

Willis Towers Watson agrees to meet additional background check requirements for cyber assessments and cyber liability placements.

2.2.9 Broker/firm must agree to have stewardship meeting with State at least once a year.

Willis Towers Watson agrees to have stewardship meetings with the State at least once a year.

2.3 TECHNICAL MINIMUM QUALIFICATIONS

It is ***mandatory*** that each component listed below in the Technical Minimum Qualifications be addressed. Failure to address each component shall result in disqualification of the RFQ response.

Vendors proposing to receive an award through this RFQ shall provide a detailed description of their SOQ, which shall include, at a minimum, the following information.

Please respond to the following items. Please keep your answers concise and number your responses to correspond with each question.

2.3.1 Provide a brief history and description of your firm. The description should include the number of employees who specialize in property and liability insurance and ancillary fields. Provide the same information and the physical location of offices in Nevada. Please provide copies of appropriate licenses.

<u>Who We Are</u>

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical

intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

<u>What We Do</u>

We focus on what your Company's strategy is, your industry focus and the challenges and opportunities it faces. We pair this analysis with the four key business segments in which we operate.

- ***Corporate risk and broking***
- ***Human capital and benefits***
- ***Exchange solutions***
- ***Investment, risk and reinsurance***

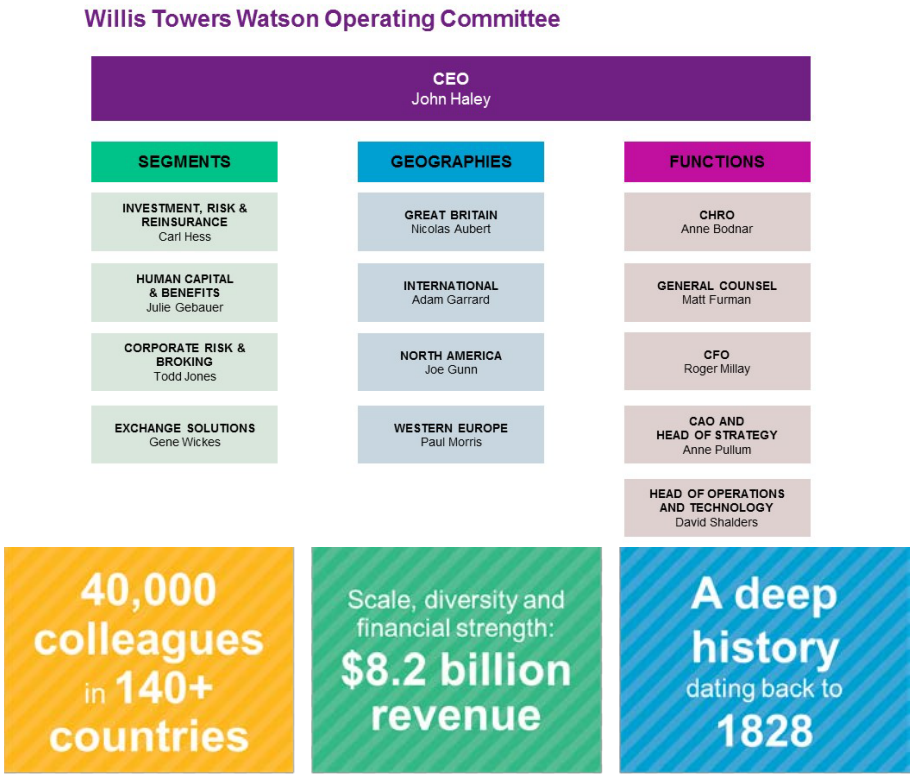
Our integrated teams reveal hidden value within the critical intersections of our clients' organizations. Teams from across our business segments work together to explore the frontiers of our field and ask unexpected questions that make new connections for you across people and risk. Business segments are explicitly interconnected with geographies, ensuring you have ready access to the entirety of our expertise.

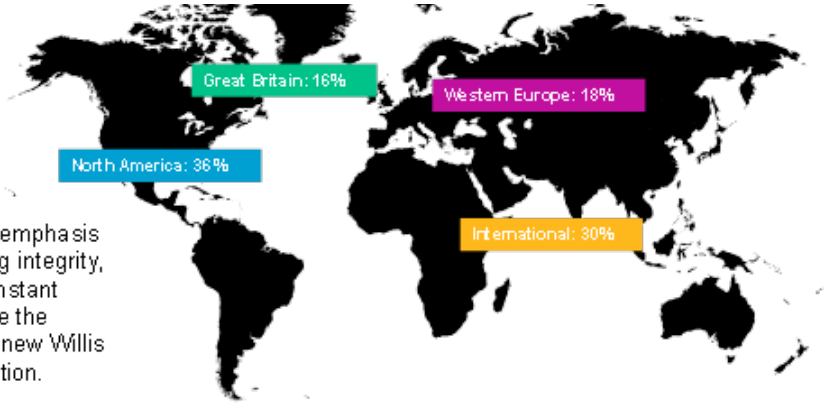
Together, they are responsible for delivering the best of our combined company.

<u>Segment Structure</u>

Human Capital & Benefits	Exchange Solutions
High-performing institutions cultivate and grow talent, carefully balancing costs and rewards. From employee benefits to executive compensation, we take a rounded perspective based on leading-edge thinking, data, analytics and software, unearthing new ways to motivate people, foster well-being and implement solutions that work.	A changing health care landscape creates new opportunities. With our combined understanding of regulation and risk, behavioral insights and technology platforms, we create innovative exchange-based services and solutions that enable people to navigate options with confidence, and give employers decision-making peace of mind.
Investment, Risk & Reinsurance	**Corporate Risk & Broking**
Our sophisticated approach to risk helps clients free up capital. We work in close concert with investors, reinsurers and insurers to manage the equation between risk and return. Blending advanced analytics with deep institutional knowledge, we reveal new opportunities to maximize performance.	We know how companies can unlock potential through effective risk management. Our clients rely on us to craft strategies to quantify, mitigate and transfer risk, taking advantage of our specialist industry experience and unparalleled market know-how. The result is a new way of embracing risk that drives superior results.

Organizational Chart





A strong client focus, an emphasis on teamwork, unwavering integrity, mutual respect and a constant striving for excellence are the values at the core of the new Willis Towers Watson organization.

A History of Shared Values

A strong client focus, an emphasis on teamwork, unwavering integrity, mutual respect and a constant striving for excellence are the values at the core of Willis Towers Watson's rich history. Many of our clients have been with us from our earliest days. Whether they first came to us for brokerage services or actuarial work, they were met with respect, a strong sense of advocacy and an emphasis on excellence. These values will continue to define our approach to business and our relationship with our clients, now and in the future.

Annual Report

Our annual report serves as the Audit Financial Statement. It includes two years of results and an auditor's opinion. You can also find a copy of our annual report on our website at: http://investors.willis.com
Our SEC filings can be accessed on our Investor Relations page: http://investors.willis.com/

Headquarter address

The Willis Towers Watson Building
51 Lime Street
London EC3M 7DQ
England

Website address
www.WillisTowersWatson.com

Willis Towers Watson - 600 University Street Suite 3100, Seattle WA 98101
Willis of Seattle, Inc. has a team with significant public entity insurance and risk management expertise. As your primary team, they would work closely with the State of Nevada on their Property and Liability programs. Willis Towers Watson Seattle provides 60 insurance and reinsurance professional. Areas of expertise include but are not limited to:

- ***Property & Casualty***

Willis Re Pooling, 1755 E. Plumb Lane, Suite 269, Reno, NV 89502
32 associates nationally; 7 of which are based in Reno, Nevada
Willis Re Pooling is a group of specialists who are 100% dedicated to serving public entity pools and their public agencies.

Willis of Arizona, Inc., 1980 Festival Plaza Dr. #300, Las Vegas, NV 89135
2 insurance professionals
Areas of expertise include but are not limited to:

- ***Property & Casualty***

Willis Towers Watson, North America Public Entity Practice
412 North Tryon ST., Ste. 2500, Charlotte, NC 28202
150 people professionals including the North American Public Entity team
Areas of expertise include but are not limited to:

- ***Property & Casualty***

2.3.2 Describe the special expertise your firm has in marketing property and liability insurance and related services to states, universities, large public entities and/or public entity pools.

The team that the State of Nevada currently works with are highly skilled, effective and resourceful. They also have considerable historical relevant knowledge of the State of Nevada programs. There are been many team members that work behind the scenes to also make your programs best in class. We recognize that this question is being considered material and we couldn't agree more. Our achievements to date provide excellent overview of our abilities:

- ***Renewal Process***
- ***Marketing***
- ***Program Structure and Design Capabilities***
- ***Day to Day Administration***
- ***Claims and Loss Control***

The team of insurance professionals assembled for the State of Nevada's account all have had long insurance careers specializing in their particular niche of the industry. When brought together as a team they represent the depth of experience that the State of Nevada requires and many of them have personally had long-term involvement with the State of Nevada's Risk Management Department.

Willis Towers Watson Market Security Group (MSG)

The Market Security Group (MSG), one of the first such teams to be established in the London market, has a proven history of supporting the needs of clients around the world. It is responsible for the independent monitoring of more than 2600 insurance and reinsurance carriers, in addition to third-party intermediaries, used worldwide.

Willis Towers Watson is unique in the broking sector in having a U.K. headquartered team serving all parts of the Group globally that are subject to Market Security Policy; providing a centralized unit supporting all insurance and reinsurance operations in both general and life sectors. This provides a global view of markets, of immense breadth and depth, aiding consistency and comparability within the assessment of markets.

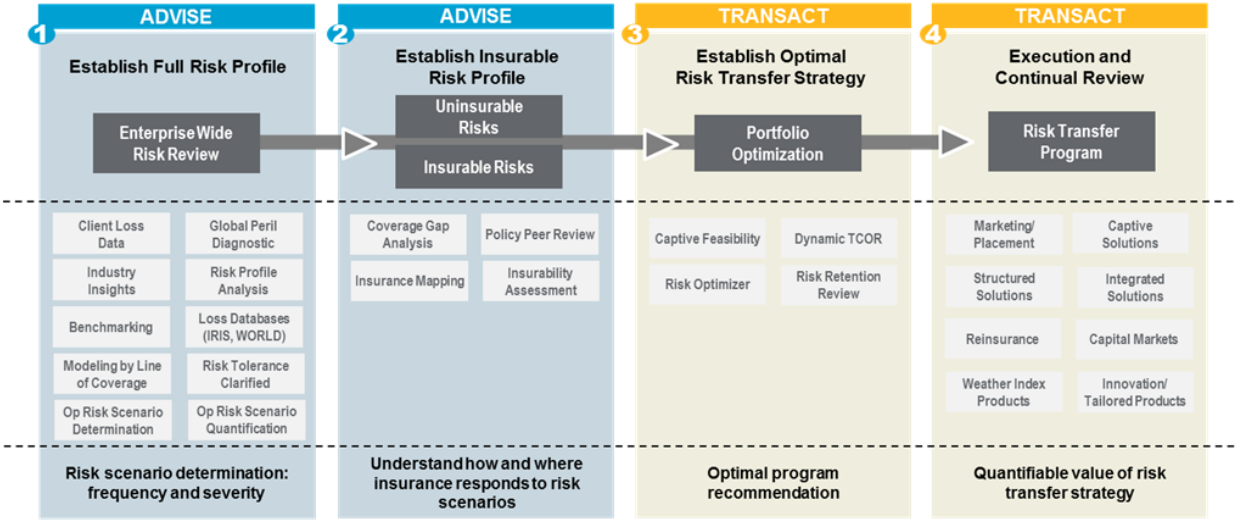
MSG has 20 analysts, who are trained in a range of disciplines, including financial and management accounting, insurance, insolvency and general research. Analysts each have specialist responsibilities, which may be allocated by business sector, geography or ownership. For example, the team includes analysts with particular experience with respect to Lloyd's of London.

MSG provides insight on a wide range of companies and issues without having to rely solely on external agencies. We review each of the operating companies on our Security List, at least annually, or more frequently if appropriate; the frequency and scope of review being determined by risk triggers. Typically, this assessment incorporates a review of the latest available financial information (captured within our own proprietary database from the annual financial statements of the operating company) and where relevant a host of other sources of information such as rating agency statements and reports, press articles and other market intelligence. Information on each operating company is available to clients through fact sheets, which include a standard pro-forma balance sheet, income statement and key ratings, as well as a factual summary for certain carriers and major groups.

We have access to a number of important public sources of data and our analysts regularly review a host of key industry journals and subscriptions. These include Standard & Poor's Global Credit Portal and a number of products by AM Best, including "Global Insight" as well as products from Moody's Investor Services, Fitch Ratings and the SNL Financial database for U.S. statutory filings.

Our own analytical process is supported by the daily monitoring of all rating actions undertaken by rating agencies. Any changes are reviewed by senior members of MSG and are reported at their weekly committee meeting. Announcements and rating rationales produced by rating agencies are also made available to clients, subject to copyright, as are other key press releases and company announcements.

Through the analysis of information captured directly from original financial statements, MSG has one of the largest proprietary databases providing independent analyses of insurance companies around the world.



<u>Placement Philosophy</u>

How a risk is presented to the global marketplace is paramount. Every Willis Towers Watson service team either includes or has access to a team of local seasoned Placement Specialists who develop placement strategies tailored to each client's profile and needs. The Willis Towers Watson Placement Philosophy is the following:

- ***Each client must be differentiated from its peers, not homogenized in the marketplace***
- ***Insurance should not be a volume business***
- ***Every client deserves its own best deal***
- ***Underwriters respond better to us because of our hands-on knowledge and delivery of underwriting information***

2.3.3 Describe the largest alternative risk financing program that individuals, who would be designated to work on this account, have placed within the past two (2) years.

Willis Towers Watson is also the broker that represents the State of Nevada on your Workers' Compensation Program. The State is one of the few Public Entities of a comparable size that has the option of a large deductible insured program. Most other Public Agencies of this size are forced into Self-Insured Programs. This has been maintained due to your longstanding relationship with both AIG and Willis Towers Watson as your broker representative.

While the fact that the State has an insured deductible program is clearly unique, it is not exceptional. What is exceptional in this placement is that we, as the State's Advocate, has been able to secure and continue a low collateral level for a vast majority of the outstanding losses totaling an expected $75+ million as of this last renewal. We can safely say that the State's Workers' Compensation is unique. We attribute this success to the collaborative relationship between the State of Nevada, AIG senior leadership and Willis Towers Watson.

Sound Transit, Seattle, Washington-Program Highlights:

Willis Towers Watson works with 7 of the top 10 largest transit agencies. We are continually investing in the passenger transportation industry segment to expand our capacity to serve our clients' needs.

We Understand Complex Risk.

Willis Towers Watson share with Sound Transit our market relationships, rationale behind our thinking, and listen to you. Joint marketing plans are created to deliver efficient, cost-sensitive services while accurately documenting those services.

In our experience with complex risks for transit agencies, what you often think can never happen happens – major storm, earthquake, investment fraud, or a terrorist attack. Sound Transit must ask itself who the best risk management partner would be, regardless of what happens.

Our work to support clients' claim recoveries are summarized in these dissimilar but critically important events for the systems involved. We have gained invaluable experience that will directly benefit you. For example, these clients collected their claims and the benefit of billions of dollars:

- ***Willis Towers Watson was the first broker at Lloyds, upon its opening following 9/11, to present the MTA and Port Authority claims. Advances of $1 billion were secured and more than $7 billion in property claims secured.***
- ***For a major rail tunnel project, cancelled only months after contracts were signed, we negotiated the return of premium the client was legally obligated to pay.***
- ***A DC client's accident involved a smoking third-rail conduit which filled subway cars with smoke. A fatality and 137 injuries were reported. Willis Towers Watson use of Environmental liability insurance replaced the client's substantial liability SIR. $4M dollars were saved and the excess liability no claims bonus of 15% or $780,000 was protected – a $5M gain.***
- ***Following a US national passenger system's derailment with fatalities and hundreds of injuries. Willis Towers Watson replaced the previous broker two weeks after the event and restructured their liability program saving more than $10M while retaining all legacy underwriters. $285M in settlements were arranged in less than 12 months. 18 months later the client saw premium reductions at their next renewal.***

2.3.4 Provide the State with the names and a summary of the experience of each individual who would be assigned to work on the State account. This should include account executives, marketing personnel, loss control and claims consulting personnel and others who would actively work on the State account. A resume for each individual must be provided. Identify the individual within your firm who would have overall responsibility for the State account and the office in which each account team member is located.

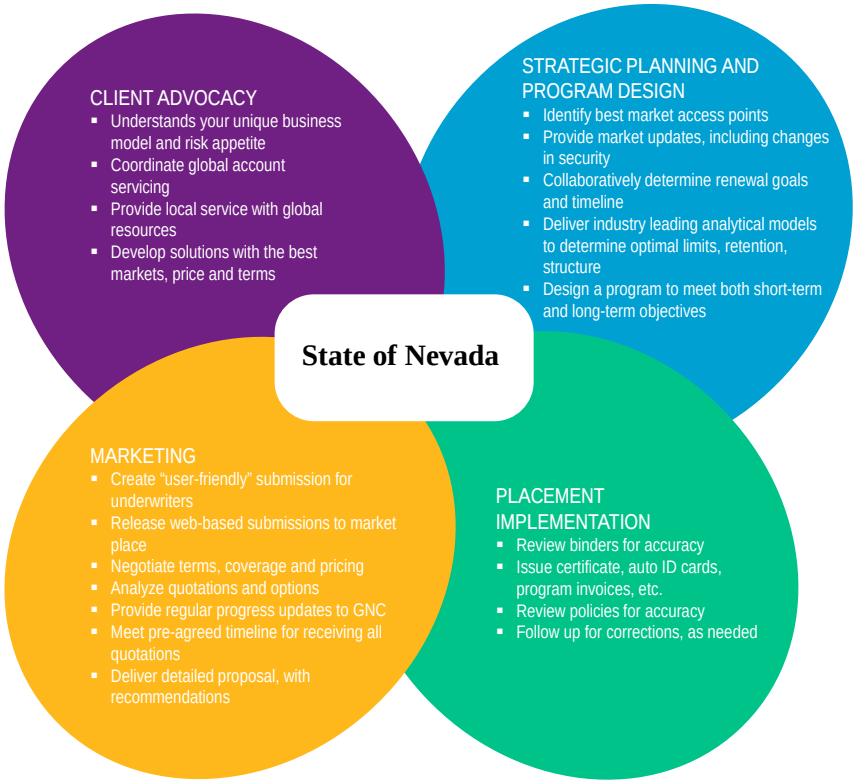
Our team, comprised of multi-disciplinary specialists are led by <u>Theresa Clune - Client Advocate</u>. "Client Advocate" is also the term we use to describe the senior Willis Towers Watson associate selected to work with a client and manage all aspects of their account: current and prospective risks, loss prevention and loss settlement, marketing and administration. The Client Advocate has the depth, technical knowledge and overall professional expertise to drive consistent result. In short, a Client Advocate is the client's willing champion in the marketplace and their trusted adviser.

Please see Section VIII – Willis Towers Watson Proposed Staff Resumes.

Client Advocacy is at the heart of the Willis Towers Watson client proposition and an essential component of the way we bring clients the very best of Willis Towers Watson. We hold client advocates accountable for assuring that every client receives coordinated, customized personal service from our global firm. The client advocate builds deep client relationships, fully understands the client's risks and financial goals, and builds business partnerships that demonstrate industry knowledge, organizational alignment, trust, initiative, thought leadership, risk solutions, analytics and service quality. By doing this, we can develop the right solutions, deliver excellent and value-added service and build a long-standing partnership. With our Client Advocate model and using the latest technology, we are able to draw on the talents and information found in any Willis Towers Watson office worldwide to consistently deliver to clients everywhere the expertise, products and services they require and expect from us. The client advocate leads a connected global team and acts as the portal to the global expertise of Willis Towers Watson, advocates for the client in the insurance market and is their trusted advisor. As your advocate, we challenge ourselves to constantly add value and achieve better results.

The Willis Towers Watson service philosophy:

Willis Towers Watson is dedicated to building long-term relationships and serving our clients with a commitment to excellence and professional standards. This commitment is reinforced, worldwide, through a continuous cycle of employee orientation, education and peer review.



Our day-to-day servicing to meet our client's risk management requirements functions on two levels. The first is the macro level, consisting of planning and strategic activities. The macro process is largely managed by the Client Advocate working alongside the brokers assigned to the account. The second, or micro level, consists of the day-to-day activities that provide the controls necessary to manage a client relationship effectively.

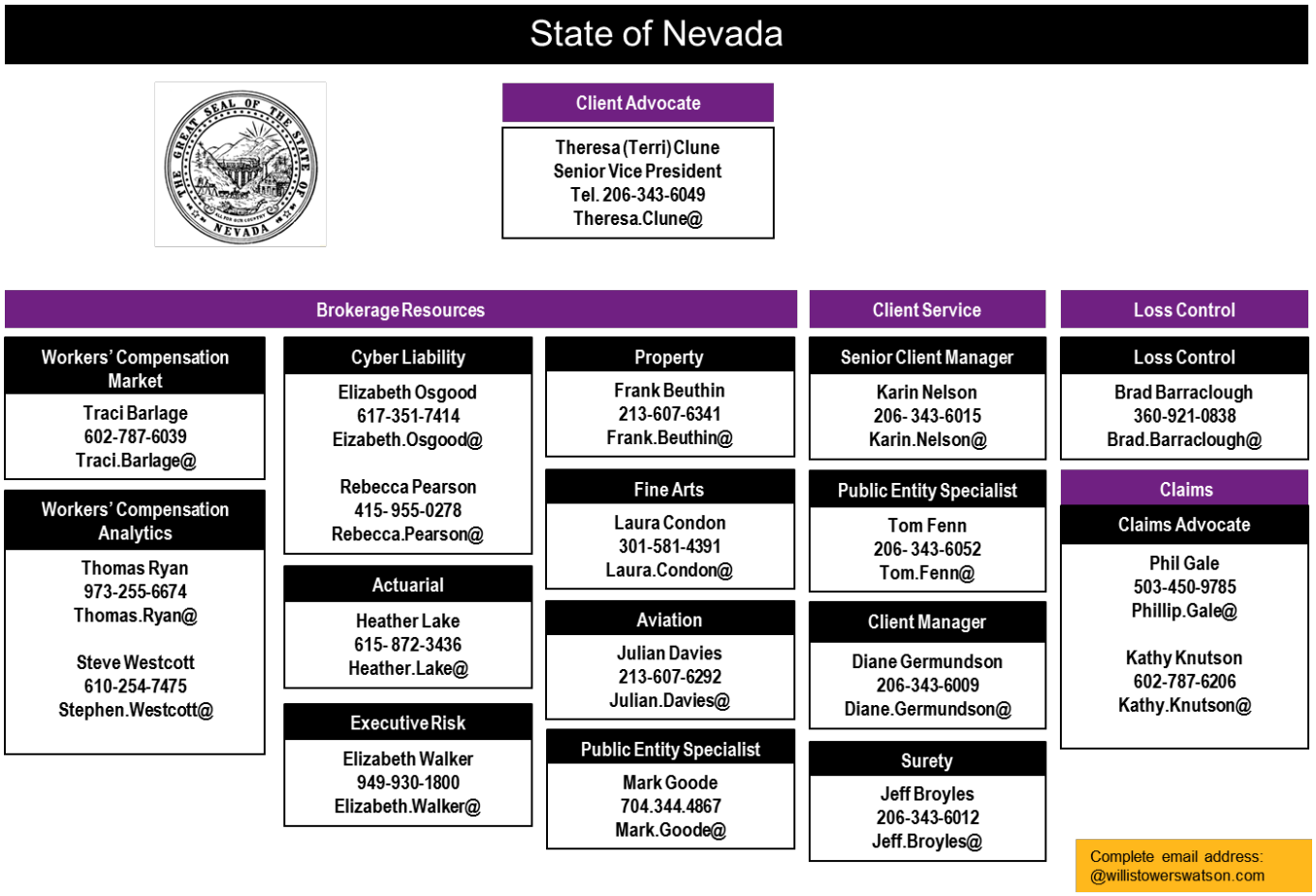
Delivering value everyday:

We work as a single team across all our business units to deliver value to our clients.
Our in-depth understanding of a wide range of industries and the impact economic changes and business trends have on client operations makes us effective in addressing their evolving risk management challenges

Risk must be managed so it does not impede a business's efficiency, growth and success. Our grasp of a client's financial objectives combined with our knowledge, resources, technology, market access and

ideas for insurance and risk financing alternatives help clients move from simply responding to risk to capitalizing on business opportunities with confidence.

A core element of our service is providing our clients the tools for "fact-based decision making" on both strategic and tactical issues. Our analytical work is embedded in the client service team, annual placement goals and long-term risk financing strategies. We measure the value of our analytical work in terms of new, objective and actionable risk insights – and the substantial financial savings we can help a client achieve.



Our team of specialists has been selected specifically given their considerable experience and areas of expertise that will benefit the State.

Client Advocate – Theresa Clune, Senior Vice President, Willis of Seattle. ***30 years of brokerage experience. Theresa specializes in the structure, negotiation, placement and effective administration of large, complex risks. Her industry knowledge spans all lines of coverage. She works seamlessly with global Fortune 250 clients and domestic U.S. based clients. Over the many years, Theresa has earned considerable influence in the insurance market and utilizes this position for the benefit of her clients.***

Client Services Specialist – Karin Nelson, Willis of Seattle. ***With 30 years of experience in the insurance industry with Willis of Seattle, Inc. Karin has been responsible for the oversight and management of account activities and coordinating efforts of the administrative staff, including communication, specification preparation, marketing negotiations, placement and service of all insurance programs and client risk management needs for public entity/health care accounts.***

Client Executive – Tom Fenn, Willis of Seattle. ***Tom brings to his role over 40 years of insurance experience and expertise in placing and servicing clients. He serves as a Senior Client Advocate in the Public Entity Practice. Tom provides consultation services to clients on such matters as program design, marketplace trends, insurance carrier capabilities, strategic market access points and creative program alternatives.***

Public Entity Leadership – Mark Goode, Willis of North Carolina.
Mark brings national expertise and resources to the Willis teams serving State and Public Entity clients.

Managing Partner – Lindsay Cunningham. ***She assumed the role of Managing Partner of Willis of Seattle in 2017. Lindsay is responsible for the day to day management of all aspects of the office; which includes financial performance and management of all Associates.***

Casualty Marketing – Traci Barlage, Willis of Scottsdale. ***Traci has over 20 years in the brokerage industry. She focuses on delivering creative risk financing solutions to complex casualty risks. She specializes in large national account placements throughout the Western United States.***

Property Marketing – Frank Beuthin, Willis of Los Angeles. ***Frank began his insurance career 25+ years ago. He provides consultation to large clients on all matters related to their property insurance program, including program design, property marketplace trends, insurance carrier capabilities, strategic market access points, benchmarking and creative program alternatives.***

Aviation – Julian Davies, Willis of Los Angeles. ***Julian has more than 25 years of experience in the aviation insurance industry. He serves as Client Advocate, a role that includes aviation risk management strategy, program design, and client and market relationships.***

Executive Risk – Elizabeth Walker, Willis of Los Angeles. ***Liz is responsible for the marketing and negotiating of Directors and Officers, Fidelity, Fiduciary, Public Officials E&O and Employment Practices Liability.***

Claim Advocate – Phil Gale, Willis of Portland. ***Phil has 34 years of multiline claim experience. He is routinely involved in claims with large dollar potential, coverage issues, carrier service issues, Workers' Compensation Claim consulting, and complex litigation.***

Pooling & Loss Control – Mary Wray, Willis of Chicago. ***With 11 years at Willis, Mary provides expertise and supporting duties to multiple pool clients throughout the U.S. She has worked closely with the educational and public sector to provide alternative risk management and group self-insurance products. Her expertise ranges from public entity and educational pools to private group captives. Mary has been involved in both the startup and the continued service of these types of programs.***

Analytics – Kevin Habash, Willis of Los Angeles. ***Kevin has more than 30 years of risk consulting and management experience in the financial services and insurance industry. He specializes in complex risk modeling, alternative risk financing program design, risk pricing, claim management practices and development of financial risk transfer products.***

Surety – Jeff Broyles and Jessica Rini, Willis of Seattle and Willis of Denver. ***Jeff has over 25 years' experience in the surety industry with the last 3 years as a senior broker with Willis Seattle. He is responsible for servicing many surety accounts in the ENR 400 with national and international surety***

requirements. Jeff is also very knowledgeable with regard to the construction industry at large and is the trusted advisor for complex construction surety issues.

With five years' experience in the surety industry, Jessica has been with Willis of Denver, Inc. and is responsible for the oversight and management of account activities for both construction and commercial surety clients. She works in cooperation with the client team in marketing and servicing the overall surety program.

Due to the constantly changing nature of the operations of state government operations and the uniqueness of the state laws, other brokerage services may be required by the State of Nevada at any time. Because of the team work concept inherent among the various Willis offices nationally and worldwide, the State's Account Team has access to specialists in all areas at any time whether it involves Environmental monitoring issues, Reinsurance marketing or Reserve Funding alternatives. Willis Towers Watson fully understands the time it takes to service the State of Nevada account and pledges its personnel and resources to meeting these time commitments.

2.3.5 Provide the names and telephone numbers of at least three (3) references ***(Refer to Section 3.3.1)***. These references must include a state government, large governmental or public entity or other large organization clients within the last three (3) years. For each reference also show coverages placed, dates of service (i.e., starting and ending) and any additional services that were provided.

Name	***Sound Transit***
Contact	***Michael Anastasi***
Type of Company	***Public Entity/Transit Authority***
Date of Service	***2003 – Current***
Services provided	***Property, Liability, Builders Risk, Cyber program, Crime, Public Officials, Auto, Pollution***

Name	***State of Georgia, Department of Administrative Services***
Contact	***Wade Damron, Director of Risk Management***
Type of Company	***Public Entity***
Date of Service	***2003 – Current***
Services provided	***Workers Compensation, Aviation, Cyber, Property, Excess Property, Terrorism, Crime, Boiler and Machinery, Inland Marine Equipment Floater, Excess Marine, Lead Excess Liability, Errors and Omission, Environmental Pollution***

Name	***South Carolina School Boards Insurance Trust***
Contact	***Steve Mann, Director of Insurance Services***
Type of Company	***Public Entity***
Date of Service	***2003 – Current***
Services provided	***Workers Compensation, Aviation, Cyber, Property, Excess Property, Terrorism, Crime, Boiler and Machinery, Inland Marine Equipment Floater, Excess Marine, Lead Excess Liability, Errors and Omission, Environmental Pollution***

Name	***City of Spokane***
Contact	***Tim Dunivant***
Type of Company	***Government***
Date of Service	***2011 - Current***
Services provided	***Property, Liability, Excess Liability, Boiler and Machinery, Crime, Public Officials***

Name	***City of Vancouver***
Contact	***Jackie McGee***
Type of Company	***Government***
Date of Service	***2006 - Current***
Services provided	***Property, Liability, Cyber program, Aviation, Crime, Excess Workers Compensation, Pollution, Public Officials***

Name	***State of South Carolina***
Contact	***Anne Macon Smith, Director***
Type of Company	***Government***
Date of Service	***2008 - Current***
Services provided	***Commercial Flood, Errors and Omissions, Property, Excess Property, Terrorism, Boiler and Machinery, Environmental Pollution, Travel Accident, Fidelity Bond, Excess Workers Compensation, Excess Liability, Cyber Liability, Crime, Bus Transit, Excess Casualty***

2.3.6 Describe your firm's policy in regard to direct client-insurer relations and the availability of staff.

Willis Towers Watson is a firm believer that the State of Nevada Risk Management team works in partnership with Willis Towers Watson brokers meeting with key insurers and developing the State relationship with underwriters. Willis Towers Watson will facilitate meetings with senior leaders and the presidents of insurers when in the best interests of the State. The Willis Towers Watson team of brokers assigned to the State will consistently provide a high degree of market intelligence and positive attentions from the underwriting community.

Acknowledging the importance of the communication process, Willis Towers Watson puts emphasis on the quality and timeliness of our communications with the State. The following recaps the various communication methods to be used by Willis Towers Watson to keep the State of Nevada appraised of our activities conducted on your behalf:

<u>Daily Account Communications</u>

- ***E-Mail***
- ***Telephone***
- ***Letters / Written Correspondence and Reports***

<u>Service plan</u>

The annual service plan guides the day-to-day activities of your Willis Towers Watson team. Activities during the annual service period include:

- ***Exposure Analysis: Review and assessment of the changing world in which the client operates and its impact on the risk management program.***
- ***State of the Market Analysis: Our practice leaders and marketing specialists provide client risk management departments with regular assessments of current market trends along with our prognosis for the future and information about other key items of interest such as new products, new facilities, personnel changes, large losses, significant legislative and regulatory activity and other significant drivers of business performance.***
- ***Meetings with Key Underwriters/Markets: We encourage client participation in these meetings as a means to strengthen the client's relationship between their company and insurers/risk vendors.***
- ***Annual Client Advocacy Report: The purpose of the Client Advocacy Report is to objectively assess activities over the past year and, looking to the coming year, formulate strategy, set goals and identify needed services for all lines of coverage handled by Willis Towers Watson.***
- ***Pre-renewal Meetings: Our policy is to meet with clients 120 days prior to any renewal date to review strategies and specifics. This will afford an opportunity to assess each proposal, as well as ample time for implementation.***
- ***Benchmarking: The team provides benchmarking information and analysis using industry studies and internal Willis Towers Watson resources in order to assist clients in evaluating their risk costs and performance relative to selected peer groups.***
- ***Claim/Engineering Strategies: On a regular basis, we meet with our client's key claim personnel to assess accomplishments during the past quarter and set goals for the next three to six months.***
- ***Open Items Lists: We establish an interactive open items agenda that serves to prioritize and track identified tasks, projects and processes.***
- ***Peer Review Process: We have a formal property/casualty peer review process. Willis Towers Watson professionals from around the country, including brokers, claims advocates and product and team leaders, convene to ensure a well-rounded review of our major accounts. Each team has assigned accounts and areas reviewed include policy language, program structure, pricing and retention. After the review, findings and alternatives are presented to the client team for action, including discussion with the client.***

The renewal marketing report outlines all options of coverage, limits, deductibles or retentions, layering, carriers, premiums, coverage conditions highlighting changes from the last policy, and includes notes on the marketing process. This report recaps the information provided to Risk Management during the entire marketing process.

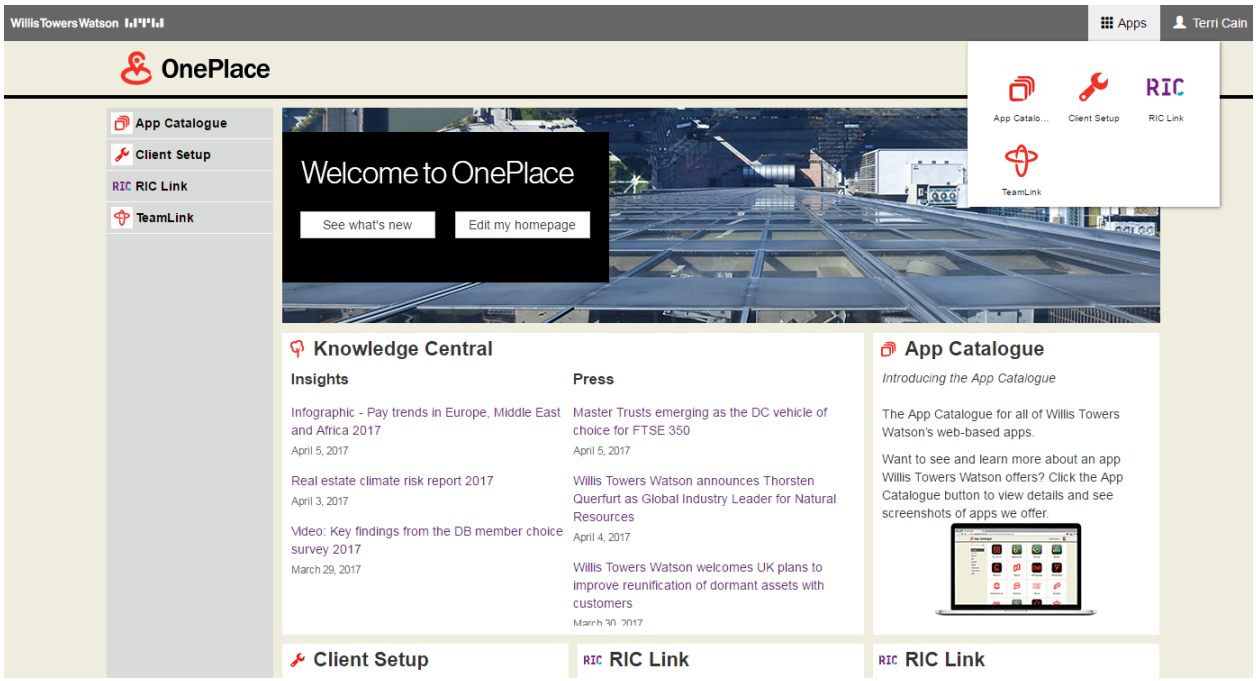
<u>Risk Intelligence Central</u>

Risk Intelligence Central is an information and data management platform. Risk Intelligence Central provides a single entry point for servicing our clients which ensures close collaboration and improved insights into their risk profiles and insurance placements. Risk Intelligence Central delivers the most commonly used Risk Management Information System (RMIS) functionality, in a simple and efficient way that aligns with the day-to-day needs of users.

<u>Components</u>

The Risk Intelligence Central platform comprises of a number of applications that will be delivered in various stages. The first stage delivered the collaboration application, Risk Intelligence Link. It is already live and available to use in a number of geographic regions.

Access to Risk Intelligence Central is provided through our online application ('App') catalogue, OnePlace. OnePlace is a library of software applications that can be accessed with a single-sign-on at anytime, anywhere and on any device, including mobiles. OnePlace is used by over 2,500 companies and 20,500 unique users globally. It is a tried and tested platform that is accessible and secure.



Risk Intelligence Link

Risk Intelligence Link allows our clients and Willis Towers Watson associates to collaborate across geographies by bringing them together into a single workspace. This gives users a place to share documents, schedule meetings, manage key contacts, and create tasks.

We believe Risk Intelligence Link is a significant improvement on equivalent collaboration applications and has been achieved by adopting the latest technology available from providers in this market.

Key features include:

- ***User experience: Users can access information most relevant to them anywhere, anytime, through any device – including mobile applications. Users can now look up information from wherever they are in the world.***
- ***Keyword searching: Instead of a traditional document folder structure a more advanced search method is used. This improves search speed and accuracy so that information can be recovered more quickly.***
- ***Interactive calendar: The calendar displays tasks and actions and triggers alerts, providing clear allocation and tracking to ensure projects are completed on-schedule.***
- ***Document collaboration: Multiple users can access documents and update them in real time. This improves accuracy, version control and enhances the overall quality of the information.***

- ***Access to industry analysis: Users can access a digital library called 'Knowledge Central'. This contains white papers, analysis and articles that are tailored to industry requirements. This provides users with up-to-date information about the latest industry news and trends.***

As a cornerstone, both the quality and the timeliness of the communications between Willis Towers Watson and the State are important. This is equally important in communications between Willis Towers Watson and the insurer and, where necessary, directly between the State of Nevada and the carrier. Risk Management must be able to respond to legislative and agency inquiries immediately. Willis Towers Watson puts a priority on getting the information Risk Management needs to them with the same sense of immediacy.

2.3.7 List the top five (5) insurance companies, ranked by premium volume, you place commercial all risk property insurance within Nevada and in other States and your premium volume with each of them for the past two (2) years.

Please see Part IB – Confidential Technical SOQ

2.3.8 List the top five (5) insurance companies, ranked by premium volume; you place commercial liability insurance within Nevada and in other States and your premium volume with each of them for the past two (2) years.

Please see Part IB – Confidential Technical SOQ

2.3.9 List the top five (5) insurance companies, ranked by premium volume; you place aviation insurance within Nevada and in other States and your premium volume with each of them for the past two (2) years.

Please see Part IB – Confidential Technical SOQ

2.3.10 List the top five (5) insurance companies, ranked by premium volume; you place cyber liability insurance within Nevada and in other States and your premium volume with each of them for the past two (2) years.

Please see Part IB – Confidential Technical SOQ

2.3.11 List the top five (5) insurance companies, ranked by premium volume; you place stand-alone terrorism insurance within Nevada and in other States and your premium volume with each of them for the past two (2) years.

Please see Part IB – Confidential Technical SOQ

2.3.12 Describe how you will participate in the continuing development and enhancement of the State's insurance programs, including recommendations on coverage changes and program adjustments.

The most critical component in developing an insurance program is understanding the needs of the State of Nevada. We conduct a complete risk management review including:

- ***Loss history review and analysis***
- ***Audit of insurance programs***

- ***Exposure analysis***
- ***Review of financial statements and actuarial reports***
- ***Contractual language, terms, conditions and exclusions by policy form***

Upon completion, we meet with the State of Nevada Risk Manager and strategize over the various program options available in today's market. Our discussion includes a financial review of the State's preference for assuming or transferring risk. We work collaboratively to structure the optimal program components. Together, we develop:

- ***Program design***
- ***Policy language***
- ***Development of alternative risk financing options***
- ***Review of self-insured retention options***
- ***Aggregate / catastrophic risk modeling***

We work efficiently to arrange the best suited insurance program and options for the State of Nevada that address:

- ***Self-insured retention options***
- ***Departmental maintenance deductible options***
- ***Aggregate excess coverage***
- ***Multi-year options***
- ***Multi-year rate guarantees***
- ***Layered program structures***
- ***Reinsurance structure***

The results of our marketing efforts are presented to the State of Nevada in a proposal format. Once discussion, analysis and decisions are complete, we finalize the type of insurance program that the State of Nevada desires.

Willis Towers Watson will further negotiate with the chosen insurance markets to obtain their value-added services of benefit to the State. These services may include:

- ***Benchmarking studies***
- ***Access to loss control resources***
- ***Educational symposiums conducted by markets***
- ***Specialty products***

2.3.13 Describe any other factors, enhanced or unique qualifications that the State may want to consider in determining the benefits of selecting your company for this broker pool.

Willis Towers Watson is committed to the public entity sector. While other brokerage firm may claim to be, very few insurance brokerage firms have teams truly dedicated to understanding and providing attentive, experienced brokers to public entity business, as Willis Towers Watson does. In these challenging economic times, public Risk Managers are seeking industry-specific, knowledge-based broker capable of providing creative solution and program design options to minimize their total cost of risk. The Willis Towers Watson Public Entity Practice has developed strong relationships with insurers and other vendors that understand the complex circumstances faced by state governments. Our approach of providing industry experts with local, national and global resources guaranteed that the State of Nevada will receive personalized service and unmatched national expertise to serve your risk management needs.

- ***Willis Towers Watson has performed numerous actuarial and consulting projects for state governments, several public entity pools and many individual public entities, including the state of Nevada.***

- ***Willis Towers Watson provides insurance brokerage and loss control service to thousands of public entities across the country. These public entity clients include schools, cities, counties, townships, villages, municipal utilities, airports and special districts.***

- ***Willis Towers Watson maintains an active participation with many professional insurance, risk management, safety, actuarial and public entity professional associations, which include:***

  - ***State Risk Managers Association (STRIMA)***
  - ***Public Risk Management Association (PRIMA)***
  - ***Risk and Insurance Management Society (RIMS)***
  - ***National Safety Council***
  - ***American Society of Safety Engineers***
  - ***National Fire Protection Association***
  - ***Public Agency Risk Management Association (PARMA)***
  - ***California Association of Joint Powers Authorities (CAJPA)***
  - ***Society of Chartered Property and Casualty Underwriters (CPCU)***
  - ***Association of Governmental Risk Pools (AGRIP)***

Our staff participates regularly as speakers at national and regional conferences. We routinely serve on task force committees, study groups and other association support functions.

2.3.14 Has your firm or any of the brokers who will be assigned to work on the State's account been issued a "Cease and Desist" order from the Insurance Commissioner in the State of Nevada within the past two (2) years?

No "Cease and Desist" order from the Insurance Commissioner in the State of Nevada has been issued against either Willis Towers Watson Pooling or Willis of Seattle, Inc., or against any of the proposed account team assigned to work on the State's account, for any reason within the past two years.

2.3.15 Describe the philosophy and strategy that you would recommend to the State in its consideration of obtaining insurance coverage under current market conditions.

Obtaining insurance coverage in a changing marketplace is a challenge as in many cases what insurers say they can or will do is different when they actually have the opportunity to quote a program. We have found that introducing competition on most lines of business is a strategy that will keep existing insurers competitive in many situations will also provide options in the event of market constriction.

<u>The Analytical Broker</u>

We have made a commitment to our clients to serve their needs through a proposition described as "The Analytical Broker." This means clients will find our advice grounded in technical approaches, the language of finance, and enabled by the best analytics in the industry.

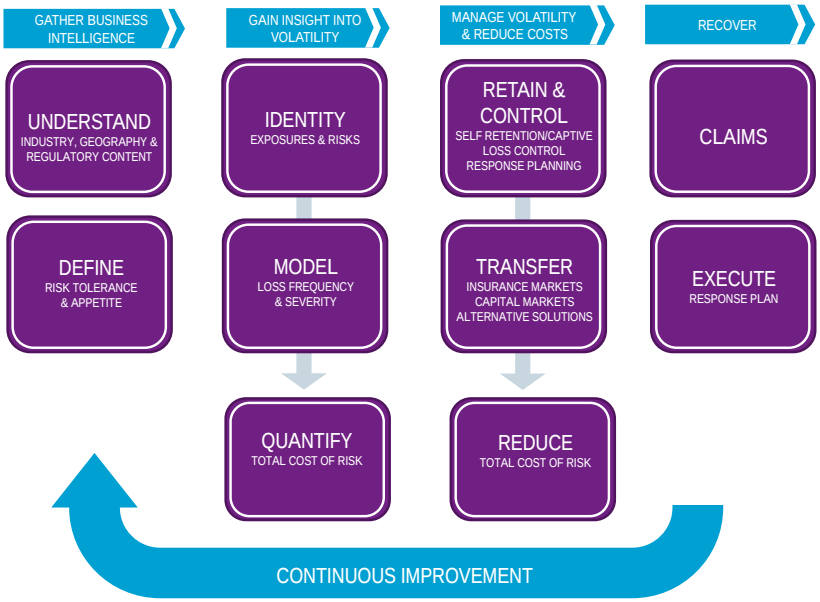
We believe that being The Analytical Broker is not only about analytics, it is about doing our homework to understand a client's industry, their unique business model and risk appetite and only then helping them design strategies that meet their needs.

Our goal is to ensure our clients have more insight and can make better decisions about managing the risks in their organizations than ever before.

All of this is underpinned by access to the right data and smart algorithms delivered through our brokers. We believe our brokers and client advocates – the individuals that engage most frequently with our clients – need to be experts in delivering a thoughtful analytical process as well as our impactful analytics. In doing so, we will ensure that Willis Towers Watson clients are the most informed and empowered in the industry.

The concept of empowering our clients is essential to The Analytical Broker strategy. The approach to analytics of many in our industry misses the mark. Most analytics are designed for insurers or require an actuary to make use of them. Our methodology and tools are designed to improve and demystify the use of data and analytics in decision making.

We believe that our clients' experience and judgment, together with our tools and processes, will deliver the best outcome for them. In this way, our clients will enhance their ability to communicate decisions with key stakeholders across their organizations.



Customizing their risk transfer program to reduce the volatility of their organization's financial results leads to a customized risk management strategy which is embedded within the clients' core business functions. Willis Towers Watson can help to ensure that risk financing strategies are aligned with and protecting the corporate financial objectives. In order to achieve this, we have developed the process shown here.

This approach allows for a comprehensive and iterative strategy for cost reduction and the most efficient use of risk transfer to reduce corporate volatility. We can help continuously improve a client's risk transfer strategy as they grow, are faced with a loss or regulatory changes, or have had significant changes within their organization.

The Willis Towers Watson approach to Analytics

As a leading insurance broker, we believe that analytics are critical to informed and proper decision making in support of traditional insurance and risk issues. We also recognize that in addition to the expected and traditional issues an organization will face, it is also confronted with issues that are unique to their specific organization and require highly customized solutions. Our approach to analytics reflects these two dimensions of risk:

- ***Core Analytics – Willis Towers Watson has made a strategic decision to bring answers through analytics to each one of our clients. Our suite of Core Analytics tools are included in our basic service offering to clients. These tools will support decision making and provide insight across a defined group of risk issues. These tools are actuarially sound, insightful, and technologically enabled for real-time interaction.***

- ***Customized Analytics – Our Strategic Risk Consulting practice delivers a broad range of customized analytical solutions. While the team, which consists of actuaries and mathematicians, has several proprietary tools available, their typical methodology begins with the specific needs and goals of each client. Given the individualized and detailed nature of these solutions, they are necessarily fee-based.***

Analytics Empowering the Risk Management Value Proposition

At Willis Towers Watson, analytics are the foundation of our entire service model. To empower our service teams and clients, analytical tools are embedded into the client service team, annual placement strategy, and longer term risk financing strategy. We also provide customized analytical models where the complexity or size of a client's exposures requires a deep dive. Scalable analytical engagement delivered by our brokers combined with the dedicated expertise from our quantitative modeling consultants brings The Analytical Broker to life, resulting in a better understanding of risk and decision support for managing risk efficiently.

Analytical engagement starts with broker-run quantitative evaluations as listed on our website, http://willis.com/coreanalytics/, and below:

- ***Risk Tolerance Clarified - identifies your financial strengths and weaknesses specific to your areas of concern, as well as stress tests your resilience to adverse financial scenarios. This live and interactive financial analysis arms you to engage risk throughout your corporate strategy.***

- ***Dynamic TCOR - strategically analyzes your risk across all coverages and evaluate your insurance portfolio holistically. This tool reveals: What is my expected Total Cost of Risk? How large can my Total Cost of Risk be under adverse scenarios? What is my return on my premium investment?***

- ***Cyber Quantified - evaluates your complete cyber loss potential with decision support to optimize risk management strategy. Going beyond other cyber risk models in the industry, Cyber Quantified interactively incorporates network outage risk in addition to privacy breach liability for corporations in any part of the world.***

- ***D&O Quantified - evaluates Directors & Officers Liability loss potential for publicly traded companies anywhere in the world and provides decision support to optimize risk management strategy. Our valuation dynamics provide predictive insights into D&O risk transfer solutions.***

- ***Employment Practices Quantified* - evaluates any combination of Employment Practices Liability, Wage & Hour, or private/non-profit Directors & Officers loss potential and gives the concrete decision support needed for an effective risk management strategy.**

- ***Global Peril Diagnostic* – provides a concise and compelling view of your natural catastrophe and terrorism in every part of the world with visualizations of hazard layers, summaries by country, and benchmark comparisons**.

- ***Dynamic Casualty Forecast* - generates loss projections and retention analysis for your organization's casualty program.**

- ***Workers' Compensation Diagnostic* - assesses your claims handling process and evaluates the efficiency of your Workers' Compensation Program. This solutions-oriented tool identifies ways to reduce future losses.**

- ***Collateral Quantified* - our proven negotiation tool for self-insured and retained casualty coverages.**

All of these tools are embedded into our service platform and are delivered via interactive technology, facilitating collaborative analysis (with no additional fee). This is just a start of the journey at Willis Towers Watson. The client experience involves collaboration on multiple levels: risk profile creation and understanding, stress testing of assumptions, scenarios and solution creation.

Armed with these tools, our brokers can engage at each level, evolving the brokerage service model and empowering risk management within your organization.

Every organization has its own unique financial and cultural risk profile and every risk financing strategy will be different. The design of the optimum risk financing program must reflect the overall profile, psychology and mission of the organization.

A risk financing program should aim to minimize the total cost of risk and optimize the use of available funds by achieving the correct balance between risks that are transferred to insurers or reinsurers and risks retained by the organization.

2.4 OPTIONAL SERVICES

If your firm can provide any of the following services, please elaborate briefly. Identify the current source of the service and at least one (1) client to whom you currently offer the service.

Willis of Seattle: State of Nevada
Willis of Charlotte: State of South Carolina & State of Georgia
Willis of Seattle: City of Vancouver, City of Spokane
Willis of Seattle: Sound Transit
Willis of Oregon: State of Oregon

2.4.1 Market Condition Analysis.

In 2011 Willis Towers Watson launched WillPLACE, a revolutionary proprietary placement application. The primary objective of WillPLACE is to deliver on the second point of the Willis Cause

to develop client solutions with the best markets, prices and terms. By bringing together the aggregate knowledge and experience of Willis Towers Watson brokers around the world, we can provide our clients with immediate and innovative solutions.

- ***State of the Market Analysis - Willis Towers Watson publishes an annual market forecast analysis, known as Marketplace Realities (please see Section IX Other Informational Material), for the risk management community. Periodically thereafter, our practice leaders and marketing specialists provide client risk management departments with supplemental assessments of current market trends along with our prognosis for the future and information about other key items of interest such as new products, new facilities, personnel changes, large losses, significant legislative and regulatory activity.***

- ***Benchmarking - The team provides benchmarking information and analysis using industry studies such as the annual RIMS Cost of Risk survey, URMIA reports and internal Willis Towers Watson resources in order to assist you in evaluating your risk costs and performance relative to peer groups. On a regular basis, we communicate with other Willis Towers Watson Public Entity teams to discuss trends, changing marketplace conditions, and new products and markets.***

- ***Federal and Legislative Updates - Your Willis Towers Watson team will provide updates and explanations on any potential implications it may have on your program.***

- ***Willis Towers Watson Quality Index - The Willis Towers Watson Quality Index monitors insurance carriers across a range of criteria including: claims payment, policy issuance, financial strength, development of new products, declination rates and dispute resolution. This tool allows our clients to make informed decisions regarding their insurance carriers based upon tangible data. The Willis Towers Watson Quality Index further supports that Willis Towers Watson demands consistent high standards from all of our markets across the globe and that we strive to drive performance of our markets to benefit our clients.***

2.4.2 Risk Management Consulting / Program Development Services.

Willis Towers Watson offers a broad range of risk management consulting services as part of our traditional brokerage relationship with clients. We are confident that we have the resources to meet all of the State of Nevada's needs.

Please see Section XI Other Information - Willis Towers Watson Risk Analytics for a full description of our Analytics Program.

2.4.3 Claims adjusting services for property claims that fall within commercial policy deductibles.

<u>Forensic Accounting & Complex Claims (FACC)</u>

Willis Towers Watson's FACC practice has vast experience providing organizations with both pre-loss and post-loss services. The FACC team is comprised of forensic accountants, certified public accountants, certified fraud examiners, engineering and construction consultants that have been involved in some of the most complex claims resulting from disasters such as Superstorm Sandy, the Japan earthquake and tsunami, the World Trade Center disaster and Hurricane Katrina as well as large/catastrophe fires, explosions , product recalls, etc.

Anytime economic damages need to be calculated, the FACC team can help. We assist clients with anything from determining business interruption values at renewal to the preparation and/or assessment of business interruption, property damage, third-party liability, builder's risk, cyber and fidelity claims and disputes.

Pre-loss preparation services -

FACC can assist clients by:

- ***Identifying business interruption exposures***
- ***Accurately measuring and presenting business interruption values so that the client is not over- or under-insured***
- ***Establishing a claims team and putting contractual agreements in place, thus eliminating the post-loss hiring process and expediting the recovery process***
- ***Developing a post-loss claim management plan to ensure preliminary information required is easily accessible and processes and procedures are in place to track data requested/provided after an event***

Post-loss recovery services -

FACC can assist the client in recovering from both natural and human caused disasters such as hurricanes, earthquakes, tornadoes, fires employee theft or product liability and recalls. We provide expert assistance with the quantification of damages and claim preparation related to business interruption and property damage insurance claims, product recall claims, fidelity/bond/crime claims, cyber claims, builders risk claims, subcontractor default claims, third-party and liability claims, among others. Following a catastrophic event, the FACC team can provide valuable support when most needed. They will help maximize recoveries under the policy wording in place and move quickly through the settlement process including expert testimony when necessary. FACC assists companies across all industry sectors globally and can add value to a business by:

- ***Simplifying the claim process so clients can focus on returning to normal day-to-day business activities***
- ***Quantifying the loss amounts and gathering the necessary supporting documents***
- ***Minimizing the overall disruption to business operations by obtaining cash advances in the early stages of a loss***
- ***Preparing and submitting the claim on the client's behalf in a format that is familiar to insurers***
- ***Working directly with the adjuster and the carrier's experts***
- ***Participating in meetings to explain the methodology behind loss calculations and respond to requests for additional documentation***

<u>Working with the Willis Towers Watson FACC team</u>

The FACC team utilizes a proactive process driven approach to managing client's claims and disputes. At the beginning of the project the FACC team establishes a loss management plan that includes timetables with reasonable and achievable deadlines and milestones. Our unrivalled experience working for both policyholders (claimants) and insurers allows us to anticipate and be prepared for issues and objections that will be raised by the opposing parties, resulting in more streamlined and efficient loss measurement process and settlement. The FACC team can assist at any point in the claims process; however it is best to involve us as early as possible. Issues can arise if questions are answered or information is provided without fully understanding the policy and loss implications.

FACC can assist in preventing these issues and discuss internal recording and documentation procedures that should be implemented to achieve the best outcome.

2.4.4 The Risk Management Division, with one (1) person adjusting all claims, desires to have property claims investigation and adjusting services, especially in the Las Vegas area, which would allow for immediate dispatch to the scene of the event.

Assigning a senior Willis Towers Watson claims professional to the State of Nevada - Phil Gale – has brought a continuity of influence to all lines of coverage for the State. Phil is a senior Willis Towers Watson claim professional and is positioned in his role to continue providing excellent service to the State. Phil will coordinate with local Willis Towers Watson claims service professionals in Reno, Las Vegas and Phoenix as necessary to provide best outcome for the State.

Willis Towers Watson has significant experience in the managing the claim process to achieve an optimal outcome, which is a prompt and equitable settlement. Willis Towers Watson is well-versed in coordinating the loss adjustment process as the advocate of the insured, and does not merely coordinate carrier loss adjustor activities. To the contrary, Willis Towers Watson reviews and challenges carrier loss adjustment decisions that may impact the timeliness and fairness of a settlement.

Willis Towers Watson has worked closely with the State of Nevada Risk Management Department and the State of Nevada Attorney General's office in the management of complex claims.

2.4.5 Property & Contents Appraisal Services, including for historic buildings or specialty properties (fine arts and museum collections).

Willis Towers Watson also provides the added service of analyzing the values annually to make sure they are keeping up with current trends and are representative of current replacement costs. We do this through: benchmarking with other clients, using building valuation models such as Marshall & Swift and through the use of replacement cost factors such as Factory Mutual. It is critical that the State has adequate values at time of loss to prevent potential coinsurance or margin provisions from coming into play. It is equally important in these tough budgetary times not to over report your values because those will unnecessarily drive up insurance premiums.

2.4.6 Actuarial Analysis / Budget Projections.

Willis Towers Watson annually prepares a budget exhibit to assist Risk Management in budgeting for upcoming insurance premium expenditures. The budget exhibit will contemplate changes in exposures and will also consider the current market environment and its effect on the State of Nevada's insurance programs. Typically, we provide a budget exhibit that outlines target premiums, expected premiums and worst-case premium cost.

2.4.7 Loss Prevention Services including on site property surveys, cyber liability assessments, training courses *(in-person and online)* and safety services.

Please also see our response to 2.4.12

The key to the success of any risk retention program is the ability to identify loss potential and to take systematic action to reduce that potential. To that end, Willis Towers Watson maintains a risk control services unit that specializes in the challenges unique to public agencies. Our staff consists of risk

control professionals who have extensive practical experience in working with public sector clients. Willis Towers Watson is currently providing Worker's Compensation focused risk control services to the State of Nevada.

We understand the many ways that the public sector differs from the private sector. We form a partnership with the client to better meet their loss prevention and risk management needs. Working in this way, we are better able to identify the needs that are unique to that entity and to formulate solutions to the problems.

All work is advisory in nature. At all times we strive to work within established systems to find solutions that are practical and workable.

Part of our focus will be to analyze and provide the following services and tools to the State of Nevada to help understand and perhaps enhance your current safety program:

<u>Cyber Liability Assessment</u>

At the request of the State of Nevada, Willis Towers Watson completed a state-wide cyber liability assessment in 2016. Willis Towers Watson's methodology begins with a comprehensive assessment of the cyber risks across your organization. Using proprietary tools, we identify measure and analyze the vulnerabilities within your workforce, technology systems, cyber insurance, and recovery plans. Those assessments are then merged with deep data to produce a detailed risk profile and ultimately, a more cyber-savvy workforce and resiliency plan.

- ***Cyber Risk Exposure Consulting & Diagnostic Tool***
  - ***Using proprietary tools, our experts identify and manage cyber risks throughout your enterprise.***

- ***Cyber Exposure Quantification***
  - ***Predictive analytics quantify your risk of a complete cyber loss from a breach or network outage.***

- ***Incident Response Workshops***
  - ***Learn tactics and strategies to assess your readiness protect assets and recover quickly.***

- ***Cyber Risk Culture Survey***
  - ***An innovative tool that builds a more cyber smart workforce by finding connections between employee behaviors and company culture with your cyber vulnerability.***

<u>Loss Data Analysis</u>

Willis Towers Watson will use Data Wize to analyze your claim data to ensure that the State of Nevada efforts are directed at issues of substance. The reports created from available loss data are intended to assist the State of Nevada in determining their exposures to risk. From these determinations, Willis Towers Watson Risk Control Consultation can with the agreement of the State of Nevada direct its resources, time and efforts to managing these risks.

Risk Control Excellence Program

Although developed and extensively used as an incentive program, the Risk Control Excellence Program is an outstanding tool that can be used to determine an organizations strengths and weaknesses in controlling losses. It can be utilized as a printed document but performs to it's highest function as a computer based program. Versions specifically designed for cities are available.

Risk Control Reports

When it is noted or determined that a particular location is generating larger than expected losses or is generating losses that are more severe than expected, as measured in claim dollars or extent of injuries, a site survey may be in order. Our site surveys are not of the standard clipboard and checklist variety. Willis Risk Control Consultants will arrive to perform a visual inspection, while asking questions and understanding the impacts to your sites. Issues are recorded digitally and a report with explanations including recommended corrective procedures is issued.

Leading Indicators Analysis

To measure the efficiencies of risk control activities, Willis Towers Watson Risk Control Consultants will measure year over year indicators that directly relate to your liability, property and auto losses. Many of these indicators can reveal trends in your losses that will provide your risk control team direction to help reduce your losses that directly impact the bottom line of your departmental budgets. Our analysis will look for trends as they relate to public safety, automobile losses, and reoccurring property claims. Comparative analysis of these indicators will indicate if Risk Control efforts are resulting in improvements. We provide a broad range of services to our public entity clients. Some of the additional services offered by Wills Risk Control Services include:

Loss Control Program Analysis	***Our risk control representatives will perform a complete analysis of all aspects of the client's current loss control program, using our proprietary Public Entity Needs Assessment Survey. We are then able to suggest improvements or enhancements to the current program while recognizing the portions of the program that need no adjustment. Using this analysis, the client can formulate a plan for program improvement. Loss control professionals can assist in the formulation and implementation of this action plan.***
Policies and Procedures Review	***Our loss control representatives will review all policies and procedures as they relate to loss potential by drawing upon our experience with hundreds of clients throughout the United States. We are able to point out areas that may hold the potential for liability and suggest adjustments accordingly.***
General Loss Control Training	***We can provide on-site training in general safety areas such as safe lifting, defensive driving, etc. We also maintain an extensive library of training materials that are available to the client for in-house training. These training materials are provided in a number of formats including video tape, CD and interactive computer software.***
Specialized Training	***When the need arises, we are able to research and prepare training materials for specialized areas that may be required by the client. In the past, we have developed such programs in areas of police***

	liability; hazardous materials communication, ADA programs compliance, human resource liability issues and other programs designed to fill a specific need for an individual client.
Safety and Loss Control Committees	***We can assist our clients in setting up loss control committees. We are available to meet with safety and loss control committees to help in planning strategy, making training presentations and assisting in the smooth operation of these committees.***
Accident Investigation	***Our loss control representative can help with the investigation of specific accidents and/or training of loss control and safety personnel in the proper investigation and disposition of accident investigations.***
Claims Analysis	***We will periodically produce an in-depth analysis of current and past claims, to help pinpoint areas of concern or claim trends. Appropriate corrective action will also be suggested. We will also provide benchmarks based on our experience with similar accounts around the country.***
Fleet Management	***Our representatives are available to make recommendations of all proper maintenance procedures for the entity's vehicles and rolling stock. We will also assist the client in establishing accepted screening and hiring criteria. We offer generalized drivers training as well as specific driver training for police, fire, emergency medical services and public works.***

These are just a few of the services offered by Risk Control Services. Each program is customized to address the individual needs of the client. By emphasizing the teamwork approach and working within systems already in place, we have had great success in setting up strong, pro-active loss control programs for a variety of public entities throughout the United States.

2.4.8 Loss Recovery/Restoration Services.

Willis Towers Watson will work with the State to best facilitate and recommend loss recovery and restoration services.

2.4.9 Document issuance and verification.

<u>Willis Towers Watson Excellence Model</u>

The Willis Towers Watson Excellence Model (WEM) is our process framework which identifies the steps and quality control standards we follow to serve our clients' best interests. For each client renewal, process milestones must be met as respects renewal strategy, submissions, marketing/delivering quotes and confirmation of binding. In addition to our WEM process framework, Willis Towers Watson will comply with broker service requirements developed by each client, including required service milestones and other specific deliverables relating to brokerage services.

<u>Customer Satisfaction Quality Control Standards</u>

Willis Towers Watson has procedures in place to ensure that quality control standards relative to strategy, submissions, marketing/delivery of quote and confirmation of binding are met.

The Willis Towers Watson internal audit team conducts on-site office reviews for the purpose of monitoring compliance with these standards. A separate process of periodic self-assessment of key internal controls at the office management level provides additional monitoring and feedback.

Program design meetings comprised of marketing specialists and the client's account team are utilized to conduct annual evaluations of client programs.

2.4.10 Support services to follow up with designated state representative in regard to compliance with loss prevention recommendations from insurer or Risk Manager.

<u>Casualty Risk Control & Safety</u>

Our casualty risk control resources are some of the most highly experienced in the industry. Our fundamental philosophy is to provide coaching and counsel in effective strategies that will drive sustainable loss/claim reductions you. The majority of our North America based casualty risk control consultants have 25+ years of experience, are Certified Safety Professionals, have advanced degrees / education, and are actively involved in professional safety organizations.

<u>Core & Advanced Professional Services</u>

- ***Safety Program and Risk Assessments***
- ***Claim trending and analysis***
- ***Safety culture and employee perception assessments.***
- ***OSHA & DOT Compliance Assessment/Assistance***
- ***Safety Education & Training***
- ***Safety Committee Development and Improvement***
- ***Coordination of Insurance Carrier Services***
- ***Ergonomics Consulting***
- ***Security Risk Management***
- ***General/Product Liability Assessments and Consulting***
- ***Fleet Safety***
- ***Root Cause Analysis Enhancement***
- ***Safety Organization Effectiveness and Strategy***

<u>Property Risk Control</u>

Our services are designed to help meet your risk management objectives, protect your assets and ensure your business continuity. By actively supporting your renewal process, we are committed to helping you improve your outcomes – in premium costs, limits of liability and deductible alternatives. Our consultants coordinate client service strategies in synergy with our other RCCA members and are integral to our Client Advisory Brokerage service teams. The majority of our North America based property risk control consultants have 25+ years of experience, holding a Professional Engineering License, with advanced degrees/education.

<u>Core & Advanced Professional Services</u>

- ***Hurricane Tracking Services***
- ***Global Peril Diagnostics***
- ***Property Insurance Marketing Support***

- ***Technical Advisor (Codes & Standards, Unique Exposure Research)***
- ***Insurance Program Liaison (recommendation mediation)***
- ***Business Interruption and Analysis***
- ***Business Impact Analysis***
- ***Property Valuation & Calibration Management***
- ***Property risk and protection assessments & audits.***
- ***Business Continuity Planning***
- ***CAT Exposure and Analysis***
- ***Loss Expectancy Analysis***
- ***Acquisition Due Diligence***
- ***Supply Chain Management***
- ***COPE Data Collection and Maintenance***
- ***Customized Onsite and Web based property conservation training***
- ***Global property risk control service network coordination***

2.4.11 Claims Audits.

Claim outcomes correlate to the quality and effectiveness of your claim management processes. As you look for a risk management partner, we know that establishing an enterprise level claim management philosophy and aligned culture will be important.

We will help you strategize on the best future-state claims management approach to support your strategic goal to modernize and leverage all resources available both internally and externally to contain costs and manage your risks.

Our Claim Process Optimization (CPO) solution deploys a senior claim consulting resource team in a project based environment to objectively review the entire claim management process. We believe this is a critical first phase of our partnership with the State of Nevada you as it will allow us to be fully informed about your current claim culture and work streams to provide the best advice and creative ideas that are both practical and focused on cost containment.

A CPO entails a comprehensive review of all of your established claim programs; including in depth interviews of key claim management stakeholders within your organization (Risk Department, TPA, Safety, HR, Legal, Operations, Leadership, Suppliers, etc.)
Our primary objective is to help identify and highlight practices that may already be working well, flesh out process improvement opportunities, and correlate our recommendations to cost reductions.

The CPO includes the following:

- ***claim management policy/procedures review/auditing***
- ***metrics and data analysis, including recommendations on a go forward approach to managing risk information***
- ***pre/post loss claim management work flow mapping to clearly define how the organization will manage claims***
- ***A final report and guidance on resources support for enhanced risk mitigation and correlating loss cost reduction/containment***

The primary benefits to you are:

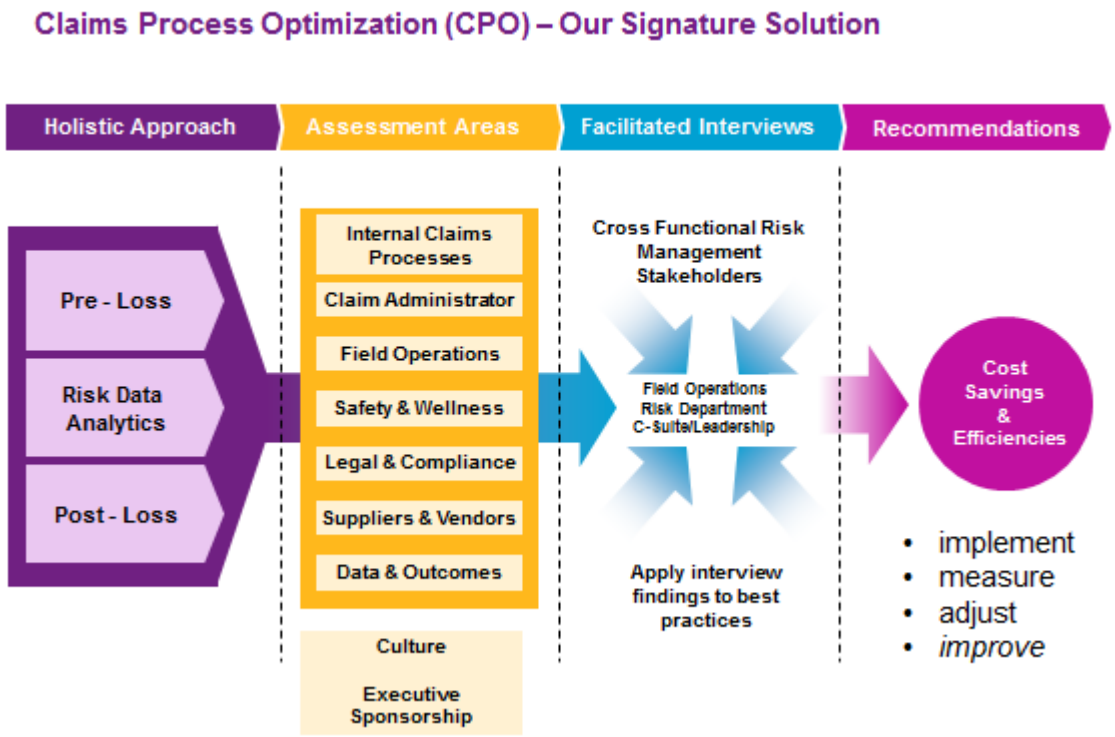
- ***Reduced cost (loss costs, TPA contract fees, claim administration costs, etc.) 10-15%+ cost reduction is a typical result of our CPO solution***
- ***Improved communication and sharing of information regarding incident/claims management efforts now that you are one large entity***
- ***Increased productivity by identifying ideas to be more efficient***
- ***Helps position claim management efforts to underwriters/actuaries to leverage the best insurance deals***

Our recent CPO engagements produced results and the last 3 winners of Risk & Insurance's Teddy Award engaged WTW claim consulting teams in this process. Some examples:

- ***Quote from Risk Manager: "During our merger, Willis Towers Watson immediately engaged with us on a CPO process. We reduced collateral and ultimate developed losses. Within 1 year, we reduced open claims by 20%, achieved a 29% reduction in aged pending, thus obtaining a 22% reduction in collateral requirements, a 12% reduction in total incurred ($80MM), and improving our closing ratios from 60% to 72%"***

- ***Client engaged WTW for CPO and the process saved them $2.3MM in annual costs. Prior/Current broker had $9.1MM in claim contracts in place for 13 years. We reduced costs to $6.8MM.***

- ***After week of CPO, one Risk Manager stated, "the team was apprehensive, but they're all on board now, this is what I wanted all along".***



2.4.12 Training programs for State representatives on various insurance programs, products and options.

<u>Knowledge and Education</u>

One critical way in which Willis Towers Watson proves its value to clients daily is through the frequency, breadth and timeliness of our information dissemination.

What we provide to our clients through our various platforms is not only up-to-the-minute information about the global insurance market, but also an in-depth analysis of the legal and regulatory environments and how issues happening in those arenas can impact our clients' businesses, their management of emerging risks and possibly even their strategic direction.

In the event of catastrophes and significant legislative changes or court rulings, Willis Towers Watson provides status reports as frequently as needed. For all other situations, we use a variety of formats and state-of-the-art technologies to accomplish this.

Marketplace Realities: State Of The Market Analysis – Twice a year Willis Towers Watson publishes Marketplace Realities, a line-by-line insurance market forecast for the risk management community. Periodically thereafter, our practice leaders and marketing specialists provide supplemental assessments of current market trends along with our prognosis for the future.

Publications – Most of our practices produce or contribute to a variety of publications designed to ensure our clients have an in-depth knowledge and wide perspective on all matters affecting their interests. These come in the form of newsletters, white papers and bulletins and are produced, among others, by:

- ***Executive Risks (12-20 issues annually)***
- ***Claims & Risk Control (12-18 issues annually)***
- ***Construction (3-5 issues annually)***
- ***Cyber (3-5 issues annually)***
- ***Environmental (3-4 issues annually)***
- ***Financial Institutions (4-6 issues annually)***
- ***Healthcare (3 issues annually)***
- ***Human Capital (12-25 issues annually)***
- ***International (3-5 issues annually)***
- ***Life Sciences (2-4 issues annually)***
- ***Real Estate (4-5 issues annually)***
- ***Technology, Media & Telecommunications (3-5 issues annually)***

For easy access, all publications created by practices in North America are placed in a single emailing known as Insights. Any client can sign up and automatically receive this compilation each month.

Reinsurance Market Review - Provides readers with a snapshot of the past year's activity in the reinsurance market, including mergers and acquisitions and financial results for various classes of business.

Resilience Magazine - ***This digital risk management publication explores how various risks affect multinational organizations and suggest strategies to overcome some of these issues. As well as insights from Willis Towers Watson's leading thinkers, the magazine includes viewpoints from professional risk managers and other third-party sources.***

Library of Willis Towers Watson Publications - ***If you are a new client or just want to access a prior article, this library is a comprehensive collection of Willis Towers Watson publications. Organized by category, topic and client group, and part of Willis Online, these publications include virtually all external Willis Towers Watson publications – a truly valuable archive for the insurance professional. Clients can access our publications at www.willis.com for a searchable database of all Willis Towers Watson publications, current and historical.***

Willis.com Special Reports - ***This relatively new digital publication, produced every 6-8 weeks, provides an in-depth examination of a single coverage or issue from a number of perspectives. Past features include Risk & Analytics, Geopolitical Risk, Global Urbanization and Climate Change.***

Willis Towers Watson Wire Blog - ***Our blog, begun in 2011, is a market leader in the insurance space. Four to six blogs run weekly, on every issue your company might face – and many you won't. The large group of Willis Towers Watson professionals who contribute to the blog make clear the depth and breadth of our expertise. Concise, precise and written for today's risk-conscious professionals, clients will be well served to make the link to WillisWire one of their favorites – or subscribe to receive alerts when articles on select topics are published.***

Social Media - ***We keep our finger on the pulse of risk all day and use social media to keep you in the know from your desk or on the go. With some two dozen social media accounts – including multiple accounts on LinkedIn, Twitter, Facebook, Weibo, Weixin, Xing and YouTube we're sure to be wherever you are.***

Webcasts, Classes, Seminars and Training -

- ***We conduct webinars on a wide variety of topics, both as single events and as parts of a series.***
- ***Willis Towers Watson Practice Groups regularly offer client forums/roundtables and seminars to professionals in such areas as Retail, Health Care, Construction and Energy.***
- ***Willis Towers Watson frequently presents at a wide range of conferences and industry events such as RIMS, REBEX, local RIMS chapters and annual conferences in healthcare, human capital, real estate and construction, among others.***
- ***Our local offices conduct topical seminars.***
- ***Individual, client-specific training has been designed and provided, such as Certificates of Insurance training for a client's purchasing department, and specific coverage training for new Risk Management Department team members.***

2.4.13 Any other services your firm can provide that may be important / beneficial to the State.

Please see our response to question 2.4.2

Willis Towers Watson is unlike other brokers. We take an entrepreneurial approach to the risk management business, with an unequalled commitment to the delivery of customized solutions and proactive service. We bring creativity and insight – rather than churning out the same tired solutions as our competition.

We believe that our clients deserve a brokerage partner who will continuously take a fresh approach to risk management – always challenging the status quo in order to create new and better ways to serve our clients' best interests.

Willis Towers Watson is very proud to be the trusted risk management and insurance advisor for the State of Nevada.

We thank you for this opportunity to continue to be of service.

3. COMPANY BACKGROUND AND REFERENCES

3.1 VENDOR INFORMATION

3.1.1 Vendors shall provide a company profile in the table format below.

Question	Response
Company name:	***Willis Towers Watson***
Ownership (sole proprietor, partnership, etc.):	***Corporation Publicly Traded***
State of incorporation:	***Dublin, Ireland***
Date of incorporation:	***1828***
# of years in business:	***189 years***
List of top officers:	***John Haley, CEO*** ***Mike Burwell, CFO*** ***Todd Jones, Corporate Risk and Broker Leader***
Location of company headquarters, to include City and State:	The Willis Towers Watson Building 51 Lime Street London EC3M 7DQ England
Location(s) of the office that shall provide the services described in this RFP:	***Seattle, Oregon, Reno, Las Vegas, Los Angeles, Phoenix & Charlotte***
Number of employees locally with the expertise to support the requirements identified in this RFP:	***25 – note that we will be providing services to the State from various offices.***
Number of employees nationally with the expertise to support the requirements in this RFP:	***250***
Location(s) from which employees shall be assigned for this project:	***Seattle, Oregon, Reno, Las Vegas, Los Angeles, Phoenix & Charlotte***

3.1.1 A Nevada-based business may apply for a five percent (5%) preference on its proposal. This preference may apply if a business has its principal place of business within Nevada. This preference cannot be combined with any other preference, granted for the award of a contract using federal funds, or granted for the award of a contract procured on a multi-state basis. To claim this preference a business must submit a letter with its proposal showing that it qualifies for the preference.

3.1.2 **Please be advised**, pursuant to NRS 80.010, a corporation organized pursuant to the laws of another state shall register with the State of Nevada, Secretary of State's Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.

3.1.3 The selected vendor, prior to doing business in the State of Nevada, shall be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant

to NRS76. Information regarding the Nevada Business License can be located at http://nvsos.gov.

Question	Response
Nevada Business License Number:	1699
Legal Entity Name:	Willis of Seattle, Inc.

Is "Legal Entity Name" the same name as vendor is doing business as?

Yes	X	No	

If "No", provide explanation.

3.1.4 Has the vendor ever been engaged under contract by any State of Nevada agency?

Yes	X	No	

If "Yes", complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

Question	Response
Name of State agency:	State of Nevada
State agency contact name:	Ana Andrews/Maureen Martinez
Dates when services were performed:	May 1, 2012 – April 30, 2018
Type of duties performed:	RFQ #2018 for Broker / Firm for the Nevada Property and Liability Insurance Program
Total dollar value of the contract:	$350,000 per year or not to exceed $1,750,000 for the contract term

3.1.5 Are you now or have you been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?

Yes		No	X

If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person shall be performing or producing the services which you shall be contracted to provide under this contract, you shall disclose the identity of each such person in your response to this RFQ, and specify the services that each person shall be expected to perform.

3.1.6 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other

governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFQ shall also be disclosed.

Does any of the above apply to your company?

Yes		No	X

If "Yes", please provide the following information. Table can be duplicated for each issue being identified.

Question	Response	
Date of alleged contract failure or breach:	***N/A***	
Parties involved:	***N/A***	
Description of the contract failure, contract breach, or litigation, including the products or services involved:	***N/A***	
Amount in controversy:	***N/A***	
Resolution or current status of the dispute:	***N/A***	
If the matter has resulted in a court case:	Court	Case Number
Status of the litigation:		

3.1.7 Vendors shall review and provide if awarded a contract the insurance requirements as specified in ***Attachment D, Insurance Schedule for RFQ 3495.***

3.1.8 Company background/history and why vendor is qualified to provide the services described in this RFQ. Limit response to no more than five (5) pages.

3.1.9 Provide a brief description of the length of time vendor has been providing services described in this RFQ to the public and/or private sector.

3.1.10 Financial information and documentation to be included in accordance with ***Section 8.5, Part III – Confidential Financial Information***.

3.1.10.1 Dun and Bradstreet Number

Willis Towers Watson Public limited company's D&B # is 98-503-7541 and the Willis North America Inc. # is 00-698-2466

3.1.10.2 Federal Tax Identification Number

132695427

3.1.10.3 The last two (2) years and current year interim:

A. Profit and Loss Statement
B. Balance Statement

Our annual report serves as the Audit Financial Statement. It includes two years of results and an auditor's opinion. You can also find a copy of our annual report on our website at:
http://investors.willistowerswatson.com

Our SEC filings can be accessed on our Investor Relations page:
http://investors.willistowerswatson.com

3.2 SUBCONTRACTOR INFORMATION

Subcontractors are defined as a third party, not directly employed by the contractor, who shall provide services identified in this RFQ. This does not include third parties who provide support or incidental services to the contractor.

3.2.1 Does this proposal include the use of subcontractors?

Yes		No	X

If "Yes", vendor shall:

3.2.1.1 Identify specific subcontractors and the specific requirements of this RFQ for which each proposed subcontractor shall perform services.

3.2.1.2 If any tasks are to be completed by subcontractor(s), vendors shall:

A. Describe how the work of any subcontractor(s) shall be supervised, channels of communication shall be maintained and compliance with contract terms assured; and

B. Describe your previous experience with subcontractor(s).

3.2.1.3 Provide the same information for any proposed subcontractors as requested in ***Section 3.1, Vendor Information***.

3.2.1.4 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.

3.2.1.5 Vendor shall notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFQ in ***Section 3.2, Subcontractor Information***. The vendor shall receive agency approval prior to subcontractor commencing work.

3.3 BUSINESS REFERENCES

3.3.1 Vendors shall provide a minimum of three (3) business references from similar projects performed for private and/or public sector clients within the last five (5) years.

Name	***Sound Transit***
Contact	***Michael Anastasi***
Type of Company	***Public Entity/Transit Authority***
Date of Service	***2003 – Current***
Services provided	***Property, Liability, Builders Risk, Cyber program, Crime, Public Officials, Auto, Pollution***

Name	***State of Georgia, Department of Administrative Services***
Contact	***Wade Damron, Director of Risk Management***
Type of Company	***Public Entity***
Date of Service	***2003 – Current***
Services provided	***Workers Compensation, Aviation, Cyber, Property, Excess Property, Terrorism, Crime, Boiler and Machinery, Inland Marine Equipment Floater, Excess Marine, Lead Excess Liability, Errors and Omission, Environmental Pollution***

Name	***South Carolina School Boards Insurance Trust***
Contact	***Steve Mann, Director of Insurance Services***
Type of Company	***Public Entity***
Date of Service	***2003 – Current***
Services provided	***Workers Compensation, Aviation, Cyber, Property, Excess Property, Terrorism, Crime, Boiler and Machinery, Inland Marine Equipment Floater, Excess Marine, Lead Excess Liability, Errors and Omission, Environmental Pollution***

Name	***City of Spokane***
Contact	***Tim Dunivant***
Type of Company	***Government***
Date of Service	***2011 - Current***
Services provided	***Property, Liability, Excess Liability, Boiler and Machinery, Crime, Public Officials***

Name	***City of Vancouver***
Contact	***Jackie McGee***
Type of Company	***Government***
Date of Service	***2006 - Current***
Services provided	***Property, Liability, Cyber program, Aviation, Crime, Excess Workers Compensation, Pollution, Public Officials***

Name	***State of South Carolina***
Contact	***Anne Macon Smith, Director***
Type of Company	***Government***
Date of Service	***2008 - Current***
Services provided	***Commercial Flood, Errors and Omissions, Property, Excess Property, Terrorism, Boiler and Machinery, Environmental Pollution, Travel Accident, Fidelity Bond, Excess Workers Compensation, Excess Liability, Cyber Liability, Crime, Bus Transit, Excess Casualty***

3.3.2 Vendors shall submit ***Attachment E, Reference Questionnaire*** to their business references.

3.3.3 It is the vendor's responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in ***Section 7, RFQ Timeline*** for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.

3.3.4 The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

3.4 VENDOR STAFF RESUMES

A resume shall be completed for each proposed key personnel responsible for performance under any contract resulting from this RFQ per ***Attachment F, Proposed Staff Resume.***

Section VIII:
Attachment F
Proposed Staff Resumes

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	**X**	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	**Theresa Clune**	**Key Personnel: (Yes/No)**	**Yes**
Individual's Title	***Senior Client Advocate***		
# of Years in Classification:	**30**	**# of Years with Firm:**	**18**

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Theresa re-joined Willis in February 2006. By working collaboratively with insurance brokerage colleagues on a national and global field, Theresa efficiently sets strategy, negotiates, and delivers results for our clients. She brings a combination of market influence, technical knowledge and connectivity to resources. Theresa maintains positive, long term influences in the underwriting community at large and maintains strong relationships with senior executives of insurers. Theresa excels in focused team environment and delivers results through experience and expertise.

Theresa is well known in the insurance industry for her energy, technical expertise and relentless pursuit of perfection for clients. She brings a combination of long standing market influence coupled with extensive knowledge of industry resources. Theresa is a Senior Client Advocate and team leader for several large and complex US and global clients. This includes a Fortune 150 manufacturing client, an industry-leading global services client, public entities, manufacturing clients as well as an emphasis with healthcare clients. Her position requires a strong technical understanding of client requirements, exposure to risk, financial sensitivity and the ability to consistently deliver solutions on all levels.

On a corporate level, Theresa also served as President and Chief Executive Officer of Willis Seattle for several years. She was responsible for all operational aspects of the Willis Seattle office from financial management, to structure, goals and vision. She brought considerable leadership and practical influence to her role. She incorporated her twenty five plus year and bi-coastal brokerage industry experience to lead the office and provide clients with differentiated and innovative risk management solutions. This valuable experience provided Theresa with greater depth of financial management and business acumen that continues to be strength for her.

Prior to re-joining Willis, Theresa was a Senior Vice President with another global insurance brokerage firm in Seattle and New York working in leadership roles negotiating client programs with insurers for over 10 years. Theresa honed her skills in the majority of property and casualty coverages and multi-disciplined program designs. Theresa gained significant expertise in the domestic and global markets for the efficient placement of complex accounts in a wide variety of industry groups.

Beginning her insurance brokerage career in 1985 with Willis in Seattle and New York, Theresa began as an associate in national accounts client service and advanced to positions of increased leadership and focus.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

1985-1991, Willis Seattle & Willis NYC – Property & Casualty Broker
1991-2003, Marsh Seattle & Marsh NYC - Property & Casualty Broker
2005-Current, Willis Seattle - Property & Casualty Broker

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Theresa attended the College of Insurance in NYC.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Theresa is a licensed property and casualty insurance broker holding an insurance brokerage license in each state throughout the US.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Lisa Schaller
Director of Insurance and Loss Control
Nevada System of Higher Education
Phone 775-784-3472 Fax 775-784-1127
Lschaller@nshe.nevada.edu

Claudia Schmitz
Retired from State of Washington Risk Management,
Phone 360-791-6505
claudia.schmitz@comcast.net

Georgina Boyd
Senior Administrative Assistant
Foundation Health/Fairbanks Memorial Hospital
Phone 907-458-5300
Georgina.M.Boyd@foundationhealth.org

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Karin Nelson***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Vice President, Senior Client Manager***		
# of Years in Classification:	***32***	**# of Years with Firm:**	***32***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Karin serves as a Senior Client Manager. She is responsible for day to day oversight and management of account activities including placing the current Excess Liability and Workers Compensation policy for the State of Nevada. She is involved with all aspects of Property/Casualty Placement of several accounts including the State and University of Nevada.

Karin brings to her role over 32 years of insurance experience and expertise in placing and servicing clients in the fields of public entities and healthcare.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

1985 – Current Willis Towers Watson, Seattle – Vice President, Senior Client Manager

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Certified Policy Service Representative (CPSR)

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Lisa Schaller
Director of Insurance and Loss Control
Nevada System of Higher Education
Phone 775-784-3472 Fax 775-784-1127

Lschaller@nshe.nevada.edu

Claudia Schmitz
Retired from State of Washington Risk Management,
Phone 360-791-6505
claudia.schmitz@comcast.net

Georgina Boyd
Senior Administrative Assistant
Foundation Health/Fairbanks Memorial Hospital
Phone 907-458-5300
Georgina.M.Boyd@foundationhealth.org

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	**X**	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	**Mark Goode**	**Key Personnel: (Yes/No)**	**Y**
Individual's Title	***Managing Director***		
# of Years in Classification:	**30**	**# of Years with Firm:**	**13**

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Mark is the Managing Director for the Willis Towers Watson North America Public Entity Practice. He manages a team of seasoned professionals who have worked together for 20 years providing comprehensive insurance, risk management and consulting services to public entities across the country. Since 2004, he has had the ultimate responsibility for ensuring that all of the Willis Tower Watson resources are properly deployed to our public entity clients and that the detailed account service plans created for all clients are being fully executed.

Mark's more than 30 years of experience in the insurance industry includes being the Managing Director for Aon's Public Entity Division, where he was responsible for setting the national sales strategy, underwriting and servicing of accounts. Earlier at Aon, he served as SVP and director of their Construction Services Group. Mark also held various senior management positions at Aetna Life & Casualty before becoming a broker.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Aetna Life and Casualty; 1977 – 1994; Mark held various positions with Aetna during his tenure to include Senior Claim Representative, Senior Account Executive in the National Account Division, Lobbyist, Marketing Manager, Head of Office, and VP of Standard Commercial accounts. The firm was domiciled in Hartford, CT. Mark worked in numerous offices to include Richmond, VA, Bristol, TN, Charlotte, NC and Hartford, CT.

Aon Risk Services; 1994 – 2004; Mark was the Managing Director of the Public Entity Division. His responsibilities in that position are described above. The firm was domiciled in Chicago, IL and Mark worked out of the Charlotte, NC office.

Willis Towers Watson; 2004 – present; Mark is the Managing Director for the North America Public Entity Practice. His responsibilities in that position are described above. The firm is domiciled in Ireland and Mark works out of the Charlotte, NC office.

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

James Madison University; Harrisonburg, VA; 1973 – 1977

BS degrees with two Majors, Management and Marketing; Also earned a minor in economics.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

CPCU; 1995
CIC; 1993

He is a four-time recipient of Risk & Insurance Magazine's "Power Broker" award and a past recipient of the IIAV's "Insurance Company Person of the Year" award.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

State of Georgia
Department of Administrative Services
200 Piedmont Ave., West Tower
Atlanta, GA 30334
Wade Damron, Director of Risk Management
Wade.damron@doas.ga.gov
404.463.7982

South Carolina School Boards Insurance Trust
111 Research Drive
Columbia, SC 29203
Steve Mann
Director of Insurance Services
smann@scsba.org
803.988.0254

State of South Carolina Budget and Control Board
1201 Main ST, Suite 500
Capital Center- South Trust Building
Columbia, SC 29201
Anne Macon Smith, Director
aflynn@irf.sc.gov
803.737.0022

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Diane Germundson***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Client Services Specialist***		
# of Years in Classification:	***30***	**# of Years with Firm:**	***30***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Provide day-to-day servicing responsibilities. Ensuring team members fulfill their responsibilities in a timely manner and assists team member as needed.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Client Services Specialist – Willis of Seattle, Inc.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Bachelor of Arts, Central Washington University, Ellensburg, WA 2003

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Washington Property & Casualty License 2015

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Tiffany Hicks, Director of Operations, Willis Towers Watson, 206-343-6050
Tiffany.Hicks@willistowerswatson.com

Laurie Roberti, CRB Regional Finance Partner, Willis Towers Watson, 949-885-1235
Laurie.Roberti@WillisTowersWatson.com

Andra Stubbs, Sr Client Services Specialist, Willis Towers Watson, 206-343-6004
Andra.Stubbs@willistowerswatson.com

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Julian Davies***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Senior Vice President – Western Region Aerospace Manager***		
# of Years in Classification:	***27***	**# of Years with Firm:**	***26***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

With in excess of 26 years' experience gained exclusively within Willis Towers Watson including our International Head Quarters based in London where Julian specialized in Aviation business emanating from the African and Middle East continents, within which he has traveled extensively. Acting as a Divisional Director and an Account Manager, his responsibilities included the placement and servicing of Airlines, both National Carriers and Private Companies, Corporate Fleets, Airport and General Aviation accounts through Lloyd's of London, London and International Insurers. These roles encompassed all aspects of Aviation insurance including claims, contracts and risk management.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

As Aviation Client Advocate for a number of municipalities including the State of Nevada since 2014 Julian is responsible for contract reviews, participating in direct presentations and negotiating programs. He provides primary communication and direction for all processing requirements including policy issuance, endorsement requests, billing and audit reviews. As Willis Towers Watson Aerospace Western US Regional Manager, Julian's will be responsible for implementing appropriate service solutions while supporting the day-to-day service needs and involved with achieving marketing objectives and market relationships.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

National Diploma in Business & Finance – Suffolk University, Ipswich, United Kingdom - 1989

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Member of the Helicopter Association International and National Business Aircraft Association.
California Department of Insurance Licensed Property, Casualty and Surplus Lines Resident Broker
Non-resident Licensed Broker for the following states: AZ, CO, GA, OL, MI, MT, NV, NY, OH, OR, PA, TX, UT, MA, WY.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Paul Ruelas
City Administrative Officer
City of Los Angeles
Risk Management
Tel: (213) 978-7661
E-mail: paul.ruelas@lacity.org

Doug Wyrsch
Executive Director Insurance - Risk Management
MGM Resorts International
71 East Harmon Avenue
Las Vegas, NV 89109-4539
Phone: (702) 692-9588
Fax: (702) 669-4540
dwyrsch@mgmresorts.com

Rafael A. Viteri
Deputy Director
Department of Risk Management
Phone: 909-386-8730
Fax: 909-382-3211
Email: rviteri@rm.sbcounty.gov

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:		**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Kathy Knutson***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Claim Advocate***		
# of Years in Classification:	***27***	**# of Years with Firm:**	***7***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Kathy's experience includes personal lines sales and claims handling of personal lines and commercial claims of varying complexity.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Prior to joining Willis Towers Watson in 2010, Kathy was a Commercial Claims Specialist at Allied/Nationwide Insurance, working as a field adjuster and handling commercial claims in Arizona from 2006 to 2010. In addition to handling claims, Kathy was involved with the mentoring/training process of new employees and doing presentations to larger commercial accounts. Prior to Allied, she worked at the Chubb Service Center in Phoenix, Arizona as a Claims Examiner handling both commercial and personal auto and liability claims in 13 states from 2002 to 2006 as well as training new employees.

Before joining Chubb, Kathy worked at Windsor (Infinity) Insurance as a Senior Field Casualty Adjuster in Arizona handling all aspects of personal auto claims from 1999 to 2002. She started her claims carrier at Sentry Insurance in Scottsdale, Arizona in 1993 and worked there until 1999 handling personal auto property damage and bodily injury claims. Prior to going into Claims, Kathy worked at Country Companies in Scottsdale, Arizona as an agent selling auto, home, life, health and disability insurance from 1990 to 1992.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Kathy earned her B.A. in Business Administration from Ottawa University and an Associate of Applied Science in Middle Management from Scottsdale Community College.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

N/A

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Terry Lee, Administrator, Willamette Valley Company, (ph) 541-484-9621, (fax) 541-302-3465, terry.lee@wilvaco.com

Kevin Van Fleet, Credit and Contracts Manager, JH Kelly Holdings LLC, (ph) 360-575-3116, (fax) 360-423-9170, kvanflee@jhkelly.com

Ann Nordquist, VP Human Resources, Boyd Coffee, (ph) 503-907-2586, (fax), 503-907-2743, Ann.Nordquist@boyds.com

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis of Seattle, Inc.***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Laura Condon***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Client Services Specialist***		
# of Years in Classification:	***41***	**# of Years with Firm:**	***30***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Laura Condon brings nearly 35 years of Fine Art and Specialty Insurance to the Willis Towers Watson FAJS team. Laura's involvement with fine art experience actually pre-dates the current standard all risk wall to wall insurance policy. While working at MOAC in the late 70's Laura insured several local museums under the old on premises only fine art coverage form. On the insurance company side, she witnessed the evolution of fine art insurance to the current standard wall to wall form.

Laura's background includes fine art brokerage, risk management and underwriting experience with some of the largest fine art specialty insurance markets in the United States. Immediately prior to joining Willis Towers Watson FAJS in the Potomac, MD office, Laura served as Senior Vice President of Aon/Huntington T. Block where she ran their production operations nationwide. Laura has extensive experience insuring the collections and exhibition needs of several of the top Museums, Universities, Corporate and Private Collections in the US. Additionally she has held senior level specialty underwriting positions with ACE USA, Northbrook (now Travelers) and MOAC (now CNA).

With this unique background, Laura is able to provide superior risk management advice and creative insurance solutions for her clients. Her depth and breadth of experience in fine art and specialty insurance enable her to provide a valuable competitive advantage for her clients. Laura holds a Bachelor's Degree in English from Washington College in Maryland. Laura has served as a guest speaker for the American Association of Museums, the National Association of Corporate Collections Managers, the Heritage Preservation Society and several regional and local arts and museum organizations.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	**X**	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	**Mark Goode**	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Managing Partner***		
# of Years in Classification:	**30**	**# of Years with Firm:**	**13**

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Mark manages a team of seasoned professionals who have worked together for 20 years providing comprehensive insurance risk management and consulting services to public entities across the country. Since 2004, he has had the ultimate responsibility for ensuring that Willis Public Entity resources are properly deployed and the detailed account service plans created for all aspects of his clients' accounts are being executed.

Mark's more than 30 years of experience in the insurance industry include being the Managing Director for Aon's Public Entity Division, where he was responsible for setting the national sales strategy, underwriting and servicing of accounts. Earlier at Aon, he served as SVP and director of their Construction Services Group. Mark also held management positions at Aetna Life & Casualty.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

He has a BS degree in Management and Marketing from James Madison University, with a minor in Economics.

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

CPCU
CIC

He is a four-time recipient of Risk & Insurance Magazine's "Power Broker" award and a past recipient of the IIAV's "Insurance Company Person of the Year" award.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

State of Georgia
Department of Administrative Services
200 Piedmont Ave., West Tower
Atlanta, GA 30334
Wade Damron, Director of Risk Management
Wade.damron@doas.ga.gov
404.463.7982

South Carolina School Boards Insurance Trust
111 Research Drive
Columbia, SC 29203
Steve Mann
Director of Insurance Services
smann@scsba.org
803.988.0254

Name: Michael Anastasi
Title: Senior Risk Manager
Organization: Central Puget Sound Regional Transit Authority (Sound Transit)
Phone Number: 206-398-5169
Email Address michael.anastasi@soundtransit.org

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.				
Name:	***Phillip Gale, CPCU***			***Yes***
Individual's Title	***Senior Vice President/Sr. Claim Advocate/Area Practice Leader***			
# of Years in Classification:	***43***	**# of Years with Firm:**		***32***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Phil has 43 years of multi-line claims experience. He has been a field claim adjuster, Claim Supervisor, and Claim Manager in the areas of Property, Liability & Worker's Comp, and Litigation. He has been the Oregon Branch Claim manager for two Insurance Companies and an Assistant Branch Manager for a National TPA prior to that. He has served as a Claim Consultant and advocate for WTW clients for 32 years.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

1974 -1976 - Claim Adjuster/Sr. Claim Adjuster in Liability and WC /Liberty Mutual Insurance Company (Seattle/Sacramento)
1976 -1979 – Claim Supervisor in Liability, WC, & Litigation / Liberty Mutual Insurance Company (LA)
1979 - 1980 – Assistant Branch Manager / Gallagher Bassett Insurance Services (LA)
1980 - 1984 – Home office Claims and Branch Claim Manager / Fremont Indemnity Company (LA/PDX)
1984-1985 – Branch Claim Manager / Western Employers Insurance Company (Portland, OR)
1985-Present – Sr. Vice President/Sr. Claim Consultant / Corroon &Black/Willis Corroon/Willis/Willis Towers Watson (Portland, OR)

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Oregon State University, Corvallis, Oregon
Bachelor of Science in Business Administration (1974)
Financial Management-Major / General Science-Minor

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Chartered Property Casualty Underwriter (CPCU) - 1985

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

1. Michael Anastasi, Sr. Risk Manager
   Central Puget Sound Regional Transit Authority (Sound Transit)
   401 South Jackson Street
   Seattle, WA 98104

   Phone: (206)398-5169
   Email: michael.anastasi@soundtransit.org

2. Mark J. Roeter, Chief Financial Officer
   Columbia Steel Casting Co., Inc.
   10425 n. Bloss Ave. (PO Box 83095)
   Portland, OR 97203 (97283)

   Phone: (503)286-0685 ext 243
   FAX: (503)286-1743
   Email: mark_r@columbiasteel.com

3. Ellen Hewitt, Claims Management Consultant
   State of Oregon
   Department of Administrative Services
   Enterprise Goods and Services Division, Risk Management
   PO Box 12009
   Salem, OR 97309-0009

   Phone: (503)378-5508
   FAX: (503)373-7337
   Email: Ellen.L.HEWITT@oregon.gov

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:	***X***	**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Thomas Fenn***	**Key Personnel: (Yes/No)**	***X***
Individual's Title	***Senior Client Advocate***		
# of Years in Classification:	***45***	**# of Years with Firm:**	***9***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Tom serves as a Senior Client Advocate. He provides consultation services to clients on such matters as program design, marketplace trends, insurance carrier capabilities, strategic market access points and creative program alternatives.

Tom brings to his role over 30 years of insurance experience and expertise in placing and servicing clients in the fields of food processing, manufacturing, forest products, energy/utility, construction, transportation, and municipal government. Many of these clients required special policy wording and terminology, which he has formulated. He has also been involved in designing creative rating programs for risk management clients as respects both workers' compensation and liability programs.

Prior to joining Willis of Seattle, he was a Senior Vice President at Marsh in Seattle, performing both placement as well as client servicing functions. Tom also provided training for Marsh nationally as an instructor in their "Casualty Marketing" course, which was offered to casualty marketing executives throughout the entire organization.

He has provided in house training classes for various clients. These classes have included insurance policy language, additional insured requirements and contractual wording requirements. He has also provided suggested wordings and interpretations to address client needs.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

2008 – Current Willis Towers Watson, Seattle – Senior Vice President, Senior Client Advocate
1976 – 2008 Marsh & McLennan, Seattle – Senior Vice President

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

BA	Pacific Lutheran University, Tacoma WA
MBA	Pacific Lutheran University, Tacoma WA

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Surplus Lines Licensed in 40 States

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name: Michael Anastasi
Title: Senior Risk Manager
Organization: Central Puget Sound Regional Transit Authority (Sound Transit)
Phone Number: 206-398-5169
Email Address michael.anastasi@soundtransit.org

Name: Tim Dunivant
Title: Finance Director
Organization: City of Spokane
Phone Number: 509-625-6040
Fax Number: 509-625-6939
Email Address: tdunivant@spokanecity.org

Name: Jackie McGee
Title: Risk Manager
Organization: City of Vancouver
Phone Number: 360-487-8404
Fax Number: 360-487-8418
Email Address: jack.mcgee@cityofvancouver.us

PROPOSED STAFF RESUME FOR RFP 3495

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

Company Name Submitting Proposal:	***Willis Towers Watson***

Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff.			
Contractor:		**Subcontractor:**	

The following information requested pertains to the individual being proposed for this project.			
Name:	***Jeffrey L. Broyles***	**Key Personnel: (Yes/No)**	***Yes***
Individual's Title	***Surety Leader***		
# of Years in Classification:	***25***	**# of Years with Firm:**	***2.5***

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

25 years in the surety industry as an underwriter, agent, broker and manager working with clients from a wide variety of industries and locations.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

1993-1994, Safeco Surety, Atlanta, GA, Underwriter
1994-2005, The Linden Company (and successors), Colorado & Montana, agent, principal
2005-2015, Beecher Carlson, Oregon, surety manager, producer
2015-current, Willis Towers Watson, Oregon & Washington, surety leader

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

University of Puget Sound, Tacoma, WA, BA – Business Finance, Economics, 1990

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Certified Insurance Counselor – 2002, Certified Risk Manager – 2008

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Bill Smith, Regional Manager, Travelers Surety, 503-534-4294, wsmith1@travelers.com
Chris Spicher, Surety manager, Philadelphia Surety, 206-6-7-3335, chris.spicher@phly.com
Jason Hall, Partner, Hoffman Stewart Schmidt, CPAs, 503-220-5900, Jason@hss-cpas.com

Section IX:
Other Informational Material -
Marketplace Realities

Marketplace Realities 2017

The search for growth

Spring Update

Willis Towers Watson

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We also invite readers to visit the Insights page of www.willistowerswatson.com, where you will find many other articles and studies of immediate and enduring value to risk managers, financial executives and corporate governance stewards of every stripe.

Marketplace Realities is updated semi-annually.

Editorial staff

Joseph C. Peiser | Jonathan Fried | Erin Dubord | Paulette Callen

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All eyes on Washington

It's like the two-minute warning in football, overtime in basketball, extra innings in baseball or, if you're not a sports fan, anything that keeps you glued to the action. It's the level of activity in Washington, D.C., where a new administration looks to deliver on the promises that brought it to power. The only certainty seems to be uncertainty — that we stand at the threshold of potential change.

Trade, taxes, infrastructure, regulation: change could be coming in all of these areas, and all have the potential to affect our clients, our carrier partners and, therefore, the advice we offer. In terms of the marketplace mechanics and price predictions that are the focus of this publication, change is one thing we haven't seen in a while. Will the transformation at hand turn this long, soft market? To help answer that question, let's take a quick look back.

Fluidity and stasis

Anyone who remembers the 1970s will recall a time when the rules of macroeconomics seemed to stray from the norms. Slow growth and inflation were not supposed to go hand in hand, but they did in the form of stagflation. Fast forward to this decade, when the macroeconomic rules we expect to steer the commercial insurance marketplace have likewise strayed from the norms.

When interest rates are low and insurer investment incomes suffer, premiums have traditionally risen to compensate. Historically low interest rates, however, have not budged the current soft market. The cause? The fluidity of global capital. In search of ROI, investors have turned toward insurance, flooding the marketplace with capacity and keeping prices down. Even as insurer losses have edged up — another traditional source of upward pressure on prices — the marketplace has remained stable and buyers in most lines of insurance have benefited. There are exceptions, notably cyber, auto and some of the specialty lines as reported below.

This stasis we are in as an industry has proven quite resilient, even in the face of some shocks to the marketplace. One of the more notable shocks is an ongoing wave of consolidation that has reduced the number of markets: Chubb and Ace; XL and Catlin, and next we are looking at Liberty and Ironshore, as well as Sompo and Endurance. The marketplace seems to be easily absorbing these changes. Uncertainty at major insurers, which has pushed some carriers to retreat from certain lines of business in certain geographies, has again caused ripples rather than waves.

In these pages, we've noted several times that the resilience of the marketplace through all this bustle is an apt expression of what we're all about: a haven in a storm, a solid source of protection, the foundation for growth.

And now...

So will the stasis be over? If the proposed changes do happen, we see two potential scenarios where the movement of capital would indeed end the status quo.

If the moves designed to fire up economic growth succeed, we could see interest rates climb as the federal monetary stewards tap the brakes. Stocks could rise as well as the growing economy attracts investors. These forces could move capital away from the insurance industry, removing the leading factor in the present soft market. Meanwhile, a hotter economy would increase the demand for insurance, also putting upward pressure on premium rates.

All eyes on Washington (cont'd)

If, on the other hand, the nationalist voices hold sway, the global trade economy could contract. Transnational investment might also decline, reducing the fluidity of capital that has brought the sustained flow of capacity into the risk transfer business.

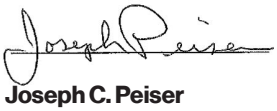
It's also possible that aspects of both scenarios come true, and instead of neutralizing each other they could amplify the pressures that would harden the insurance marketplace.

As for further consolidation in the industry, it's highly possible that the prospect of broad tax reform under the new administration will put plans on hold in 2017, as tax changes can affect the valuation of companies. Dealmakers are likely to take a wait-and-see approach.

We have seen predictions of a market turn from industry observers off and on during this period of stasis, often arguing, for example, that one mega-loss event could do it. Those arguments, however, lean on old school rules about what makes the marketplace tick. Our predictions may be more in line with the forces at work today.

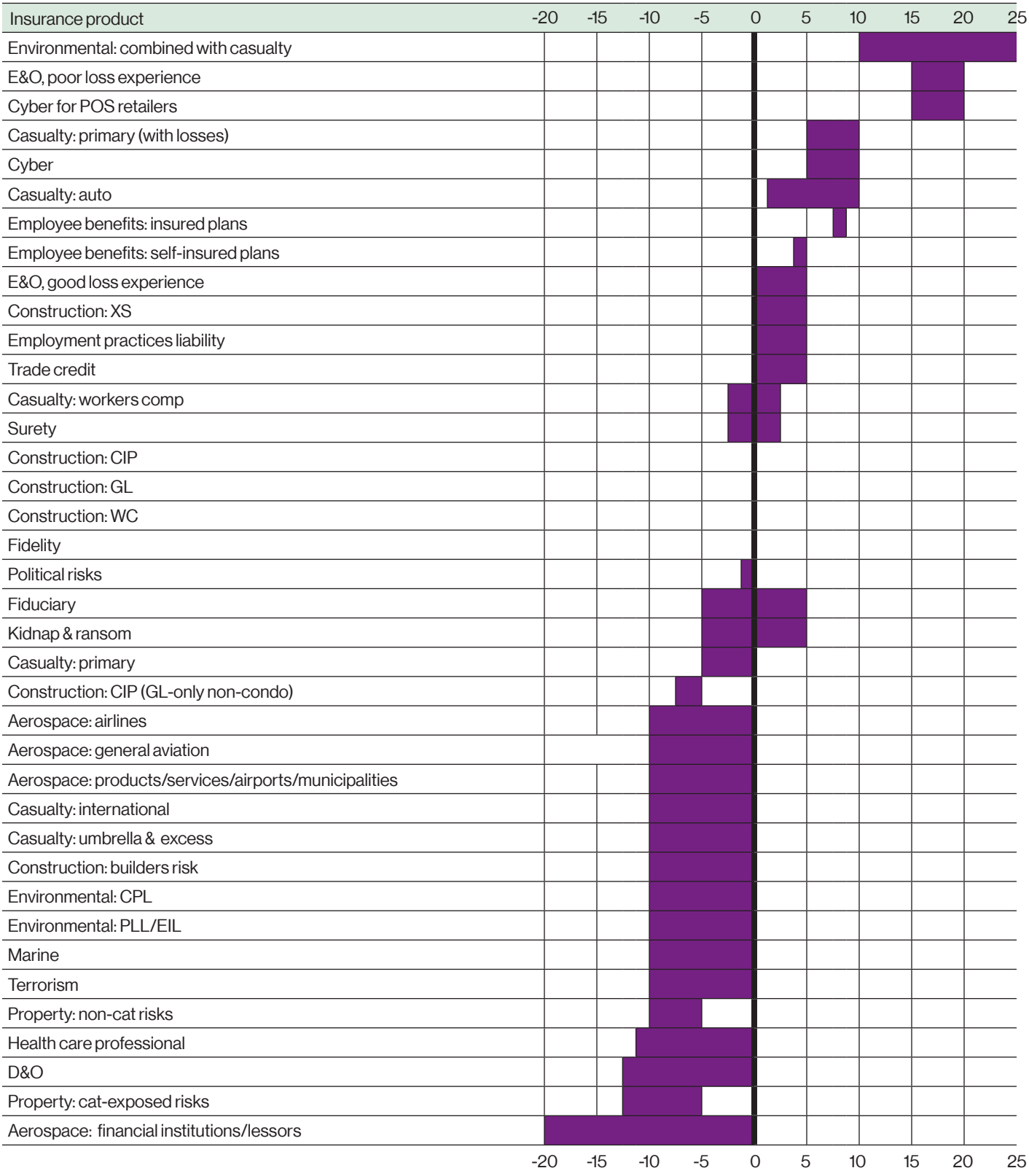
Like all predictions they are based on a series of ifs, the central one built around the anticipation of change. Just because we are expecting it, however, doesn't mean it's going to happen.

It's too soon to tell, of course. For now, we watch and wait.



Joseph C. Peiser
Head of Broking
Willis Towers Watson North America
Senior Editor
Marketplace Realities

Commercial insurance rate predictions for 2017



Looking forward, looking back

Comparing our predictions of last fall to those of this spring, we see few changes: property rate decreases are less pronounced, D&O rate decreases are more pronounced, employment practices liability rates are up a bit and crime/fidelity coverage rates are forecast to be flat for most buyers rather than down by small percentages. Otherwise, our prognosticators are sticking to their 2017 forecasts. In short, property and casualty rates are still trending downward for most buyers, though in the casualty lines, rates are going up for buyers experiencing losses. Rates for auto and cyber coverage are generally rising across the board due to rising losses for insurers. The remaining lines are expected to see a mix of increases and decreases, ranging from significant double-digit increases for buyers of environmental policies combined with casualty cover to similarly sized decreases in aerospace insurance.

Overall, 10 lines are expected to offer price decreases, six to offer increases and seven a range of both.

Market trends

Lines facing increases, decreases or a mix

MR Issue	Decreases	Increases	Mix/Flat
2017* Spring Update*	10	6	7
2017*	10	6	7
2016 Spring Update	9	8	5

*The 2017 figures reflect the addition of international coverage as a separate line.

Our Commercial Lines Insurance Pricing Survey (CLIPS), which compares prices charged on policies underwritten quarter by quarter for over a decade, provides further confirmation of a benign market in stasis. Price changes reported by carriers were less than 1% for the fifth consecutive quarter, following a moderating trend in price increases that began in the first quarter of 2013. In general, price changes in the third quarter for most lines of business were fairly consistent with changes reported in the third quarter. Two lines (workers compensation and commercial property) indicated modest price decreases, and directors and officers data indicated more significant but moderating price decreases.

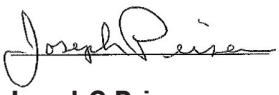
The outlier in the results continues to be commercial auto, where meaningful price increases continue to be reported. Price changes for most other lines fell in the low single digits.

CLIPS Q4 2016

The outlook

- For 2017, 10 lines are expecting **decreases.**
  - Property
  - Casualty
  - Aviation
  - Directors & officers
  - Energy
  - Fidelity
  - Health care professional
  - International
  - Marine
  - Political risks
  - Terrorism
- Six lines are expecting **increases**.
  - Auto
  - Cyber
  - Employee benefits
  - Employment practices liability
  - Errors & omissions
  - Trade credit
- The remaining seven lines are predicted to deliver **a mix** of small increases and decreases.
  - Workers compensation
  - Construction
  - Environmental
  - Fidelity
  - Fiduciary
  - Kidnap & ransom
  - Surety

For more insight on how these trends affect your organization's search for growth, contact your local Willis Towers Watson representative.



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Marketplace Realities

Property

The one thing

Be aware of opportunities to expand coverage in the property arena for cyber events and non-physical damage generally, as some large property carriers have put limited coverage offerings in policies and are slowly dragging along other more cautious markets.

- **Capacity** — Despite deteriorating underwriting results and a 32% increase in catastrophe losses year over year, abundant capital continues to sustain an attractive market for buyers.
- **Reinsurance** — Reinsurance rate declines moderated in 2016 and continued apace for 2017 renewals. U.S. accounts with catastrophe losses saw increases of 5%–15%.
- **Loss experience** — Global catastrophe losses were $49 billion for 2016 versus $37 billion for 2015, which translates into a claim increase of 32%.

Reinsurance Rate Reductions	
2014	-17%
2015	-11%
2016*	Flat to -7%

**Fourth straight year of reducions*

Year	Overall insured property losses (10-year avg. = 62)
2013	45.0
2014	36.0
2015	37.0
2016	49.0

(Sources: Munich Re, Swiss Re, Insurance Information Institute — in $billions)

- **Profitability** — Profitability of all segments of the global market deteriorated significantly in 2016. Lloyd's reported a 97.9% combined ratio representing an uptick of 7.9 percentage points over prior year. Bermuda (re)insurers posted a combined ratio of 91.9%, up from 88.5% in 2015. Most dramatically, U.S. insurers reported a $5.2 billion underwriting loss resulting in a combined ratio of 100.7, an increase of 2.9 points from 2015. Although catastrophe losses were the highest they had been in over four years, no mega-events occurred and overall losses were below historical averages.
- **Alternative market capital** — The influx of alternative capital continues to pressure the reinsurance market and use of this capacity continues to increase every year. To a limited extent, alternative market capital is being used for primary coverage in the large account space, and now we are seeing evidence of it in the middle-market space and in parametric trigger products.

Year	Use of alternative capital in reinsurance market
2012	8.4%
2013	10.2%
2014	11.5%
2015	15%
2016	18%

(Sources: A.M. Best, ISO, Insurance Information Institute)

- **Exceptions** — Underwriting results for habitational risks remain more challenged than the rest of the market and market appetite continues to be constrained accordingly.
- **Outlook —** We remain bullish for a continued buyer's market but, unless underwriting results show a turnaround, it is doubtful that underwriters can sustain this trend indefinitely. **Signs are emerging of a much more differentiated treatment based on risk fundamentals and loss history.**

Price predictions

Non-cat	-5% to -10%
Cat*	-5% to -12.5%

**In the first half of 2016, 78% of accounts saw a rate decrease and 43% were in the range of -5% to -15%.*

Contact

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Casualty — primary & excess

- Casualty continues to be a buyer's market for most companies and most industries. In general, rates have been flat with some single-digit increases or decreases, although auto has consistently seen rate increases in the 3%–7% range.
- As was the case throughout 2016, there are notable exceptions to these soft market conditions — New York City construction, energy and trucking risks.
- The re-underwriting of casualty risks by two major insurers that we reported in 2016 appears to be complete, although one of the underwriters continues to look at its U.S. casualty book and may take rate and/or program design actions on certain classes of business or specific accounts. Areas with the potential to see such changes include health care, all casualty lines in Florida and unbundled risks for which a third-party administrator's (TPA) claim handling and reserving have proven inadequate. Such potential actions should not be overly concerning since, as we saw in 2016, the casualty market has proven resilient, having absorbed most of the business that was shed by the insurers with relatively little disruption.
- The personnel movements we reported in 2016 have led to the emergence of new and re-tooled casualty capacity, which we predict will sustain favorable market conditions for most clients for the foreseeable future. As a result of these movements, accounts in the real estate and financial sectors have seen more competition for their casualty business.
- Five major casualty consolidations — XL and Catlin, ACE and Chubb, Sompo and Endurance, Liberty Mutual and Ironshore and Fairfax and Allied World — have not had a significant impact on rates or capacity. Historically, though, consolidation has led to higher rates and reduced capacity.
- The umbrella and excess liability markets remain the softest among casualty lines, with rate decreases of 5%–10% for most industries. However, clients with large vehicle fleets (1000+) and low umbrella attachment points continue to see their auto attachment points pushed higher (e.g., $5 million) with single-digit rate increases on their umbrella programs.
- Competition continues to be fiercest in the first excess position (attachments directly above the lead umbrella), encouraging many insureds to consider shorter lead umbrellas to provide more direct access to this competitive market.
- For trucking risks, the excess auto buffer layer (attachments excess of $1–$5 million, with limits of $5–$15 million) continues to be a challenge, with rates seeing double-digit increases and capacity scarce. The facultative reinsurance market is a potential source of capacity to help offset these rate increases.
- The London market continues to aggressively compete for lead umbrella and excess liability layers that, for years, were dominated by U.S. markets. These London underwriters are willing to entertain innovative, multiyear structures for difficult risks.
- Casualty coverage terms have remained mostly consistent; some insurers are broadening their cyber exclusions to limit coverage for cyber-related claims.
- Capacity in the product recall market has stabilized in London and the U.S. Overall, the market is generally flat, though rate decreases are beginning to dry up and auto suppliers are seeing rate increases.

Price prediction

Primary casualty	-5% to flat for most risks, +5% to +10% for risks with significant loss activity
Umbrella & excess	-10% to flat for most risks, +10% or more for truckers and NYC construction

The one thing

Between 70% and 90% of the total cost of casualty risk comes from claims, so it's important that buyers understand the underlying causes of claims and then implement effective risk control measures

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Workers compensation

The one thing

Buyers with exposures in Florida, New York or Massachusetts should undergo a detailed claim analysis and consider loss control initiatives — an ergonomics review, for instance — to address the underlying causes of loss.

- Court rulings and legislative change in 2016 have roiled the Florida workers compensation market, leading to an average approved rate increase of 14.5%. The changes also mean that both prospective and retrospective loss costs are expected to rise.
- The prevalence of unbundled workers compensation programs for larger insureds continues. More carriers who had previously been bundled-only are now offering unbundled options.
- Many are waiting to see the impact of the new administration on workers compensation. Decreased regulation of industry via the EPA and/or OSHA could lead to an increase of payrolls in more hazardous industries.
- There has been a discernible rollback in cutbacks in workers compensation benefits mainly due to legal challenges and court rulings in favor of employees. Examples include the Oklahoma Supreme Court striking down employer-friendly opt-out provisions and the 180-day minimum exposure rule on carpal tunnel claims, and Florida's Supreme Court striking down caps on claimant attorney's fees and the 104-week limit on TTD benefits.
- Some workers compensation insurers are experimenting with the use of telemedicine to reduce medical expenses.
- Overall, combined ratios for workers compensation insurers continue to improve, which should mean continuing favorable conditions for most buyers. However, certain states, including Florida, New York, New Jersey and Massachusetts, pose challenges for insureds with large payrolls.

Price predictions

-2.5% to +2.5-%; +15% in Florida.

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Auto liability

- In 2016, we saw an average increase of 4% for auto liability rates, but clients with large fleets and/or poor loss experience were faced with even higher increases. To blame are deteriorating loss ratios, for which insurers cite increased frequency and severity. We expect rate increases to continue through mid-2017. Risks demonstrating robust driver safety programs, the use of safety technology and other loss control initiatives are faring much better with insurers.
- Umbrella underwriters continue to look for higher attachment points ($5 million or more) on risks with large fleets. Clients should consider the facultative reinsurance market as a potential alternative for buffer layer risks.
- As we said above in our primary and excess section, competition for the first excess position in most umbrella programs remains fierce. For risks with large auto fleets, a shorter lead umbrella ($5–$10 million) can provide more direct access to the competitive excess market.
- Every day brings us closer to the reality of self-driving vehicles on our streets and highways, and the industry is watching closely as this technology develops. Over time, self-driving vehicles will have a significant impact on insurance, but it is too early to tell what that impact will be.

Price predictions

+ 3% to +10%

The one thing

Since loss activity can significantly increase the cost of an auto liability program, buyers need to take steps to minimize the risk of accidents: periodic maintenance checks, a structured driver safety program, the use of safety technology, etc.

Contact

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International casualty

The one thing

Governance and compliance are the key concerns for international buyers, who need to clearly understand what is being purchased in each country before inception and how claims will be paid.

- **New entrants to the international casualty segment are driving rates downward. Most clients (without adverse loss history) can expect flat to reduced rates and improved terms and conditions.**
- Insurers continue to offer foreign package policies, including cover for political evacuation, crisis response, manufacturer's E&O, extended products, war and terrorism and accidental death and dismemberment.
- Duty of care and protecting traveling employees continue to be primary concerns. Travel apps, accidental death and dismemberment, sub-limited kidnap and ransom covers are commonly being made available to clients as part of foreign voluntary workers compensation (FVWC), although not all insurers offer primary FVWC coverages.
- Higher liability limits are often available for little or no additional cost. To attract new clients, some carriers are offering lower minimum premiums on local policies ($1,500), further reducing frictional costs.
- The standard program for a middle market company remains guaranteed cost — no deductible, with the insurer handling claims.
- **Multiyear arrangements are available and include a premium discount for pre-payment.**
- Tier 1 international insurers continue to focus on relationship, underwriting, technology and ancillary services as product differentiators. Enhanced client portal systems deployed by these insurers allow clients and their brokers to plan for and monitor their international policy administration.
- Policy certainty before inception is becoming the norm for larger global clients complying with cash before cover requirements and other local regulations.
- **Large global companies are reconsidering alternative structures, including global liability policies (domestic and foreign), deductible recovery, segregated cell and other captives, high retentions, and multiline and multiyear programs.**
- Primary and excess underwriters are working more closely together to satisfy international clients' desires for higher local limits ($10-$25 million) at reasonable charges with fair and just premiums.
- This is a buyer's market for global clients with favorable loss experience and an aggressive broker.
- While we continue to monitor insurers' responses to the Brexit vote, no immediate changes for structuring freedom of services policies are expected.
- **For DBA coverage, loss control and claim management continue to be key drivers in reducing premiums.**

Price predictions

International casualty	-10% to flat
Defense Base Act coverage	-5% to flat

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International Practice Leader
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Employee benefits

- The November 2016 election results put the potential to repeal the ACA front and center. Congressional Republicans and the White House attempted to put forth an alternative to the existing law. However, the proposed American Health Care Act (AHCA) did not garner enough support from Republicans to move forward. Health care reform is still a topic of considerable debate and we expect this to resurface in the budget reconciliation discussion and throughout 2017.
- In the wake of the Department of Justice opposing and a federal judge rejecting two mega mergers (Anthem/Cigna and Aetna/Humana), Aetna and Humana have called off their plans while Anthem continues to pursue its acquisition of CIGNA through legal channels. Many believe that it is unlikely that the court's decision will be overturned, however.
- There is still significant employer focus on implementing measures to reduce costs by improving health, delivering better care and implementing high-value solutions.
- In a recent Willis Towers Watson survey, 88% of employers identified managing pharmacy spend and high-cost specialty drugs as their top priority over the next three years. In addition, employers are increasingly adopting telemedicine services and participating in value-based contracting and reimbursement arrangements offered by health plans.
- The viability of the public exchanges has come into question. Many state-based co-ops have gone out of business, and two major health insurers (Aetna and United) have reduced the number of states in which they participate in the public exchanges.
- While public exchanges continue to encounter difficulties, we have seen an increase in adoption of private exchanges as employers modernize their benefit programs to address the varied needs of a multi-generational workforce. Employers recognize that if they provide employees the opportunity to shop in a marketplace that communicates actual cost, ensures meaningful choice and provides an appropriate level of guidance, the exchange model can deliver employee satisfaction and lower costs.
- Employers are redesigning or expanding the supplemental and voluntary benefits they offer, reflecting changing employee needs and the rapid generational workforce shift. The voluntary benefits in greatest demand include identity theft insurance, critical illness benefits and pet insurance, but all plans have seen an increase in interest and adoption. Student loan repayment programs are receiving significant interest, as are updates to existing tuition reimbursement programs. As the job market continues to tighten, employers are using voluntary offerings as a means of attracting and retaining the right employees.
- The long-term disability market continues to be competitive due to prolonged low interest rates, a significant backlog in Social Security submissions and a decline in approvals. Meanwhile, life insurance continues to be very competitive and rate guarantees are increasing in length.
- Employers are looking for next-generation integrated behavioral health services that range from addressing stress in the work place to the growing prevalence of depression and substance abuse.
- The trend toward high-deductible health plans with tax-advantaged savings accounts continues, with more employers moving to full replacement.
- Creation and expansion of paid parental and family leave benefits, including global policies, adoption assistance and support programs for parents, are a focal point for employers in their battle for talent.
- As paid sick and family leave legislation continues to spread across cities, states and municipalities, employers are redesigning company sick time policies to ensure compliance and consistency.
- Mobile apps and tools are being used to manage retirement savings across multiple generations.
- Companies are expanding choice in their dental and vision product offerings. The focus on consumerism is resulting in customization of benefits within a group plan.
- More companies consider dental and vision care as key components to managing the overall health and wellbeing of their population. Plan designs are changing accordingly.

Price predictions

Self-insured	+4.5% to +5.5%
Fully insured	+7.2% to +8.2%

The one thing

Meeting the varied needs of a multi-generational workforce while controlling costs is prompting employers to modernize their benefits.

Contact

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Cyber risk

The one thing

In approaching the markets, be prepared to discuss your organization's incident response, disaster recovery and business continuity plans as well as what types of cyber training employees receive.

- Total annual cyber premiums reached $2.5 billion in 2016 and are set to climb in 2017. Some industry observers expect premiums to reach $10 billion by 2020.
- Cyber renewals continue to see primary and excess premium increases in the 5%–10% range for most buyers. POS retailers and large health care companies are still seeing increases, but nowhere near the level following the mega breaches in 2014 and 2015. In 2016, a few clients with strong controls saw either no premium increase or a slight premium reduction. Increased competition in the marketplace has also played a factor.
- Middle market clients (annual revenues below $1 billion) are still seeing a very competitive marketplace with aggressive pricing and broad policy language, as many carriers seek to enter the space.
- With the EMV (Europay, Mastercard and Visa) credit card chip liability deadline pushed from 2017 to 2020 for automated fuel pumps, underwriters still need to scrutinize controls around the implementation of end-to-end encryption for credit card transactions. Such scrutiny will likely need to continue even after 2020 if the lag in retailer EMV compliance is any indication. With increased reliance on Internet of Things (IoT) technology, both from the consumer and industrial standpoint, we expect increased technology E&O and cyber coverage gap exposure on new submissions.
- We are seeing more aggregation risk for third-party and cloud providers due to the increase in denial-of-service attacks like the one that hit a major internet infrastructure provider in October.
- Few markets are looking to address gaps in property, GL and crime coverage to include perils arising from cyber exposures. Cyber coverage, meanwhile, is expanding. Lately we have seen explicit grants of coverage for ransomware and social engineering in stand-alone cyber forms.
- Carriers are focusing on better management of limits deployed on programs, with many not offering more than $10 million on a given placement. Some carriers will consider additional limits on a case-by-case basis.
- There is at the same time an increase in capacity, with new U.S. and London markets providing limits of $500 million or higher in some cases.
- Insurers are exploring data analytics partnerships in an effort to optimize exposure data gathering, allowing underwriters to assess employee sentiment on how sensitive data is handled. Overall, underwriters want to better understand organizational culture and how data privacy is embraced across many operational functions.
- Carriers are becoming more accepting of manuscript applications and conference calls in lieu of standard applications. This has led to more competitive quotes due to the increased amount of information provided.

Price predictions

Renewals (non-POS retail; non-large health care)	+5% to +10%
Renewals for POS retailers & large health care	+15% to +20% for non-material loss history
First-time buyers	Competitive market conditions depending on industry and size of company

Contact

Joe DePaul
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Directors & officers (D&O)

- **Ample capacity continues to drive market dynamics** — The overall D&O marketplace is still soft. Carriers do seem to be feeling the squeeze and therefore are looking harder at where they want to use their capacity and pricing adequacy.
- **Underwriting discipline efforts** — Among the leading primary carriers for publicly traded companies, we are seeing pockets of underwriting discipline — action, not just words.
- **Coverage opportunities continue** — Carrier and broker innovations continue to offer unprecedented opportunities to get more value out of D&O coverage — investigations, cyber-related D&O protection and M&A exposures.
- **Rate** — Generally, premium increases are still the exception.
  - **Public companies** — For companies with favorable risk profiles, expect slight decreases to flat results on primary placements.
  - **Private/not-for-profit (PNP)** — Flat results continue to be achievable for many private companies and not-for-profit organizations, with some exceptions.
  - **Financial institutions** — Rates continue to stabilize. Adequate capacity means opportunities, but they may not be as pervasive as they are for commercial accounts. Higher excess is a bit more competitive.
  - **Excess** — Increased limits factors on excess are still declining, as capacity for excess attachment points is plentiful.
  - **Excess side-A (DIC)** — Very competitve, because it is very profitable for carriers. Admitted premiums seem as competitive as non-admitted.
- **Securities class actions** — Who knew Q1 of 2017 would be worse than 2016? With 125 filings, straight line projections suggest 500 filings this year. There were 270 in all of 2016. The annual average for the last 20 years is 188. Special concern for the pharmaceutical industries, which grabbed 25% of that 125!
- **"Animal spirits"** — Post-election market exuberance may artificially inflate stocks and stoke potential severity if company specific developments take that "spirit" out of the stock price of an issuer, particularly IPOs. Historically, the larger the market cap drop associated with the allegations in a securities class action, the larger the settlement value.
- **Activists** — While not all activist engagement is troublesome, adversarial activism seems on the rise and warrants a fresh look at D&O coverage.
- **Individual accountability** — Even with Washington potentially pulling back on regulatory enforcement, we continue to see a focus on executive accountability that has changed the dynamics of D&O defense for the foreseeable future.
- **Cyber/technology** — High-profile SEC investigations and a securities class action concerning cyber disclosures could result in a new wave of disclosure-based securities litigation.
- **M&A** — While M&A litigation overall may have decreased, the number of federal cases has swelled. This is reflected in the Q1 numbers.
- **Effective global coverage** — The trend toward purchasing international D&O policies (largely underlying, local policies) in conjunction with their U.S. master policy(ies) continues, and markets are responding with more capabilities and solutions.

Price predictions

Overall	-12% to flat
Public company – primary	-10% to +5%
Public company – excess	-5% to -20% (includes side-A)
Private companies	Flat
Not-for-profit entities	Flat to +10%
Financial institutions	Flat to -5% (excess -7% to -10%)

The one thing

Will off-the-charts Q1 securities class action filings be the last-straw for this soft market?

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Employment practices liability

The one thing

Few areas of insurance may be more affected by the change in federal administration than employment practices liability. Stay closely tuned.

- **Rates remain mostly stable, with average primary rate increases of 5%, unless loss experience, mergers and acquisitions, or changes in exposure dictate a greater increase.** In California, rate increases continue to fluctuate between 5% and 15%, based on the heightened legal requirements in that state.
- The EPL market remains competitive, with capacity of over $800 million in the U.S., Bermuda and Europe combined.
- Three recent court cases brought under the Fair Labor Standards Act (FLSA) have placed a spotlight on whether class action waivers in employment arbitration agreements are valid. If the U.S. Supreme Court determines that the waivers are not valid, we could see an increase in FLSA class actions, as well as in traditional employment discrimination claims. **Employers should proceed with caution and engage counsel when drafting these provisions.**
- **Change is afoot at the Department of Labor.**
  - In 2016, the Department of Labor (DOL) promised to more than double the annual salary threshold for overtime or minimum wage exemption under the FLSA. The changes are tied up in the courts after 21 states filed a lawsuit challenging the DOL's new rule. While a federal district court judge granted a preliminary injunction to the plaintiffs, given the change in administration, the fate of the overtime rules is uncertain.
  - Increased focus on pay practices and classification issues has brought heightened interest in wage and hour insurance. New entrants in the market (particularly for mid-size companies) and market appetites have arisen to meet the demand. Flexibility in retention levels and markets' willingness to offer blended wage and hour/EPL policies have led more companies to purchase or obtain quotes. Markets in Bermuda, London and the U.S. offer defense and indemnity coverage.
  - Joint employer liability remains a significant area of concern, particularly for companies in the franchise, hospitality and staffing industries. We are keeping a close eye on changes at the DOL, namely the nomination of R. Alexander Acosta, which could impact the joint employer liability issue.
- **Pay equity continues to be a major area of focus in 2017.**
  - Proposed revisions to the EEO-1 Survey, which would require the reporting of total W-2 compensation information and hours worked for all employees, appear to still be in place and are expected to go into effect in March 2018.
  - The Office of Federal Contract Compliance Programs (OFCCP) recently prohibited federal contractors from implementing policies that prevent applicants and employees from discussing their pay with each other in Pay Transparency Executive Order 13665. In December 2016, the rule was revised to require federal government contractors to include a pay transparency nondiscrimination provision in employee handbooks and manuals and to post the provision in conspicuous places available to employees and applicants.
  - Additional states and localities (e.g., Philadelphia) have joined New York, Massachusetts and California in enacting or updating pay equity laws to include anti-retaliation provisions and additional remedies to aggrieved parties.
  - Given the above developments, employers may see an uptick in gender and race pay discrimination suits, as well as EEOC- or OFCCP-led class action lawsuits, though such activities will depend in part on the funding available to those agencies.
- Protecting immigrant and migrant workers was one of the EEOC's priorities in its Strategic Enforcement Plan for 2017-2021. Given the federal government's recent executive orders regarding immigration, claims involving national origin and religious discrimination may increase. Companies are advised to consult with employment counsel and take proactive measures, where necessary, to prevent or mitigate such claims.

Price predictions

Overall	Flat to +5%; California: +5% to +15%
Large global companies	Flat to +3% (primary); -5% to flat (excess)
Mid to large domestic firms	Flat to +3% (primary); -5% to flat (excess)
Private and nonprofit entities	Flat to +5%
Smaller employers (< 200 employees)	+5% to +10%

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Professional liability (E&O)

- New and traditional carriers are seeking to expand their market share in the professional liability space, especially with middle market clients due to their better loss ratios. This has driven competitive pricing and broad policy language.
- The marketplace continues to contemplate the effect of large data/privacy losses from the retail sector and large technology services claims. The premium and retention impact is limited, as fewer markets write primary professional liability coverage for large technology companies and some carriers tend to be more aggressive on combined cyber/E&O programs.
- Miscellaneous professional (MPL) services definitions remain heavily scrutinized by underwriters due to the potential overlap between manufacturers or product liability policies and MPL coverage.
- Large technology companies with new media and service offerings can expect to see premium increases due to expanding global privacy laws, most notably the General Data Protection Regulation (GDPR) in the E.U. However, the middle market technology E&O space is very competitive on both coverage and pricing.
- Service providers are routinely being asked to provide higher limits when they present evidence of insurance coverage for professional liability, and cyber is driving the demand. Narrow indemnification language in vendor agreements is another driver.
- Emerging risks include manufacturing companies providing their products as a service via a technology platform. As a result, we see increased exposure for certain industries arising from the use of data analytics to provide targeted usage information to customers.
- With cyber exclusions common on ISO-based policies, clients are seeking coverage for contingent property damage or bodily injury and loss of business income due to system interruptions.
- Law firms are increasingly looking into cyber coverage due to recent incidents involving the wrongful disclosure of confidential client information.
- More buyers are seeking to have coverage expanded to include REITS and joint ventures where majority ownership or majority voting rights are not with the named insured.
- Companies with no losses and manuscript wording should be able to improve their coverage.
- Retentions are being reviewed case by case, driven by the overall size of an organization and the professional services being provided.
- Authorized global E&O limits are approximately $750–$850 million. Typical insureds should be able to buy from $500–$600 million.

Price predictions

Good loss experience	Flat to +5%
Poor loss experience or difficult industry sectors	+15% to +20%

The one thing

Be prepared to discuss your company's approach to vendor contracts and service agreements, including how you limit your liability and what dispute resolution and elevation processes are in place.

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Fidelity

The one thing

Social engineering remains a top concern and buyers should investigate the lead markets now willing to afford meaningful limits on a primary basis.

- **Technology-related fraud —** Fraudulent use of technology remains a major concern to underwriters, and based on the continued barrage of attacks on insureds' computer systems, those concerns are unlikely to subside in the near future.
  - Phishing attacks and subsequent insertion of malware into computer systems remain the predominant method of breaching systems and, despite corporate training to detect bogus emails and prevent opening of infected attachments, phishing attacks are on the rise. This, coupled with hackers' ability to speed the upload of malware into computer systems, demonstrates the challenges faced by both commercial entities and financial institutions to stay ahead of the curve.
- **Impersonation fraud is still a hot button issue —** Although malware has greatly increased the ability of hackers to illegally transfer money or securities, social engineering (fraudulent impersonation) remains by far the most common method of fraud.
  - Criminals have had most success targeting smaller firms for smaller dollars, as larger entities, now well-educated on the issue, have implemented extensive training and authentication measures.
  - Large companies duped by these schemes, however, still make the headlines from time to time.
- **Breadth of Coverage —** Coverage remains quite broad for the traditional fidelity/crime exposures facing clients, including employee theft and non-employee losses involving burglary, robbery, forgery or alteration of checks. We do find underwriters still move cautiously when affording coverage for the new impersonation fraud coverage, having no conditions precedent to coverage, but we find several leading markets now willing to underwrite the exposure and offer meaningful limits. For those insureds demonstrating good internal controls, underwriters are now offering seven- and eight-figure limits, particularly on layered programs. Instances of $50 million and $100 million limits have been noted, particularly where meaningful deductibles are utilized.
- **Market capacity and pricing** — Market capacity remains relatively static, but several newer entrants into the market continue to put up significant capacity on a primary basis for Fortune 1,000 and 500 clients as well as large regional financial institutions (FIs), challenging the limited number of traditional leaders in this space.
  - While London has long been a leading FI bond market for primary FI bond placements, they are now aggressively quoting mid to large commercial accounts as well, resulting in competitive pricing and aggressive coverage grants.
- Overall pricing remains flat with potential increases for meaningful impersonation fraud coverage limits.

Price predictions

Flat, with small increases for expanded coverage

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Fiduciary

- Fiduciary liability capacity remains stable, notwithstanding loss cost escalation. One exception: the number of viable primary insurers for asset managers with proprietary funds within their retirement plans is becoming limited.
- Pricing is stable to slightly down on primaries. Excess layers are more competitive. So excess pricing is softening.
- Fee cases: fee cases involving 403(b) plans (for public schools, certain tax-exempt organizations, and certain ministers) are the new exposure front. Carriers are far more attentive now to exposed plans.
- Fee cases continue to push settlement limits and, therefore, buyers' views of appropriate program (limits) size.
- Underwriters continue to show concern about insureds' selection and monitoring of service providers. The initial selection of a service provider is a fiduciary action.
- Fiduciary coverage for asset managers that includes proprietary mutual funds in their 401(k) plans continues to be a concern for insurers, resulting in some outright declinations of such risks, or premium/retention increases.
- The IRS no longer issues determination letters on the tax qualification of individually designed retirement plans. This leaves sponsors, plans and fiduciaries more exposed to potential sanctions and greater correction expenses and/or potential litigation expenses.
- With the new administration in Washington, there is heightened uncertainty around compliance, representing heightened risk that could be challenging to mitigate.
- Lack of clarity about what the U.S. health care system will ultimately look like, and the extent of employers' roles, especially as respects retirees, creates general concerns for fiduciary liability insurers.
- Church plans: a recent uptick of church plan lawsuits is creating some concern for underwriters. Plaintiffs are challenging the premise that pension plans offered by religiously affiliated health care systems qualify for ERISA's church plan exemption.

Price predictions

Overall	-5% to+5%
Companies with large concentrations of their stock in benefit plans	Flat to +10%
Companies without/limited company stock in their plans	-3% to -10% (on excess layers)
Financial institutions	-3% to flat (other than FIs with proprietary fund exposures)
ESOP-owned firms	+5% to +10%
Private and nonprofit entities	-3% to +5%

The one thing

While fee cases continue to drive loss severity, heightened regulatory risks and uncertainty could drive frequency and severity, too.

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Health care professional liability

The one thing

With new market entrants eager to write HPL, companies should explore all options: domestic, including new entrants and traditional physician carriers, Bermuda and London. At the same time, brace for change.

- **HPL continues to be a very competitive line and recent marketplace entrants in early 2017 have furthered the trend.** This competition and the strong capitalization of HPL insurers have helped keep pricing low for health care industry buyers across all segments despite a rising industry combined ratio indicating lower profitability in this line.
- We expect the health care professional liability (HPL) market to remain soft through the first half of 2017, with flat to low double-digit decreases at typical renewals depending on loss experience, exposures and territory.
- **The election of a Republican Congress as well as Republican control of the great majority of state legislatures could solidify tort reform efforts and yield even more favorable malpractice legislation, such as caps on non-economic damages.** The highest courts in some states, however, have not hesitated to strike down certain provisions of tort reform legislation, although most tort reform enacted since the year 2000 has withstood constitutional challenges.
- Loss frequency remains low and, while severity is increasing, it is actuarially predictable. **The number of large verdicts, however, should continue to be watched, as it is one of the industry's few negative factors; there have already been a few large verdicts in the first months of 2017.**
- Buyers may need to adjust terms and conditions to address evolving risks, such as batch claims, cyber/network privacy risk, regulatory risk and pay-for-performance reimbursement, as well as executive risks. More carriers are willing to write integrated programs with excess coverage layered over some of these risks as well as auto, general liability, crime/fiduciary coverages. Many hospital excess carriers are offering multiyear programs.
- Beyond hospitals, the competition for physicians/groups has helped lower premiums as well for miscellaneous facilities. Long-term care facilities continue to see generally lower premiums, but a few carriers are shying away from that segment of health care professional liability.
- The industry combined ratio must be watched, as it is creeping closer to 100. Results for HPL through 2016 have not yet been released but, for the first time in 10 years, HPL may be unprofitable.
- Carriers are concerned about cyber/network privacy risk bleeding into the health care professional liability. Carriers are seeking to limit these losses by exclusions and other coverage limitations.
- Due to the long tail of HPL, health care reform has not yet affected claims. But potential changes wrought by the repeal of the Affordable Care Act and shifting reimbursement methodologies would shape malpractice risk and underwriter response over time, as many health care organizations manage the effects of ACA repeal or revisions and the shift to value-based reimbursement from fee-for-service and clinical integration of their organizations.
- Regulatory risk coverage is available and, while the retentions are significant and the pricing can be high, some buyers are purchasing these policies to address a meaningful risk in the face of change.

Price predictions

Flat to low double-digit decreases depending on experience and territory

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Aerospace

- While we are seeing increased carrier scrutiny with more selective and disciplined approaches to underwriting, **aerospace insurance buyers are still benefitting from an oversupply of capacity in both the domestic and overseas markets.** Given the broader spread of premium among insurers, maintaining market share is important and **new business is being aggressively priced.**
- **Airlines** — The extended soft market for airlines will continue into 2017. Worldwide losses have been relatively low and there is still plenty of excess capacity. However, worldwide claims have exceeded premiums for the last four years and attritional losses are outstripping the premium. **Underwriters are not eager to offer reductions but have been hamstrung in seeking increases due to the excess capacity. For those accounts with excellent loss ratios there will still be some single-digit rate reductions available, especially if they show some growth.** For those accounts with losses, expect a flat renewal to a slight increase in premium depending on how bad the losses are. The market remains ready to turn should the future bring significant losses and/or a withdrawal of a significant portion of capacity. The available capacity remains divided, with less capacity for legacy operators flying wide-body equipment.
- **Products manufacturers/service providers** — This segment has seen an overall average reduction of just over 6%, led by more significant reductions for fuel providers (around 15%). Realignment and program structure changes for some major OEM programs continue to slightly skew the figures as less flight-critical, component product manufacturers remain particularly attractive to insurers and can attract more meaningful reductions in premium.
- **Airports and municipalities** — Pricing remains relatively flat with occasional reductions to retain business or gain market share. Retentions continue to hover at all-time lows. Current conditions are not likely to change soon due to both capacity and attractive multiyear contracts.
- **General aviation** — The industrial aviation subsector is still experiencing pricing reductions, though less than in prior years due to already depressed rates. The aircraft charter market has seen less flexibility in pricing due to attritional loss levels. The commercial rotor-wing subsector is still experiencing reductions on profitable accounts while increases are being sought on accounts with losses. One of the most talked about emerging risks in the industry remains the advent of drones, or unmanned aerial vehicles (UAVs), into the public airspace. **Insurers have started to develop online trading platforms for UAV risks, given the high frequency/low premium transactions. New business is still being sought aggressively as underwriters try to make up for depressed rates on their renewal books.**
- **Financial institution/lessors** — In the aircraft leasing industry (banks, lessors, aircraft trading companies) consolidation continues at an active pace. With its high profitability for underwriters, this class remains attractive. Rates for banks and traders of aircraft/engines remain competitive and U.S. and European underwriter appetite is very large.
- **Space** — The satellite insurance market (for launch and in-orbit risks) has seen more than a decade of positive results, which keeps attracting significant market capacity and driving down premium rates. There is, however, substantial differentiation between launch risks, with the best-performing launch vehicles attracting premium rates that are approximately 30% of those applied to launch vehicles with recent performance issues. For in-orbit risks of healthy satellites, one-year policies are at historical lows, with standard GEO satellites now attracting premium rates in the region of 0.5% or less.

Price predictions

Airlines	-10% to flat
Products manufacturers/service providers	-10% to flat
Airports and municipalities	-5% to flat
General aviation	-10% to flat
Financial institutions/lessors	-20% to flat

The one thing

As predicted, the Q4 2016 airline renewal season saw rising resistance by underwriters to what has been a race to the bottom, and buyers can expect similar pressures through 2017.

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Construction

The one thing

Industry confidence is on a significant rise. Contractors of all sizes across the country are enthusiastic for 2017

- General liability — Capacity remains high but underwriting discipline is firming, leading to flattening of rates. To support pricing, carriers are tinkering with changes in coverages and deductibles, increasing the need for diligence on renewals.
- Workers compensation — Despite trends (aging workforce, higher medical expenses, etc.) that should lead to higher rates, the workers compensation market remains steady. Regulatory changes in Florida will impact that market, but overall rates are stable.
- Automobile liability — Worsening trends of 2016 remain in effect for 2017; poor underwriting performances continue to pressure rates.
- Excess/umbrella liability — As with GL, an element of stabilization is entering the market. While conditions are still soft with much capacity, experienced underwriters are starting to hold the line on rates, especially in the lower layers.
- Construction property/builders risk — The property market in general continues to be extremely competitive due to the surge in capacity in recent years. Domestic insurers have continued to perform well and have grown their net and treaty lines, while new players have opened their doors. All-time high capacity has resulted in rate reductions across the board as well as broader terms and conditions.
- Professional liability —The PL marketplace continues to be very competitive, with a growing carrier presence and the largest U.S. capacity to date. For-sale residential continues to be the most challenging project risk for carriers. Underwriters are reviewing contractor delegated-design, geotechnical and structural firms closely due to recent loss experience.
- Controlled insurance programs — CIPs are still popular for both general contractors and owners with cap spend budgets. While two-line CIPs continue to be placed, particularly on larger, complex projects, GL-only CIPs grow in popularity, driven by lower deductibles (hence no collateral) and the completed operations coverage typically tied to each state's statute of repose.
- Contractors pollution liability — See the environmental marketplace page.
- While construction remains stable and is expected to grow in 2017 and beyond, construction firms are being challenged by technology innovations and shortages of skilled tradespeople.

Price predictions

General liability	Generally flat
Workers compensation	Flat
Automobile liability	+5% to +20%
Excess liability	Flat to +5%
Builders risk	-10% to flat
Professional liability	Flat
Controlled insurance program (CIP)	Flat (-5% to -7% for GL only, non-condo risk)
Contractors pollution liability	-10% to flat

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Energy

Downstream

- **Little has changed since we last reported in October 2016.** Capacity continues to grow, rates continue to soften, competition remains robust and there have been no meaningful market withdrawals. This remains firmly a buyer's market.
- **That said, we are now seeing a deceleration of the softening process.** A sharp increase in losses during 2016 is beginning to threaten overall underwriting profits for last year.
- **Meanwhile, established markets are facing more competition than ever before.** As regional insurers increase their underwriting muscle, established markets in London are also coming under pressure from their upstream counterparts in the battle for midstream business.
- **Smaller insurers, particularly from Lloyd's of London, are rethinking their underwriting strategies.** With insufficient capacity to compete on a level playing field with the larger global carriers, some of these insurers may be looking to write deductible buy-down reinsurances for the major leaders, as opportunities to participate on programs on an excess-of-loss basis become increasingly restricted.
- **As the softening continues, albeit less vigorously, we are seeing the first signs of a relaxation of certain sub-limits** for course of construction, expediting expenses, sue and labor costs, etc.
- **As premium income continues to decline, insurers remain apprehensive.** Should the loss record continue to deteriorate with more catastrophic losses, it would not take much further loss activity to generate an overall underwriting loss later in 2017.

Price predictions

Slight softening, but may bottom out later in the year

Upstream

- **The market continues to soften, but under a cloud.** The significant deterioration of the 2015 loss record is damaging back-year results for both 2014 and 2015. In many instances the reserves needed to fund this deterioration have already been used to augment dwindling premium streams.
- **The rate of capacity increase may be lessening, but new competition continues to enter this market.** Despite the real possibility of future underwriting losses, capacity providers continue to invest in this sector, drawn by its long-term track record and scale.
- **Premium income levels are now at a point where underwriting losses are almost a certainty.** Only a lack of truly catastrophic losses has prevented the market as a whole from going into the red, while for some insurers hard hit by the recent deterioration that moment has already arrived.
- **Meanwhile, the number of insurers prepared to lead business continues to grow.** The rate of softening may be decreasing some, but increasing numbers of insurers have realized that they must lead to maintain a degree of control over their portfolios.
- **To date, programs that have been tendered have produced the most dramatic rating reductions.** Those that feature a good loss record and meaningful premium income have found new insurers as the incumbent markets walk away from the business.
- **In contrast, those buyers who maintain market loyalty may still benefit in the long term.** Should market conditions change, these buyers will be most protected from any future market upturn.
- **In the meantime, cash flow is key.** Only when cash flow becomes a real issue is there likely to be any meaningful change in market dynamics.

Price predictions

Continued but decelerated softening, with the potential for an upturn later in the year

The one thing

The climate may now be right for negotiating long-term programs with strategic risk carriers to guarantee stable pricing at the lowest point of the underwriting cycle.

The one thing

Realistic cyber products for upstream buyers are now available. Take-up to date has been sporadic but is likely to increase in the future.

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Environmental

The one thing

Changes in regulation and enforcement under the Trump administration could change the environmental liability landscape considerably; but significant changes to underwriting appetite across most classes of business are not expected as a result.

Market Update

- **As we enter the second year of AIG non-renewals, insurers continue to compete for this displaced business on pricing, while employing creative solutions to the limited availability of engineering data.**
- Carriers who have expanded their North American footprints with former AIG underwriting staff are now looking for a return on their investment, competing especially aggressively for AIG's former site pollution and related contractors pollution business.
- **Changes in underwriting appetites and capacity limitations may necessitate the involvement of multiple carriers to create program continuity and satisfy contract requirements.** The limitation of underwriting authority in the field has required significant involvement of senior carrier leadership in obtaining underwriting approval.
- **The marketplace offers ample choice. Carrier consolidation has slowed and two new carrier entries are looking to write on a primary basis.** Carriers approaching five years of successful underwriting experience are expanding capacity, lines of coverage, underwriting staff and geographic reach.
- At least two markets are expected to introduce a site pollution + GL product in 2017, expanding the field and likely stemming a hardening market for this product line. As expected, the monoline site pollution market has experienced increased competition (especially for displaced AIG PLL business) and a continued soft market for all but the most difficult site pollution placements.
- Premium rates remain flat or down slightly for preferred classes of monoline pollution business and have increased for combined (environmental + casualty/ professional) policy forms and non-preferred classes of monoline business, due in part to claim activity.
- Sustained construction activity and soft market conditions have fueled demand for contractors pollution liability products and their combination with builders risk coverages, especially in conjunction with wrap-up products.

Claim update

- Increasing claims based on mold and indoor air quality issues in the hospitality/real estate/health care space have resulted in carriers attempting to mitigate this exposure with per-door/room deductibles and other coverage limitations.
- Highly publicized catastrophic claims have increased regulatory scrutiny on transportation/railroad, mining, energy and pipeline exposures, resulting in the reevaluation of these sectors by underwriters and inspiring a new push to shift liability to users of the facilities.
- Additionally, high-profile claims associated with water quality issues in the higher education, public housing and water treatment sectors have increased the scrutiny of coverages for products liability, sewer backup and lead.
- Carrier attempts to broaden coverages for standard P&C lines (general liability, builders risk, property, auto) have increased the potential for overlapping coverage with environmental policies, although the severity and complex nature of environmental claims necessitate a close look at potential gaps in the coverage provided by property and casualty policies.

Price predictions

Contractors pollution liability	-10% to flat
Site pollution liability (PLL/EIL)	-10% to flat
Combined environmental + casualty/professional	+10% to +25%

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Kidnap & ransom SCR

- **Buyers with relatively unchanged exposures can expect flat renewal premiums with three-year policy terms.** Exposure to highly sanctioned countries (i.e., Iran, Syria, etc.) will bring enhanced scrutiny as insurers ensure compliance with applicable laws and regulations.
- **Insurers continue to offer assault/workplace violence coverage via policy extensions to address the threat of active shooters.** Business interruption and crisis management support tend to be the drivers behind the decision to purchase this cover.
- **The market is moving to limit coverage for cyber-related extortion.** This includes restrictive language concerning "other insurance" and decreased limits of liability for business interruption stemming from cyber-extortion events.
- **Global overview of K&R risk** — The main drivers of kidnap in 2017 will continue to be economic instability, weak rule of law and ongoing conflicts. The anticipated defeat of Islamic State groups in Syria and Iraq will likely bring a reduction in kidnap for propaganda and ideological reasons in the region. The threat of kidnap to both locals and nationals will, however, remain high as a result of the multitude of armed actors fighting in the area.
  - **Latin America —** Economic instability and weak rule are most apparent in **Venezuela**. Kidnapping rates have increased accordingly with foreigners increasingly targeted. To a lesser extent the same applies to neighboring **Brazil.** As predicted, politically motivated kidnappings in **Colombia** have decreased with the reduction in hostilities between the government and opposition groups. In North America, **Mexico** appears to be backsliding and the extradition of drug lord Joaquin 'El Chapo' Guzman to the U.S. appears to be contributing to a renewed wave of violence in the country, which may lead to the fragmentation of previously hegemonic criminal groups and subsequently an increase in opportunistic kidnappings.
  - **Middle East and North Africa —** Rival factions and armed militias continue to struggle for power in Libya, where kidnap will primarily be financially motivated. Throughout the region the threat of Islamist militant groups will ensure that kidnap for ideological reasons will remain a threat in 2017.
  - **Africa — Nigeria's** deteriorating economy and unrest in the Niger Delta will likely continue to drive kidnap on the mainland as well as piracy in the Gulf of Guinea. The waters in the Gulf of Guinea were some of the most dangerous in the world in 2016; this is likely to continue as criminals look to carry out opportunistic kidnappings. The ongoing existence of ungoverned spaces throughout the region, such as the Lake Chad basin region and the porous borders between **Mali, Mauritania and Niger,** will ensure that militant Islamist groups, such as al-Qaeda in the Islamic Maghreb (AQIM), will remain a key kidnap threat.
  - **South Asia — Pakistan, Afghanistan and India** remain the highest risk locations. The major kidnap risk in the region will likely continue to be criminal groups, enhanced by concern that criminal kidnap groups will sell their victims to organizations such as the Taliban in Afghanistan.
  - **Southeast Asia —** The Islamist militants Abu Sayyaf Group (ASG) pose the greatest kidnap threat in the region, operating primarily in the southern **Philippines** and the **Sulu Sea** as far out as **Malaysia's** eastern Sabah province. It is likely that the trend of piracy for kidnap, established in 2016, will continue in 2017 as the more radical elements of ASG seek attention and funds in their fight against the Philippine government. In urban areas, Philippine president Rodrigo Duterte's aggressive war on drugs could lead to an uptick in kidnap as is often seen following drug-related violence.

Price predictions

-5% to +5%

The one thing

Assault/workplace violence coverage continues to be a growing concern for domestic and multi-national organizations.

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Marine

The one thing

With excellent deals in easy reach for most buyers, the challenge will be to select those insurers capable of maintaining their service and claim propositions as margins fall.

- The soft market cycle in the marine insurance market continues to create a competitive rating environment for shipowners, operators of ports, terminals and other marine facilities, and for those involved in international logistics or trade involving the shipment of general cargos.
- **Shipowners are experiencing another year of reduced rating,** principally driven by continued excess capacity. While some insurers have withdrawn from the marketplace and others are looking to unilaterally change the situation, they have not had any impact on the downward trend so far. With established carriers determined to maintain market share and recent new entrants in a hurry to establish portfolios, the market is unlikely to see increased rates in the near future.
- **More insurers are evolving their proposition for ports and terminals to include property damage coverage in a package with liability risks.** This is advantageous for owners and operators, driving efficiencies and costs savings.
- **Competition is also intense for other marine liability business.** This is leading to something of an underwriter merry-go-round, as insurers look for the best people to bring in business. This drives up costs for insurers while premiums are softening — putting further pressure on margins.
- The marine cargo market remains soft for most general cargo, while insurer margins have been eroded dramatically in the past 18 months for those exposed to Tianjin and other losses affecting cargos or the storage of automobiles, and also those caught out by the pre-launch loss that affected a SpaceX rocket.
- Those insurers that avoided these major losses have the opportunity to take advantage of the large premium increases in these subsectors of the cargo market. The challenge for insurers, however, is getting enough general cargo business with a more predictable loss profile to balance the volatility that comes with writing the automobile sector. Capacity has left the cargo market but with little impact on rating at this stage

Price predictions

Cargo	-5% to -10%
Hull	-5% to -10%
Marine liability	Flat to -10%

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Political risk

Since last fall, we have witnessed a surge in anti-globalism rhetoric, protectionism and economic nationalism. Trade deals have either been halted or hotly debated, including the Transatlantic Trade and Investment Partnership as well as the Trans Pacific Partnership. **The implications for emerging markets are not insignificant.** Loss of government revenue due to a reversal of trade liberalization is a potential threat, akin to the effects of the persisting oil production glut.

Political risk is rising around the globe. We have already witnessed expulsion and expropriation of more firms in Venezuela, political and economic crises in Brazil, rising tensions in the South China Sea and disturbing nuclear tests by North Korea. The risk, however, is often underestimated by multinational companies. Many insurance buyers report that they may analyze local political risk when entering a new country, but **very few have a continuous process for updating that analysis.** Despite the rising exposure, the political risk insurance market remains open and competitive due to a continued influx of capital. Rates have not generally increased (except selectively in the riskiest locales) and small decreases are often obtainable. Specific locales to note:

- **Mexico** — President Peña Nieto struggles to maintain legitimacy amid a corruption scandal and worsening economic and security conditions. Strong rhetoric from the U.S. against immigration and NAFTA has caused tensions, and businesses in Mexico are concerned about retaliatory measures.
- **Turkey** — The political and security situation remains uncertain after a failed coup last year and acts of terrorism by ISIS and PKK militants. Economic growth remains slow while concerns about high unemployment and inflation put pressure on budget deficits. Markets continue to approach Turkish exposures with great caution.
- **Venezuela** — President Maduro has created headlines by expelling and expropriating multinational companies operating in the country. In the midst of widespread public protest against the dire economic conditions, the president has resorted to familiar populist measures.
- **Brazil** — President Michel Temer could face renewed opposition on grounds of corruption. Slow economic growth and political reform could result in an increase in protests, potentially violent, due to issues around pension reform, unemployment and corruption. Some markets are beginning to approach their aggregates for Brazilian capacity, especially regarding currency nonpayment and inconvertibility.
- **Middle East** — The Middle East remains in a volatile period of potentially fundamental transition, and the economies are burdened by persistently low oil prices. Clearly this creates a ripe environment for political violence, regime change and sovereign nonpayment.
- **Russia** — Russia's actions in Syria and Ukraine have continued to generate debate about Russia's intentions on the international stage. Putin's hybrid warfare tactics appear to continue, as evidenced in his recent order to incorporate the military of break-away region of South Ossetia in the Republic of Georgia into a Russian armed forces command structure. Meanwhile, the economy is showing signs of marginal recovery as President Putin gears for elections next year. Markets are open on a case-by-case basis for Russian risk.
- **Former Soviet States** — While low oil prices imperil economies, Russian influence may grow in the region. Leadership crises in these countries are imminent as many of the leaders are aging. There have been reports of currency controls in some countries.
- **Ukraine** — Violence persists, as does political instability, rendering reform nearly impossible. Some markets will not write any new Ukraine risk.
- **China** — Several factors could create political unrest, from the volatile housing and equity markets to ethnic and socio-economic struggle. Anti-China rhetoric in the U.S. may cause some flashpoints. Tensions in the South China Sea have escalated.
- **Zimbabwe —** The question of who will succeed President Mugabe has taken center stage. Opposition parties remain weak and too fragmented to assemble a united front. Low commodity prices, mounting budgetary pressures and low growth projections may exacerbate the situation.
- **South Korea —** Nuclear tests in North Korea and especially loud saber rattling have heightened security concerns. The impeachment of President Guen-hye has left a political vacuum.

Price predictions

Flat to -2%

The one thing

With political risks rising, multinational clients should consider buying political risk coverage on operations worldwide — particularly for those countries listed here — while it is still available.

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Surety

The one thing

Proactively manage your surety relationship — explore co-surety and shared surety arrangements to increase capacity and improve terms and conditions.

- While significant capacity remains for contract and commercial surety, we expect the downward pressure on rates to ease somewhat, driven by modest topline premium growth for the industry and a moderate uptick in claim activity. **We predict minimal decreases for commercial surety and flat to nominal increases on the contract side.**
- Preliminary surety premium results as of September 30, 2016 show premium at $4.4 billion and a loss ratio of 15.4%. Compared to 2015 final results of $5.2 billion and a loss ratio of 18.2%, results from 2016 are expected to show growth and manageable losses.
- International surety is growing. Reverse-flow business in the U.S. is rising due to acquisition activity and more public-private partnership (P3) opportunities. Leading U.S. sureties are now global, with significant premiums outside the U.S., which improves premium growth and profits. We are also seeing a growing use of surety in place of bank guarantees as well as pay-on-demand facilities for international work (in Australia, Europe, South Africa, Brazil, Peru, Colombia, Venezuela, etc.).
- **As with previous economic cycles, the current increase in construction activity will put pressure on contractors' working capital, which will trickle down to subcontractors.** The potential for more subcontractor defaults underscores the need for general contractors to emphasize subcontractor prequalification and to consider requiring surety bonds from subcontractors or using a subcontractor default insurance product.
- We continue to see alternative procurement methods such as P3 becoming more prevalent, with more than 30 states having some form of P3 legislation. While conventional surety bonds continue to support billions of dollars in P3 projects, **lenders remain focused on having more liquid security than traditional surety bonds typically offer. Several sureties continue to work towards addressing this demand for liquidity with the rating agencies and lenders.**
- Sureties are aggressively pursuing new business as the construction economy continues to recover. The number of sureties competing in the middle market construction market space is at its highest ever, increasing rate competition and capacity within the industry.
- As the banking industry continues to stretch to meet capacity needs, we are seeing more opportunities to assist on non-construction financial and performance guarantees. Since surety remains the most cost-effective form of capital, many companies are maximizing their surety capacity to replace letters of credit and release restricted capital at preferred terms.
- In 2016, we saw XL Catlin Group exit the global surety industry, taking with it $1 billion in capacity. Global giant Allianz entered the U.S. surety market through its Euler Hermes surety business, bringing $500 million in capacity per account. Tokyo Marine purchased HCC Surety Group to add to its U.S. surety business, which it serves with Philadelphia Insurance Group. The move makes the combined companies the equivalent of the sixth largest surety.
- **The Trump administration's $1 trillion plan to renovate U.S. infrastructure will have a positive effect on the construction industry, assuming the funding is confirmed.**
- A shortage of talent in the brokerage and surety marketplace is an industry-wide concern. Expanding current resources in the surety marketplace will affect a surety's ability to maintain underwriting discipline.

Price predictions

Contract	Flat to +2.5%
Commercial	-2.5% to flat

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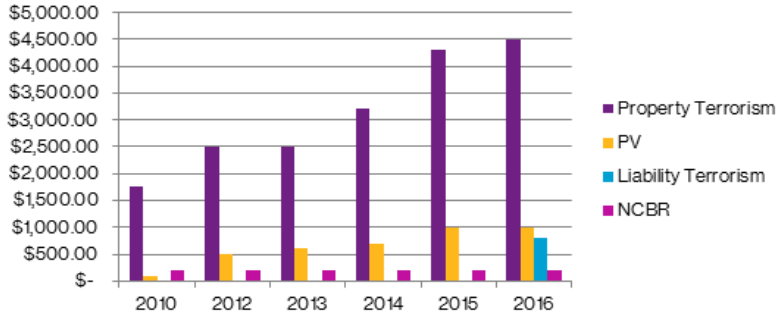
Terrorism

- A turbulent political environment and inflamed rhetoric may increase the potential for political violence and terrorist attacks.
- Terrorist attacks in recent months have been carried out by lone wolves inspired by radical ideology operating with less sophisticated weapons, including readily available small arms, homemade explosives and vehicles to ram crowds. **Changing tactics mean risk transfer tactics must adapt as well.**
- **Guidance from the Department of the Treasury has provided clarity in defining the scope of the Terrorism Risk Insurance Act to include property and casualty losses as a result of cyber terrorism attacks, fostering the expansion of captives to address these perils.**
- Traditional active shooter/active assailant products are now being broadened to include all weapons which are handheld or hand operated (such as vehicles). Thus, take-up rates in terrorism liability products are increasing, as policies are being tailored to address both the trucking and transportation sectors.
- Parametric products continue to develop, addressing the disruption to revenue streams as a consequence of a terrorism event that causes loss of attraction to a key property — even if that property is not the target of the event.
- With expanded activity in the U.S. construction sector in 2017, there has been increased focus on coverage for the impact of protestor disturbances and third-party strike action without the need of a physical trigger. **This is fostering the development of new business interruption and delay in start-up coverages.**
- Insurers have broadened the nuclear, chemical, biological and radiation (NCBR) trigger to include malicious acts, rather than definitive terrorism, and the overall increase of capacity within the stand-alone terrorism market has grown, bringing about rate reductions in this specialist area.

Terrorism capacity



Price predictions

Non-Tier 1[1]	-10% to -5%
Tier 1	-5% to flat

The one thing

Keep an eye on new methods and products for mitigating this evolving risk, e.g., the inclusion of cyber terrorism.

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Trade credit

The one thing

Abundant marketplace options continue to minimize rate increases, but if economic conditions deteriorate, organizations with trade credit exposure will want to have trade credit insurance in place rather than to be looking for it.

- New (and credible) carrier entrants into the U.S. marketplace are now firmly established and eager to meet revenue goals, while established insurers are aggressively protecting their client base. **Insureds are benefiting, with stable renewal pricing and robust buyer underwriting support.**
- Global and domestic bankruptcy claim filings and past-due notifications are up slightly in 2017, but at levels lower than insurers had anticipated, **enabling carriers to offer feasible premiums, attractive policy terms and robust coverage to buyers in most industry sectors.**
- The current uncertain global trade landscape combined with the mostly buyer-friendly marketplace is generating interest in trade credit insurance from companies that have not considered it before.
- Carriers are now looking for business in some challenging industry sectors and higher risk countries that have recently stabilized — sectors and places they were avoiding, such as oil and gas, commodities, Latin America, etc.
- Trade credit insurance continues to support asset-based lending, receivables purchase programs and securitization wraps as companies monetize their receivables, while banks look to enhance their collateral and risk assumed.
- Many trade credit insurers are recognizing that the painful memories of bad debts and lost business in the Great Recession have faded in the minds of many business leaders. To enhance their products' appeal, those insurers are **adding and improving services, at no additional cost, to the credit insurance protection provided. This includes maximizing the value of receivables, supporting revenue growth, enhancing credit and collection management, etc.**

Price predictions

North America	Flat to +5%

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Willis Towers Watson

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

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WTW-NA-2017-17101

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Other Informational Material - Willis Towers Watson Risk Analytics

Willis Towers Watson Risk & Analytics

In order to deliver “The Analytical Broker” to our clients we have created a dedicated group, known as Willis Towers Watson Risk & Analytics, consisting of professionals focused on delivering industry leading analytical models and capabilities through technology and our world class team of actuaries, engineers, accountants and other risk experts. Our goal is to advance the ability of organizations to add more data and analytics into risk-related decision processes in order to improve certainty, build resilience and more effectively manage the cost of risk. The Risk & Analytics team works closely with our brokers and clients to ensure that our tools and capabilities are designed to empower and provide the optimal result for our clients.

We do this because we believe that being The Analytical Broker is not only about analytics; it is about doing our homework to understand a client’s industry, their unique business model and risk appetite and only then helping them design strategies that meet their needs. Our goal is to ensure our clients have more insight and can make better decisions about managing the risk in their organizations than ever before.

The services we provide are a diverse range of consulting and analytical capabilities which consists of the following:

- Core Analytics
- Strategic Risk Consulting(SRC)
- Global Captive Practice
- Alternative Risk Transfer (ART) Solutions
- Forensic Accounting & Complex Claims (FACC)
- Integrated Casualty Consulting (ICC)
- Risk Control and Claims Advocacy (RCCA)

CORE ANALYTICS

Our proprietary suite of Core Analytics tools revolutionizes the client experience, going beyond broking to unlock potential through effective risk management. Our client service teams use these tools to navigate risk collaboratively and dynamically with our clients. We leverage big data and our own expertise to drive superior outcomes through a strategic view of risk and risk tolerance.

Core Analytics empower Willis Towers Watson clients to take calculated risks, **empowering both our brokers and clients**: ***delivered at no cost to the client by our brokers in the field***. Through empowering our brokerage teams we are able to empower our clients. Further details can be found at: http://willis.com/coreanalytics/, delivering the below value to our clients:

- **User Friendly and Approachable**: Producing concise and impactful outputs that are easily digestible; Delivering actionable decision support to drive strategy and provide better outcomes.
- **Technology Enabled:** Producing quick run times and and the power to asses an unlimited number of scenarios in real time. These tools are built on a web-based platform that runs on any wifi or broadband enabled device. Allow for precise customization around the client's specific risk profile and business model.
- **Actuarially Sound** Supporting enhanced and more technical conversations with both client management and the risk transfer markets.
- **Diagnostic in Nature**: Providing clear support to allow the client to make better risk management decisions and proactively manage risks.

Dynamic TCOR

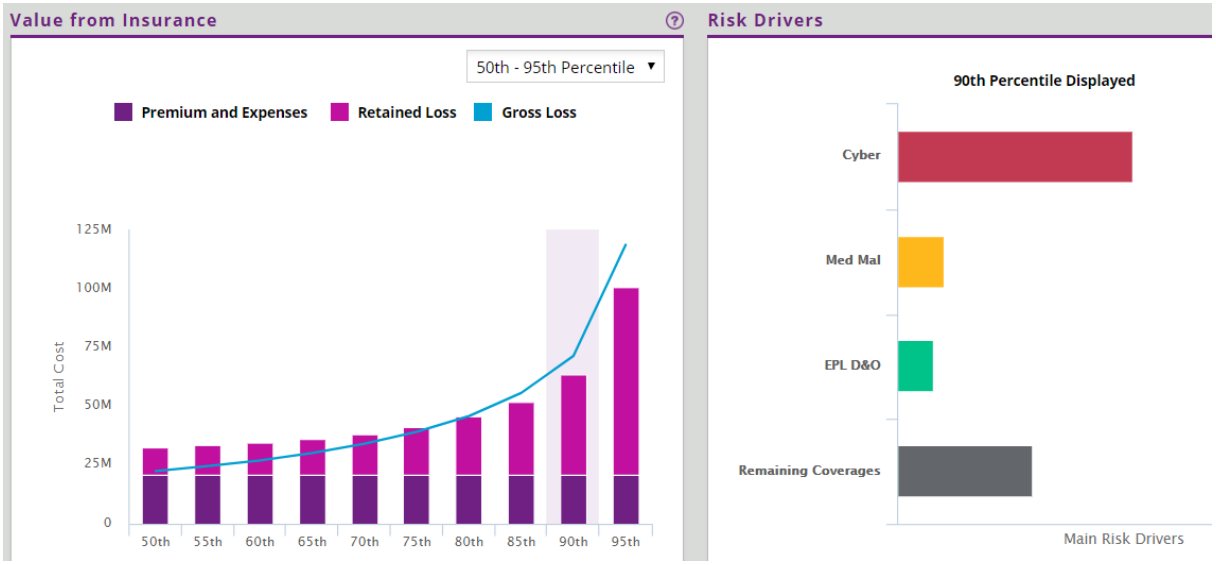
Dynamic TCOR presents a holistic, concise view of your Total Cost Of insurable Risk (TCOR) across all classes of insurance. This tool propels TCOR beyond a simple budgetary view. This dynamic perspective includes risk as an added dimension. For a detailed video and further details can be found at: http://willis.com/coreanalytics/dynamic.html

Dynamic TCOR captures known costs and expected retained losses for all major coverages within your insurance portfolio. Willis Towers Watson's proprietary suite of risk specific loss models simulate loss outcomes at the full range of likelihood levels, demonstrating potential TCOR volatility and enabling evaluation of risk transfer.

Coverage	Premium	Expected Retained	Other Expenses	Expected Total Cost
US - Workers Compensation	1,100,000	971,150	50,000	2,121,150
UK - Employers Liability	900,000	168,565	0	1,068,565
Global - Property Damage & Business Interruption	900,000	39,486	15,000	954,486
+ Remaining Coverages	**1,765,000**	**3,272,049**	**51,000**	**5,088,049**
Total	**4,665,000**	**4,451,250**	**116,000**	**9,232,250**

Dynamic TCOR is the entry point into Willis Towers Watson's suite of analytical tools. It starts with a simple budgetary view (see graphic above) then includes the uncertainty of retained losses (see graphic below). The application can be customized in real time, allowing for the addition and removal of

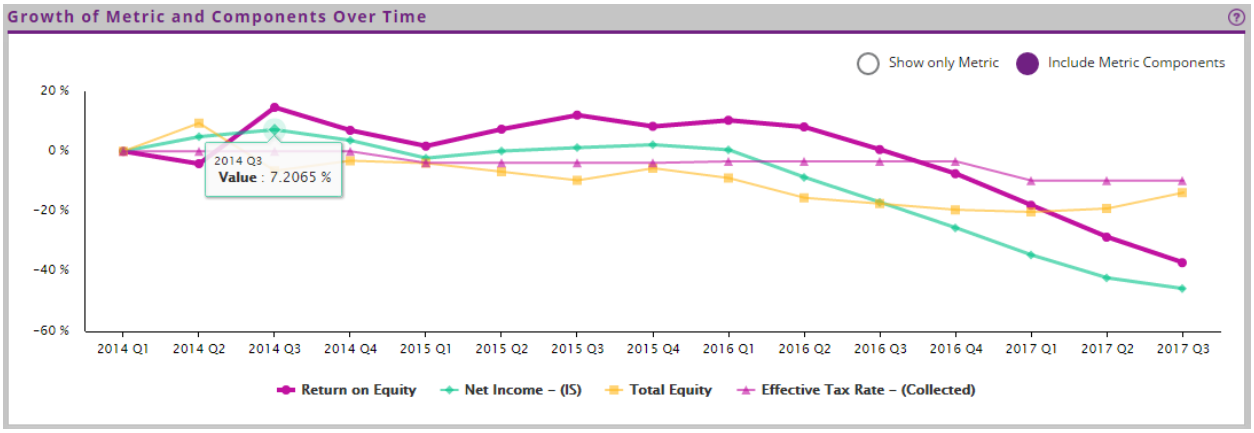
coverages. When coverage-specific tools exist within the Core Analytics suite, the Dynamic TCOR model will source results from the tools for a more precise and consistent analysis.



Risk Tolerance Clarified

Our risk quantification tools are just part of the story. We strive to be the leader in risk, not just risk quantification. To accomplish this we must put risk into perspective. We help you realize how risk impacts your financials, clarifying its meaning to your organization. For a live demo and further details can be found at: **http://willis.com/coreanalytics/risk.html.**

With a well-defined view of risk tolerance, we empower you to measure the risk function within your organization and increase the value of solutions offered by Willis Towers Watson. Risk Tolerance Clarified is not a static report, but an interactive financial analysis platform. It allows us to collaboratively build a view on risk tolerance to be used across all aspects of your organization. The most direct application in our industry being the enhancement of risk finance decision making and the evaluation of insurance.



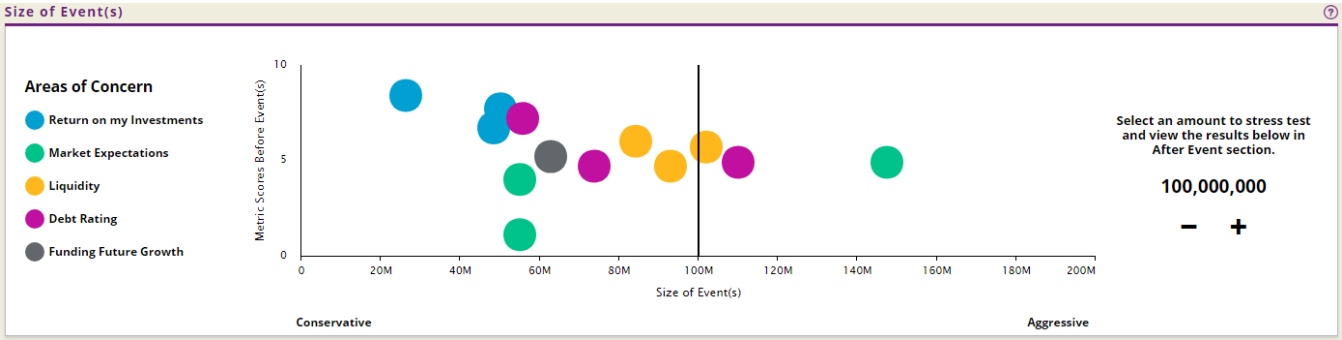
Risk Tolerance Clarified delivers:

- A customizable financial analysis
  - Driven by up-to-date data feed from S&P
  - Focuses on financial Areas of Concern that matter to your business

    - Utilizes a comparative peer analysis to better understand how your metrics measure against companies in your industry
    - Stress tests adverse scenarios to see the impact on financials both before and after an event
- A platform for risk threshold visualization
    - Measures the risk endeavors your company may encounter
    - Covers financial metrics important to your organization
- A facilitator of risk tolerance preferences
    - Allows for creation of a corporate risk tolerance statement

Risk Tolerance Clarified Outcomes and Benefits

- An integrated Risk Tolerance consensus which can be shared and promulgated across the organization
    - A corporate guide for business and risk management strategy
    - A clear statement of acceptable levels of financial deviation
    - C-suite engagement tool
- Empowerment of the Risk function
    - Integrate with risk quantification for superior risk management decision making
    - Application to Enterprise Risk Management
    - Assist in the assessment of any risk transfer or risk mitigation investment



Global Peril Diagnostic

Willis Towers Watson's Global Peril Diagnostic is the first in the industry to take a global view of an organization's property portfolio. This tool clarifies your comprehensive exposure to terrorism and twelve natural perils which put your global assets as risk. Before focusing on siloed, by-peril by-region placement tools, our holistic diagnosis empowers you with a strategic foundation for smart next level analytics. For a live demo and further details can be found at: http://willis.com/coreanalytics/global.html

Key benefits

- **A concise global view** of natural perils, the foundation for a smart analytic approach to catastrophe risk

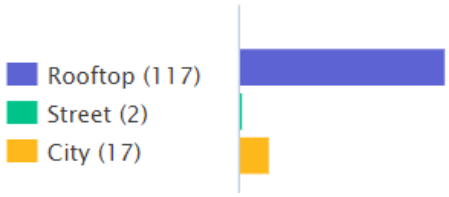
- Interactive map showing the location and peril scores for each of your properties worldwide, and **visualization of hazard layers**

- Gain insight into your **terrorism exposure**, with quarterly updates to active targets.

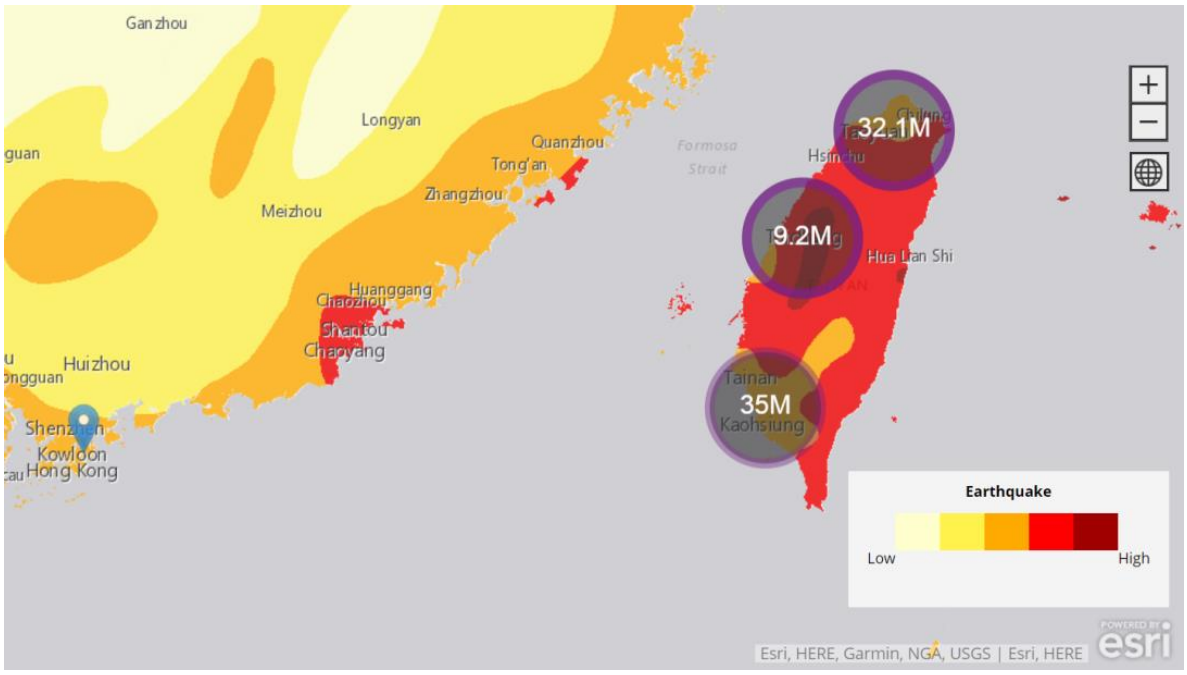
- Diagnoses your Quality of Address Data, because improving this is the single biggest opportunity to **change how the market perceives your exposure**

- **Risk adjusted benchmarking** compares the your property portfolio to the universe of Willis Tower Watson clients

Quality of Address Data

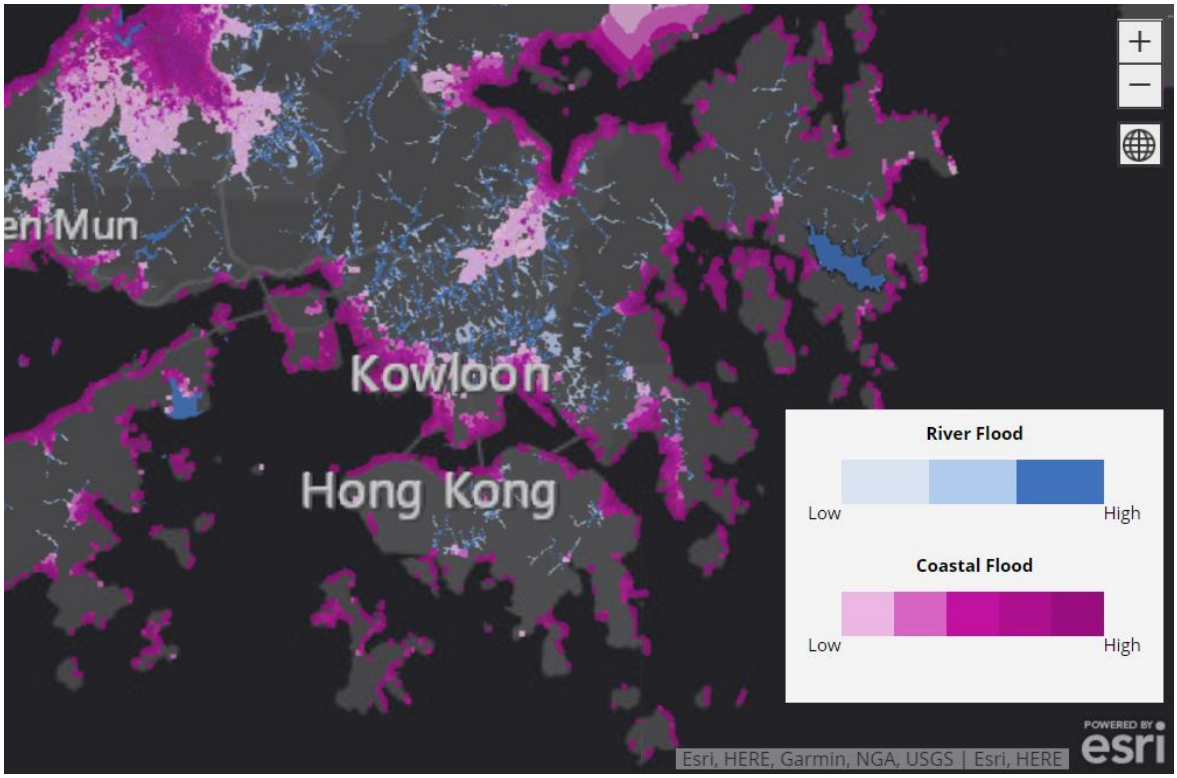


6.1% of Total Insured Value and 12.5% of locations are geocoded to the City or Postal Code level. Location information is precise enough to return peril scores for many perils, but not for River Flood or Terrorism.



4.6M
Birmingham
Atlanta
Columbia
South Carolina
Mississippi
Alabama
Jackson
Montgomery
Georgia
Louisiana
Mississippi
Baton Rouge
New Orleans
Tallahassee
Jacksonville
Orlando
Tampa
Florida
Gulf of Mexico
Miami
BAHAMAS
Straits of Florida
Tropical Cyclone
Low
High
Esri, HERE, Garmin | Earthstar Geographics
POWERED BY esri

A5204
A40
Oxford Circus
Tottenham Court Road
Dragon Court
St Giles
B406
Grosvenor Street
Mayfair
Bruton Place
Soho
Covent Garden
St Clement Danes
Leicester Square
Brewer Street
Piccadilly Circus
Waterloo Bridge
St. James's
Green Park
Piccadilly
Pall Mall
The Mall
Cleveland Row
Terrorism
Low
High
Map data © OpenStreetMap contributors, CC-BY-SA
POWERED BY esri



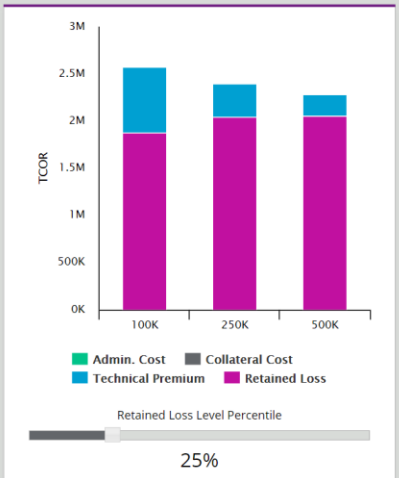
Dynamic Casualty Forecast

Dynamic Casualty Forecast is a state-of-the-art analytical tool suite providing data driven recommendations for your casualty program. This tool empowers you with an actuarially sound and dynamic view of loss potential, not just a “loss pick” expectation. The Dynamic Casualty Forecast incorporates your loss history as well as industry loss statistics for comparative projections of various retention scenarios. The tool provides ground-breaking support by examining the Total Cost of Risk (TCoR) as a percentage of your EBITDA across all possible scenarios. This allows for an immediate view of the risk-versus-return continuum for each risk transfer program. For a detailed video and further details can be found at: http://willis.com/coreanalytics/dynamic.html

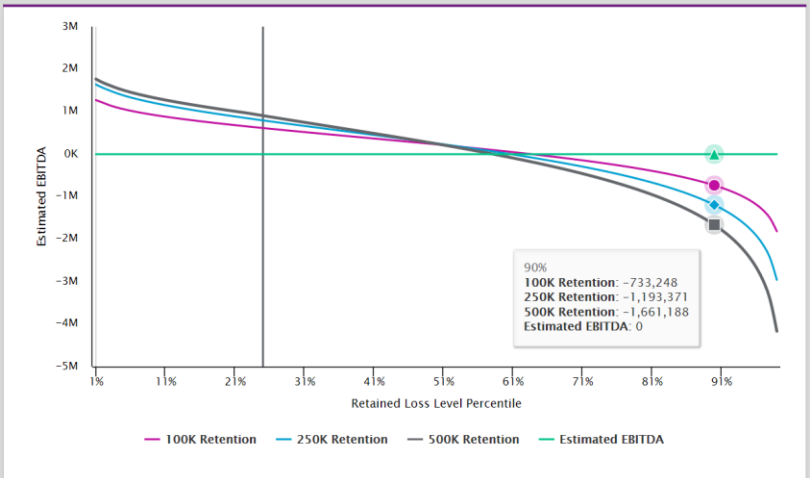
Key benefits

- Applies a dynamic and actuarially sound view of US Workers' Comp; US or Canada Auto Liability, UK or European Motor Liability, US General Liability, and UK Employers Liability risk
- Produces multiple alternative sets of forecasting analyses designed to drive initiation and strategy.
- Engages clients at all levels with best-in-class visualizations of risk and cost, promoting financially driven decision support
- Links risk and the associated retained loss volatility to various financial metrics, allowing for an inclusion of a risk tolerance view
- Presents excess pricing indications which consider the client’s claim severity relative to industry

TCOR at Loss Levels



Estimated EBITDA at Different TCOR Levels



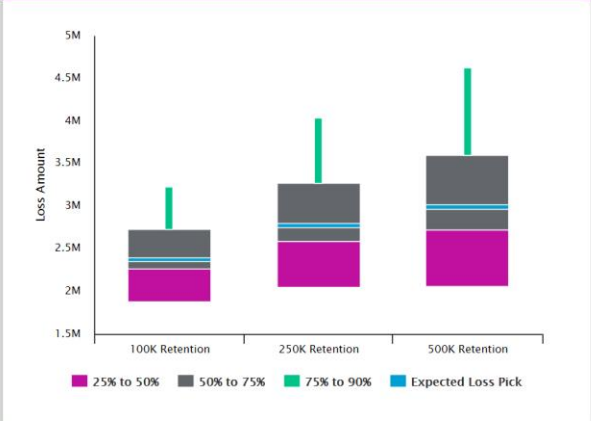
Retention Loss Analysis | Deviation Analysis | Financial Impact

Credible Loss Limit: 100,000

Retention Analysis Breakdown

		100K Retention	250K Retention	500K Retention
Industry	Credible Loss Pick:	2,351,514	2,351,514	2,351,514
	Industry ILF:	1.000	1.231	1.396
	Exposure Loss Pick:	2,351,514	2,895,240	3,282,497
Client	Credible Loss Pick:	2,351,514	2,351,514	2,351,514
	Client ILF:	1.000	1.148	1.172
	Experience Loss Pick:	2,351,514	2,699,508	2,755,124
Combined	Expected Loss Pick:	2,351,514	2,748,005	2,964,283
	25th Perc.	1,877,974	2,047,781	2,057,722
	50th Perc.	2,263,227	2,587,562	2,720,728
	75th Perc.	2,727,511	3,269,626	3,597,357
	90th Perc.	3,226,291	4,035,969	4,625,470

Retention Loss Analysis



Collateral Quantified

Collateral Quantified is our systematic approach to market engagement and negotiation of your collateral requirement. Willis Towers Watson provides an actuarially sound assessment of each component of the total collateral requirement, itemized for maximal specificity and negotiating leverage. We compare each component to the carrier's estimate both numerically and graphically, delivering remarkable clarity. Further details can be found here: http://willis.com/coreanalytics/collateral.html.

Key benefits

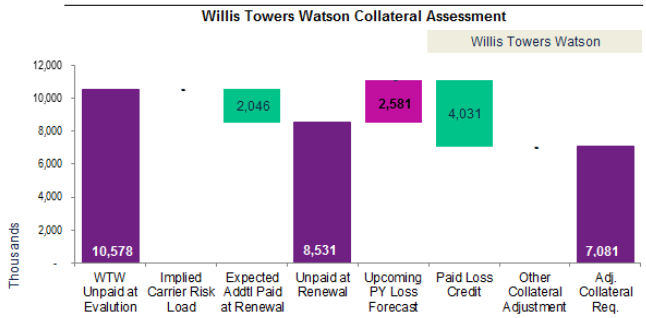
- Dynamically evaluates collateral requirements by insurance carrier.
- Provides a powerful market-facing negotiation tool which itemizes each component of collateral.
- Projects outstanding obligations for the next four years, taking into account prospective changes in exposure, retention, and credit rating, allowing for productive financial planning

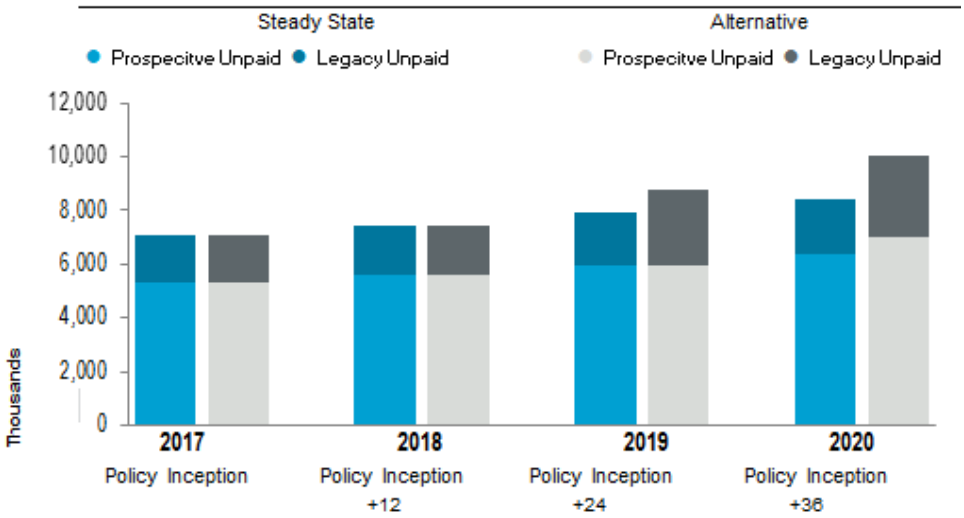
Collateral Components	AL	GL	WC	Total
Retention	400,000	500,000	1,000,000	
Upcoming PY Loss Pick at Retentior	525,633	673,322	1,381,574	2,580,529
Unpaid at Renewal	461,731	5,497,401	2,572,260	8,531,393
Unadjusted Collateral Requirement	987,364	6,170,723	3,953,834	**$ 11,111,922**

Paid Loss Credit				
Number of Months	Suggested 18		Selected	18
Implied Dollar Amount	454,649	1,911,506	1,664,784	4,030,938
Selected Paid Loss Credit				**$ 4,030,938**
Adjusted Collateral Requirement				**$ 7,080,984**

Willis Towers Watson vs Carrier Collateral Assessment			
	Willis Towers Watson	Carrier 1	Δ
Completed Years Ultimate Loss	22,110,871	23,000,000	889,129
In-Force Year Ultimate Loss	2,941,238	3,000,000	58,762
Actual Paid at Evaluation	14,474,479	14,474,479	-
Expected Addtl Paid at Renewal	2,046,237		(2,046,237)
Unpaid at Renewal	8,531,393	11,525,521	2,994,129
Upcoming PY Loss Forecast	2,580,529	2,700,000	119,471
Other Collateral Adjustment	-		-
Paid Loss Credit	4,030,938	3,800,000	(230,938)
Adj. Collateral Requirement	7,080,984	10,425,521	3,344,538

Current Collateral Held			
Collateral Type	Cost of Capital *basis points*	Collateral Amount	Collateral Expense
Letter of Credit	40	4,000,000	16,000
Trust			0
Cash/Pledge	85	2,000,000	17,000
Surety			0
Buy Down			0
Total		$ 6,000,000	$ 33,000
Additional Collateral Required			**$ 1,080,984**





Scenario	Policy Year Inception	Projected Exposure Growth	Credit Rating at Policy Inception	Retention		
				AL	GL	WC
Steady State	all years	2.0%	A	400,000	500,000	1,000,000
Alternative	2017	2.0%	↔	400,000	500,000	1,000,000
Alternative	2018	2.0%	↔	400,000	500,000	1,000,000
Alternative	2019	50.0%	↔	400,000	500,000	1,000,000
Alternative	2020	4.0%	↔	400,000	500,000	1,000,000

Ultimate Aggregate Loss Projection

Policy Year Inception	2017	2018	2019	2020
Steady State Scenario	2,580,529	2,714,983	2,856,604	3,005,783
Alternative Scenario	2,580,529	2,714,983	4,200,888	4,506,942

Workers' Compensation Diagnostic

The Workers' Compensation Diagnostic is a cutting-edge assessment of your claims handling process, enabling significant reduction in retained Workers' Compensation loss. It evaluates the efficiency of your Workers' Compensation program by evaluating nine key metrics across Willis Towers Watson's proprietary data base of claims and exposures. The tool does not just diagnose, but it also evaluates the projected savings created by various cost prospective containment solutions and the resultant impact to EBITDA. Further details and a live demo can be found here: http://willis.com/coreanalytics/workers.html

Key benefits

- Displays key workers compensation pre and post loss metrics based on client data
- Benchmarks client results against industry and jurisdiction specific data
- Highlights individual claim metric results that point to strengths and weaknesses (opportunities for improvement) in the client pre and post loss process
- Compares client's claim process efficiency to universe of Willis Towers Watson clients.
- Identifies possible pre and post loss claims solutions and projects their projected impact on the loss pick and EBITDA
- Projects impact on efficiency based on proposed solution(s).

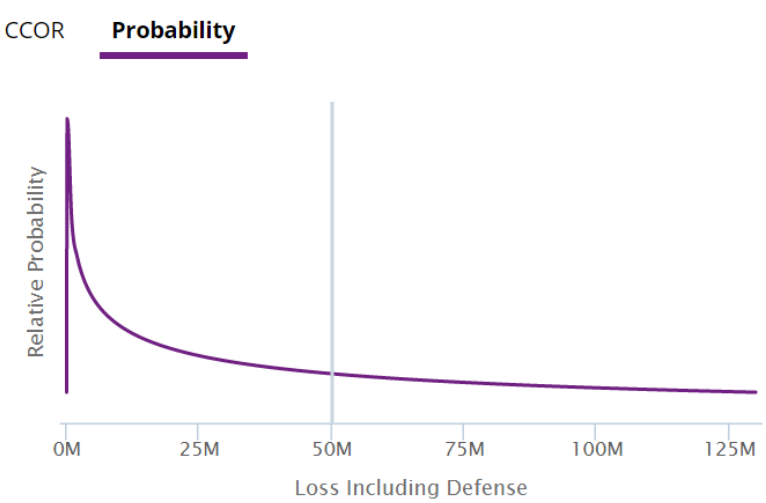
D&O Quantified

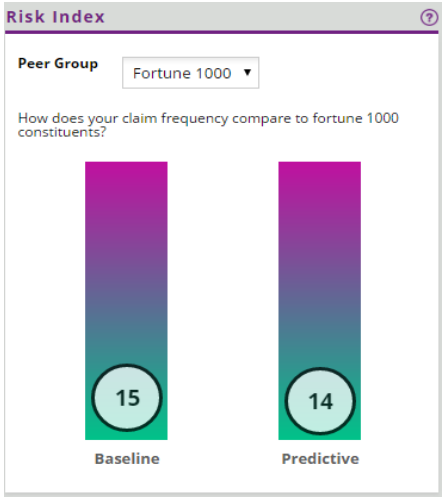
D&O Quantified is a sophisticated and interactive predictive model that evaluates any publicly traded firm's Directors & Officers Liability loss potential and provides decision support to optimize insurance

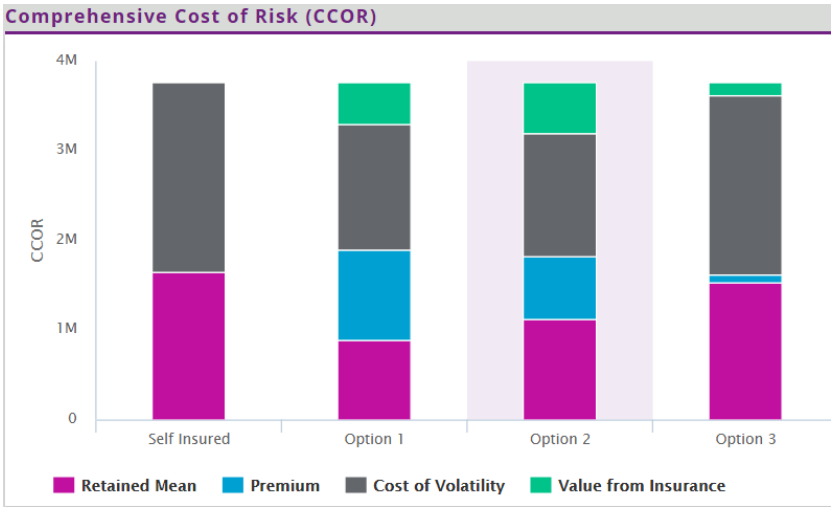
strategy, regardless of geography. Going beyond any D&O risk analytics available in the industry, this tool incorporates client-specific stock price trends, price volatility, corporate governance and accounting metrics. Our valuation dynamics provide predictive insights into D&O risk transfer solutions. Further details and a live demo can be found here: http://willis.com/coreanalytics/dando.html

Key benefits

- Valuable risk insights **beyond benchmarking** into company-specific drivers of frequency and severity
- Dynamic and customizable quantification of risk for collaborative sensitivity with **instantaneous results**
- **Data driven decision support** to guide insurance strategy via Comprehensive Cost Of Risk, limit adequacy, and Premium ROI
- Facilitates strategic and **tactical engagement of the insurance marketplace**
- Concise and compelling output for **efficient communication** with internal stakeholders







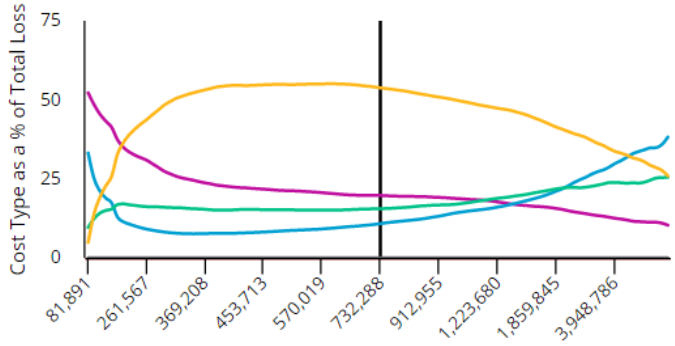
Loss Elimination Ratio	39%
Annual Limit Adequacy	99.91%
Severity Limit Adequacy	98.73%
CCOR	1,075,414
Premium ROI	78%

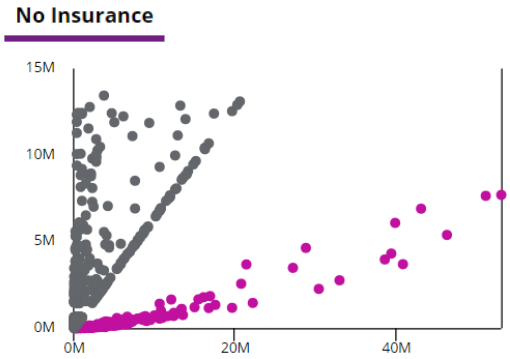
Cyber Quantified

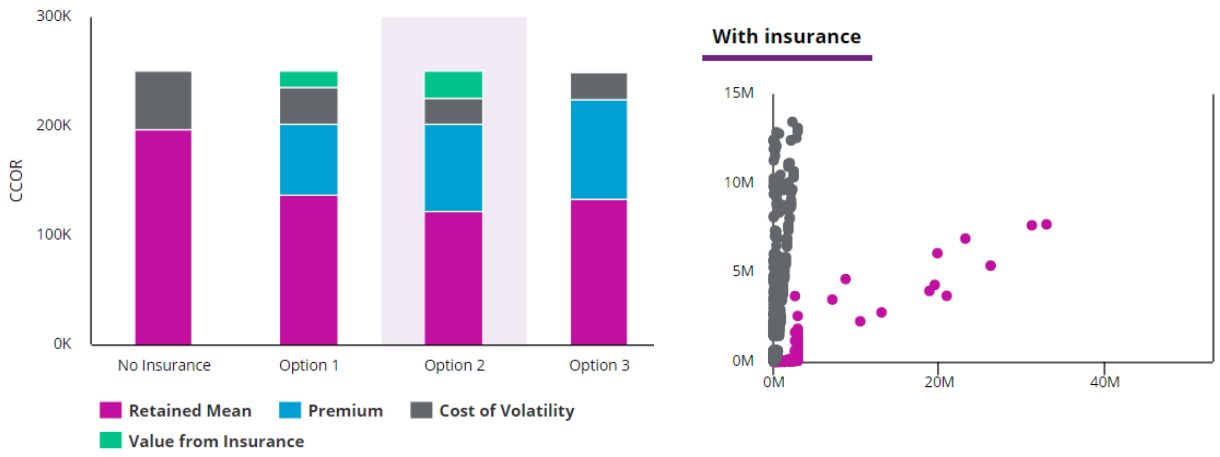
Willis Towers Watson's Cyber Quantified is the latest innovation in cyber risk prediction, evaluating your complete cyber loss potential with decision support to optimize your risk management strategy. Going beyond other cyber risk models in the industry, Cyber Quantified interactively incorporates network outage risk in addition to privacy breach liability. Further details can be found here: http://willis.com/coreanalytics/cyber.html

Key benefits

- Dynamic and customizable technology allowing for collaborative sensitivity testing with **instantaneous results**
- **Thorough quantification of cyber risk**: Frequency and Severity of both privacy breach and network outage
- Visually compelling **data driven decision support** guide insurance strategy via range of a single incident, Comprehensive Cost of Risk, and impact of insurance on retained loss.
- Facilitates strategic and **tactical engagement of the insurance marketplace**
- Concise and compelling output for **efficient communication** with internal stakeholders







To evolve our analytical engagement and client experience, we will continue to invest in the Analytical Broker. In additional to continual enhancements we will be rolling out additional new models, covering more risks but also more holistic and strategic risk management deliverables to empower our clients.

	Number of Records	Total Cost
Mean	326,435	4,242,869
50th perc	16,021	808,389
75th perc	121,113	2,955,745
90th perc	715,351	10,893,211
95th perc	1,786,578	21,177,285
99th perc	6,003,989	54,462,980

Employment Practices Quantified

This first of its kind analytical tool quantifies any combination of Employment Practices Liability, Wage & Hour and private or non-profit Directors & Officers loss potential. It empowers your organization with the insights of our proprietary data and analytics to measure and predict risk, as well as the decision support needed to optimize your risk management budget and strategy. A live demo and further details can be found at: http://willis.com/coreanalytics/employment.html.

Going beyond other traditional employment risk models in the industry, Employment Practices Quantified is a first of its kind designed for all organizations: public, private or non-profit. For public companies, the model focuses on EPL and W&H exposures. For privately-held and non-profit organizations, the model not only incorporates the EPL and W&H analysis, but also quantifies D&O Liability exposures, creating the ability to evaluate any combination of these three risks.

Employment Practices Quantified' s refined evaluation of your organization's comprehensive risk includes:

- Valuable insights **beyond benchmarking** into company-specific drivers of risk.
- Dynamic and customizable technology, delivering **instantaneous results**.
- **Data-driven decision support** which guides insurance strategy via Comprehensive Cost of Risk (CCOR), Limit Adequacy, retention/deductible analysis and Premium Return on Investment analysis.
- Facilitation of **optimal** engagement in the insurance marketplace.
- Concise and compelling output for **efficient communication** with internal stakeholders.

Severity (Size of Claims)

Likelihood of cost being less than the indicated value.
A **90%** chance a single claimant incident will be less than a **325K** loss.
A **99%** chance a multiple claimant incident will be less than a **67M** loss.

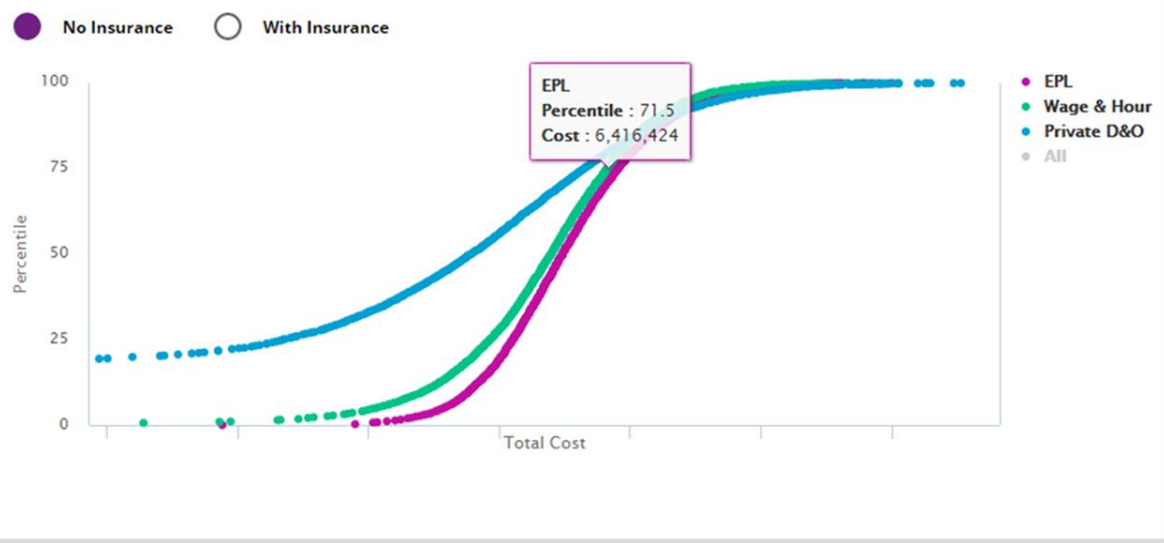
	Single Claimant	Multiple Claimant
Mean	144,762	3,644,450
50th Percentile	45,241	358,677
75th Percentile	124,336	1,426,387
90th Percentile	324,648	5,426,503
95th Percentile	594,429	14,834,954
99th Percentile	1,714,239	67,141,383

Strategy 1

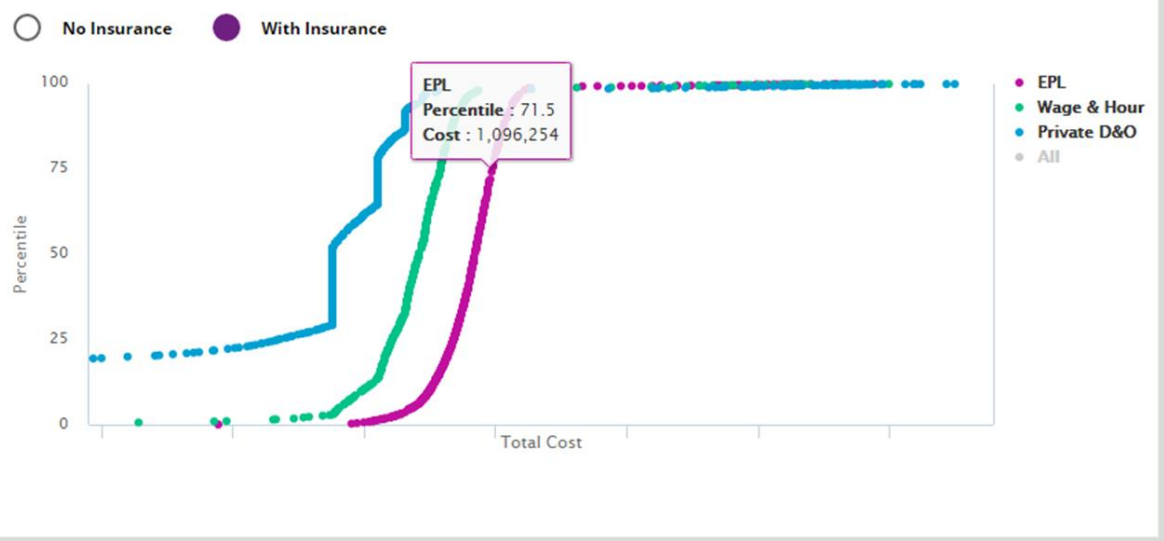
Strategy 1

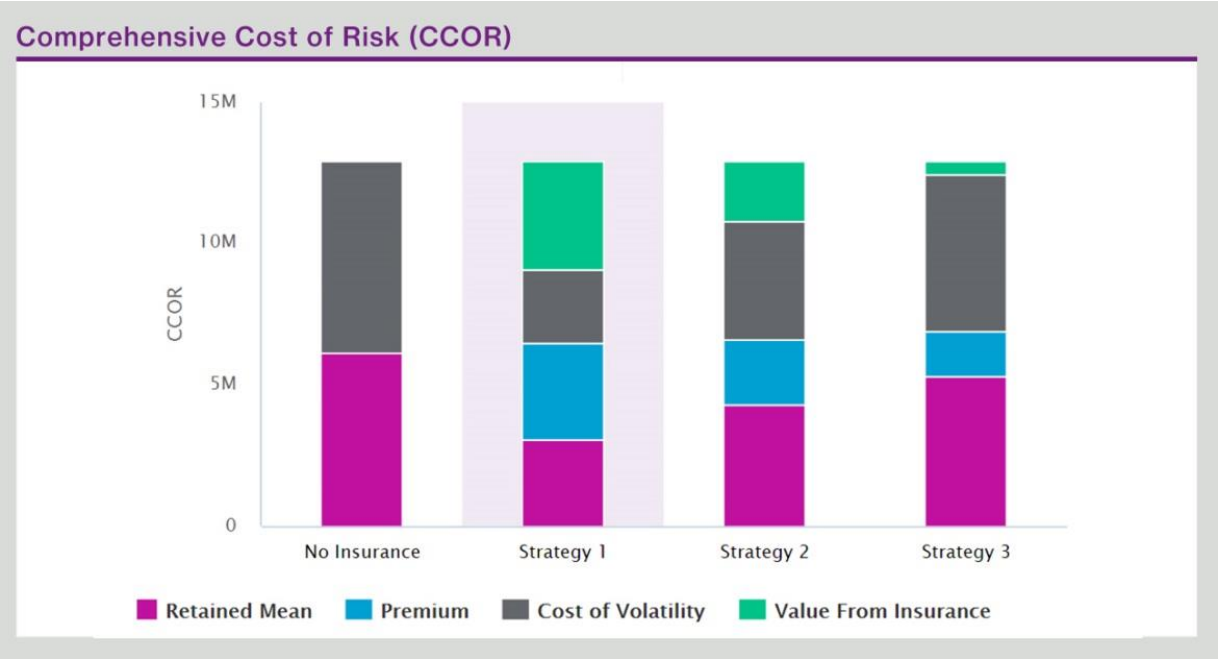
Retention		Varied
Limit	**EPL**	3,000,000
	Wage & Hour	1,500,000
	Private D&O	11,250,000
Premium		300,000
Purpose		Proposed
Loss Elimination Ratio		30.6%
Annual Limit Adequacy		91.21%
Severity Limit Adequacy		91.34%
Premium ROI		85.4%

Impact of Insurance



Impact of Insurance





Additional core models that are in development:

- Property Quantified
- Captive Quantified
- Advanced Claims Package
- Risk adjusted benchmarking tools for Casualty and Financial Lines
- Marine Dynamic Casualty Forecast

The Core Analytics models are designed to align with our more customized solutions around Strategic Risk Consulting, Alternative Risk Transfer, Captives, Forensic Accounting and Complex Claims, among others.