

1 C. Provide Certificates of Insurance requested by the City within one (1)
2 business day after the request to both the City and the third parties indicated by the City.

3 D. Respond in writing within five (5) days after the City's request for new
4 coverages or modifications in existing coverages.

5 E. Notify the City in a timely manner about changes or proposed changes
6 initiated by parties other than the City affecting the City's insurance coverages.

7 F. Obtain insurance quotations inclusive of direct or indirect commissions,
8 rebates, profit (contingency) commissions, excess and surplus lines commissions,
9 wholesale commissions, and any other fees on all insurance, excess insurance, and
10 reinsurance placed through the Broker on behalf of the City beginning January 1, 2006.
11 Broker shall disclose all compensation from all sources derived in whole or in part from the
12 City's purchase of insurance coverages through Broker and by Broker's servicing of those
13 coverages.

14 G. Market the property and casualty insurance needs of the City, including
15 assistance in the collection of the data necessary for and preparation of packages for the
16 proper marketing of the various coverages in cooperation with and subject to the approval of
17 the City's Risk Manager or designee.

18 H. At mutually agreed times, preferably at least four months prior to the
19 expiration of insurance policies, meet with City to prepare a written marketing strategy report
20 identifying anticipated marketing conditions and potential markets and proposing a strategy
21 for the City's major loss exposure areas.

22 I. On receipt of renewal quotations from carriers and at least six weeks
23 prior to each policy's expiration, review quotations for accuracy and meet with City's Risk
24 Manager. Make recommendations on the advantages to the City in terms of policy limits,
25 deductibles/retentions, exposure coverage, markets, etc. At each renewal, prepare written
26 reports presenting parallel comparisons of at least five (or fewer, if market conditions
27 dictate) competing quotations per line of coverage per renewal that include, but are not
28 limited to, limits, aggregates, retention, premium, coverage, exclusions, effective dates,

1 profit sharing or other loss sensitive mechanism, carrier experience, carrier service, and
2 summaries of "pros" and "cons." Include recommendations about levels of retention by line
3 of coverage and alternative risk financing mechanisms. At the City's discretion, the City may
4 supply report formats.

5 J. Arrange for direct payment of premiums to insurance companies by the
6 City and for direct payment of claims by insurance companies to the City or to third party
7 claimants.

8 K. Prepare a written, annual stewardship report to the City including
9 schedule of policies in force, coverage provisions, premiums, comparisons with prior year
10 premiums, insurance claims experience for current and prior policy and accident years on
11 paid, incurred, and ultimate bases, and recommendations for possible adjustments to
12 insurance coverage for the next policy year. The report must include a summary of broker
13 and carrier support services rendered during the prior year, with recommendations for broker
14 and carrier services for the subsequent year.

15 L. Assist in analyzing the City's exposure to loss, adequacy of coverage,
16 and develop options on coverage not presently purchased by the City. Prepare an annual
17 written report summarizing this analysis.

18 M. Service property, casualty, excess casualty, and other appropriate
19 insurance claims, including claims analyses, reporting and monitoring and involvement in
20 loss adjustment, conducting claims audits of insurers in conjunction with City's Risk
21 Manager.

22 N. Assist the City in securing property appraisals and establishing and
23 maintaining an insured property database, as requested.

24 O. Respond to any extraordinary needs of the City as requested.

25 P. Utilize carriers that are included on the California List of Eligible Surplus
26 Line Insurers (see http://www.sla-cal.org/carrier_info/lesli/index.asp) and have a minimum
27 rating from A.M. Best of "A" and financial category rating of "VIII" or that are authorized
28 (admitted) in the State of California.

1 Q. Broker understands, acknowledges, and agrees that City must obtain the
2 approval of the City Council when a premium exceeds One Hundred Thousand Dollars
3 (\$100,000).

4 2. QUALIFICATIONS. Broker shall be authorized to transact business in the
5 State of California and shall be in good standing with the California Franchise Tax Board and
6 the California Department of Insurance. Broker warrants that it holds all necessary and
7 required licenses and permits to provide these services. Broker shall immediately give notice
8 to the City of any change in its licensing status.

9 3. INDEPENDENT CONTRACTOR.

10 A. Broker is and shall act as an independent contractor and not an
11 employee of the City. Broker, at Broker's expense, shall furnish all necessary services and
12 facilities to perform satisfactorily its obligations under this Agreement. Broker shall not have
13 the legal authority to bind the City in any way. Broker shall be free to contract for similar
14 services to be performed for others during this Agreement provided, however, that Broker
15 acts in accordance with Section 4. Broker acknowledges and agrees that a) City will not
16 withhold taxes of any kind from Broker's compensation, b) City will not secure workers'
17 compensation or pay unemployment insurance to, for or on Broker's behalf, and c) City will
18 not provide and Broker is not entitled to any of the usual and customary rights, benefits or
19 privileges of City employees. Broker expressly warrants that neither Broker nor any of
20 Broker's employees or agents shall represent themselves to be employees or agents of City.

21 B. Broker may select the time and place of performance for its services
22 provided. However, that access to City documents, records and the like, if needed by
23 Broker, shall be available only during the City's normal business hours and provided that
24 milestones for performance, if any, are met.

25 C. Broker shall exercise the degree of skill and care customarily required by
26 the standards in its industry. Any costs incurred due to Broker's failure to meet these
27 standards which require re-performance, as directed by City, shall be paid and borne by
28 Broker. Broker's failure to achieve the performance goals and objectives in Section 1 is

1 not a basis for the City to request re-performance unless work conducted by Broker is
2 deemed by City to have failed these standards.

3 4. CONFLICT OF INTEREST. Broker, by executing this Agreement,
4 certifies and shall obtain similar certifications from Broker's employees and approved sub-
5 brokers that, at the time Broker executes this Agreement and for its duration, Broker does
6 not and will not perform services for any other client which would create a conflict,
7 whether monetary or otherwise, as between the interests of City and the interests of such
8 other client.

9 5. NON-DISCRIMINATION. In connection with performance of this
10 Agreement and subject to applicable rules and regulations, Broker shall not discriminate
11 against any employee or applicant for employment because of race, religion, national origin,
12 color, age, sex, sexual orientation, AIDS, HIV status, handicap, or disability. Broker shall
13 ensure that applicants are employed, and that employees are treated during their
14 employment, without regard to these bases. Such actions shall include, but not be limited to,
15 the following: Employment, upgrading, demotion or transfer, recruitment or recruitment
16 advertising, layoff or termination, rates of pay or other forms of compensation, and selection
17 for training, including apprenticeship.

18 6. INSURANCE. As a condition precedent to the effectiveness of this
19 Agreement, Broker shall procure and maintain at Broker's expense for the duration of this
20 Agreement from insurance companies that are admitted to write insurance in California or
21 from authorized non-admitted insurance companies that have ratings of or equivalent to
22 A:VIII by A.M. Best Company the following insurance:

23 (a) Commercial general liability insurance (equivalent in scope to ISO form
24 CG 00 01 11 85 or CG 00 01 11 88) in an amount not less than \$1,000,000
25 per each occurrence and \$2,000,000 general aggregate. This coverage shall
26 include but not be limited to broad form contractual liability, cross liability,
27 independent contractors liability, and products and completed operations
28 liability. The City, its officials, employees and agents shall be named as

1 additional insureds by endorsement (on City's endorsement form
2 or on an endorsement equivalent in scope to ISO form CG 20 10 11 85 or to
3 both CG 20 10 10 01 and CG 20 37 1001), and this insurance shall contain
4 no special limitations on the scope of protection given to the City, its officials,
5 employees and agents.

6 (b) Workers' Compensation insurance as required by the California
7 Labor Code and employer's liability insurance in an amount not less than
8 \$1,000,000.

9 (c) Professional liability or errors and omissions insurance in an
10 amount not less than \$5,000,000 per claim.

11 (d) Commercial automobile liability insurance (equivalent in scope to
12 ISO form CA 00 01 06 92), covering Auto Symbol 1 (Any Auto) in an amount
13 not less than \$1,000,000 combined single limit per accident.

14 Any self-insurance program, self-insured retention, or deductible must be
15 separately approved in writing by City's Risk Manager or designee and shall protect City, its
16 officials, employees and agents in the same manner and to the same extent as they would
17 have been protected had the policy or policies not contained retention or deductible
18 provisions. Each insurance policy shall be endorsed to state that coverage shall not be
19 reduced, non-renewed, or canceled except after thirty (30) days prior written notice to City,
20 and shall be primary and not contributing to any other insurance or self-insurance maintained
21 by City. Broker shall notify the City in writing within five (5) days after any insurance has
22 been voided by the insurer or cancelled by the insured. If this coverage is written on a
23 "claims made" basis, it must provide for an extended reporting period of not less than one
24 year, commencing on the date this Agreement expires or is terminated, unless Broker
25 guarantees that Broker will provide to the City evidence of uninterrupted, continuing
26 coverage for a period of not less than three (3) years, commencing on the date this
27 Agreement expires or is terminated.

28 Broker shall require that all sub-brokers approved by the City in accordance

1 with Section 10 which Broker uses in the performance of these services maintain insurance
2 in compliance with this Section unless otherwise agreed in writing by City's Risk Manager or
3 designee.

4 Prior to the start of performance, Broker shall deliver to City certificates of
5 insurance and the endorsements for approval as to sufficiency and form. In addition, Broker,
6 shall, within thirty (30) days prior to expiration of the insurance, furnish to City certificates of
7 insurance and endorsements evidencing renewal of the insurance. City reserves the right to
8 require complete certified copies of all policies of Broker and Broker's subconsultants and
9 contractors, at any time. Broker shall make available to City's Risk Manager or designee all
10 books, records and other information relating to this insurance, during normal business
11 hours.

12 Any modification or waiver of these insurance requirements shall only be
13 made with the approval of City's Risk Manager or designee. Not more frequently than once
14 a year, the City's Risk Manager or designee may require that Broker, Broker's
15 subconsultants and contractors change the amount, scope or types of coverages required in
16 this Section if, in his or her sale opinion, the amount, scope, or types of coverages are
17 not adequate.

18 The procuring or existence of insurance shall not be construed or deemed as
19 a limitation on liability relating to Broker's performance or as full performance of or
20 compliance with the indemnification provisions of this Agreement.

21 7. FEES. City shall pay to Broker in quarterly installments in arrears
22 following receipt from Broker and approval by City of invoices an annual "not to exceed"
23 amount as follows: year one of the Agreement, \$50,000; year two of the Agreement,
24 \$45,938; year three of the Agreement, \$48,125. This annual amount represents all
25 compensation for placement and servicing of the City's property and casualty insurance as
26 delineated in the Scope of Services herein.

27 When it is necessary or appropriate, Broker will utilize services of intermediaries to assist in
28 marketing the program. These intermediaries may be affiliates of Broker or unrelated

1 intermediaries. Intermediaries are paid by the insurance company through premiums paid by
2 the City. Compensation to intermediaries regarding the placement is not subject to the "not to
3 exceed" amount defined above.

4 However, if such intermediaries are used, Broker will:

5 (a) Limit, to the extent that Broker is able to do so, the compensation paid to
6 any intermediary to five percent (5%) of the respective premium. The City acknowledges that
7 some unaffiliated intermediaries may have compensation arrangements that are not subject
8 to the direct control of Broker.

9 (b) Disclose in writing the form and full amount of compensation received by
10 the intermediary to the extent that Broker is able to do so. If the specific amount or form of
11 compensation is not available to the Broker, Broker will provide City with an explanation and,
12 if possible, a reasonable estimate of this information. Broker shall make these disclosures
13 without being requested by Client.

14 8. TERM. The term of this Agreement shall commence at midnight on
15 January 1, 2006, and shall end at 11:59 p.m. on December 31, 2008, unless sooner
16 terminated as provided in this Agreement The City shall have the option to extend the term
17 for two (2) separate, consecutive periods of one (1) year each. The City's option shall be
18 exercised by giving notice to Broker on or before October 31, 2008 and, if applicable,
19 October 31, 2009. If the term is extended, the parties shall execute an amendment to this
20 Agreement following authorization of the extension by the City Council. The parties agree
21 that the annual fee for services shall not be increased by more than five percent (5%) in each
22 extended term.

23 9. REVIEW OF EMPLOYEES. City reserves the right to review the resumes
24 of any of Broker's employees who perform services for the City and to disapprove the
25 Broker's choices.

26 10. ASSIGNMENT. This Agreement contemplates the personal services
27 of Broker's employees, and the parties acknowledge that a substantial inducement to City for
28 entering this Agreement was and is the professional reputation and competence of Broker's

1 employees. Broker shall not assign its rights or delegate its duties, or any interest in the
2 Agreement or any portion of it, without the prior approval of City, except that Broker may with
3 the prior approval of the City Manager of City, assign any moneys due or to become due the
4 Broker under it. Any attempted assignment or delegation shall be void, and any assignee or
5 delegate shall acquire no right or interest by reason of such attempted assignment or
6 delegation. Furthermore, Broker shall not subcontract any portion of the performance
7 required hereunder without the prior approval of the City Manager or designee, nor substitute
8 an approved subcontractor without said prior approval to the substitution. Nothing stated in
9 this Section 10 shall prevent Broker from employing as many employees as Broker deems
10 necessary for performance of this Agreement

11 11. INDEMNIFICATION. Broker shall, with respect to services performed in
12 connection with this Agreement, indemnify and hold harmless the City, its Boards,
13 Commissions, and their officials, employees and agents (collectively in this Section, "City")
14 from and against any and all liability, claims, demands, damage, loss, causes of action,
15 proceedings, penalties, costs and expenses (including attorney's fees, court costs, and
16 expert and witness fees) (collectively "Claims" or individually "Claim"). Claims include
17 allegations and include by way of example but are not limited to: Claims for property
18 damage, personal injury or death arising in whole or in part from any negligent act or
19 omission of Broker, its officers, employees, agents, sub-consultants, or anyone under
20 Broker's control (collectively "Indemnitor"); Broker's breach of this Agreement;
21 misrepresentation; willful misconduct; and Claims by any employee of Indemnitor relating in
22 any way to worker's compensation. Independent of the duty to indemnify and as a free-
23 standing duty on the part of Broker, Broker shall defend City and shall continue this defense
24 until the Claim is resolved, whether by settlement, judgment or otherwise. No finding or
25 judgment of negligence, fault, breach, or the like on the part of Indemnitor shall be required
26 for the duty to defend to arise. Broker shall notify the City of any Claim within ten (10) days.
27 Likewise, City shall notify Broker of any Claim, shall tender the defense of the Claim to
28 Broker, and shall assist Broker, as may be reasonably requested, in the defense.

1 Notwithstanding the foregoing, nothing in this Agreement shall require Broker to indemnify
2 City for the sole negligence or willful misconduct of City.

3 12. OWNERSHIP OF DATA AND INTELLECTUAL PROPERTY RIGHTS.

4 A. All materials, information and data prepared, developed, or assembled by
5 Broker or furnished to Broker in connection with this Agreement, including but not limited to
6 documents, estimates, calculations, studies, maps, graphs, charts, computer disks, computer
7 source documentation, samples, models, reports, summaries, drawings, designs, notes,
8 plans, information, material, and memorandum ("Data") shall be the exclusive property of
9 City. Data shall be given to City, and City shall have the unrestricted right to use and disclose
10 the Data in any manner and for any purpose without payment of further compensation to
11 Broker. Copies of Data may be retained by Broker but Broker warrants that Data shall not be
12 made available to any person or entity for use without the prior approval of City. This
13 warranty shall survive termination of this Agreement for five (5) years.

14 B. City shall have the unlimited right to use technical data, including material
15 designated as a trade secret, resulting from the performance of services by the Broker under
16 this Agreement Broker hereby grants to City a royalty free, nonexclusive, irrevocable license
17 to produce, translate, publish, use, and dispose of all copyrightable material first produced or
18 composed in the performance of this Agreement

19 13. CONFIDENTIALITY. A. Broker shall keep the Data confidential and shall
20 not disclose the Data or use the Data directly or indirectly other than in the course of
21 performing its services, during the term of this Agreement and for five (5) years following
22 expiration or termination of this Agreement. In addition, Broker shall keep confidential all
23 information, whether written, oral, or visual, obtained by any means whatsoever in the course
24 of performing its services for the same period of time. Broker shall not disclose any or all of
25 the Data to any third party, or use it for Broker's own benefit or the benefit of others except
26 for the purpose of this Agreement.

27 B. Broker understands and agrees that City may designate in a conspicuous
28 manner the information that the Broker obtains from City as confidential and the Broker shall:

1 (a) Ensure that Broker's officers, employees, agents, representatives,
2 and sub-brokers are informed of the confidential nature of that information
3 and assure by agreement or otherwise that they are prohibited from copying
4 or revealing, for any purpose whatsoever, that information or any part of it;

5 (b) Give notice to City promptly of circumstances surrounding any
6 possession, use or knowledge of that information or any part of it by any
7 person or entity other than those authorized by this Section to have it;

8 (c) Take at the Broker's sole expense, but at City's option and in any
9 event under City's control, any legal action necessary to prevent
10 unauthorized use of that information by any person or entity which has
11 gained access to that information at least in part due to the fault of the
12 Broker.

13 C. Broker shall not be liable for a breach of confidentiality with respect to
14 Data that: (a) Broker demonstrates Broker knew prior to the time City disclosed it; or (b) is or
15 becomes publicly available without breach of this Agreement by Broker; or (c) a third party
16 who has a right to disclose does so to Broker without restrictions on further disclosure; or (d)
17 must be disclosed pursuant to subpoena or court order.

18 14. PUBLICATION. City shall have the right of prior written approval of any
19 document that shall be disseminated to the public by the Broker in which the Broker utilizes
20 information obtained from City in connection with its performance of this Agreement

21 15. WAIVER. The acceptance of any services or the payment of any money
22 by City shall not operate as a waiver of any part of this Agreement or of any right to damages
23 or indemnity stated in this Agreement. The waiver of any breach of this Agreement shall not
24 constitute a waiver of a subsequent similar breach or a different breach.

25 16. TERMINATION FOR CONVENIENCE. City may terminate this
26 Agreement in whole or in part for its convenience by giving five (5) days notice to Broker.
27 Immediately on receiving notice, Broker shall discontinue work **provided, however, that**
28 **Broker shall meet with the City at no charge and take steps to procure cancellation of**

1 all existing commitments on terms satisfactory to City or to procure renewals of
2 existing coverages.

3 17. AUDIT. City shall have the right at all reasonable times during the term of
4 this Agreement and for a period of five (5) years after termination or expiration of this
5 Agreement to examine, audit, inspect, review, extract information from and copy all books,
6 records, accounts, and other documents of Broker relating to this Agreement. Broker shall
7 make those books, records, accounts and documents available for audit during Broker's
8 normal business hours at its regular place of business.

9 18. NOTICES. Any notice or approval required by this Agreement by either
10 party shall be in writing and personally delivered or deposited in the U.S. Postal Service, first
11 class, postage prepaid, addressed to Broker at the address first stated above, and to the City
12 at 333 West Ocean Boulevard, 13th Floor, Long Beach, CA 90802 Attn: City Manager. Notice
13 of change of address shall be given in the same manner as stated for other notices. Notice
14 shall be deemed given on the date deposited in the mail or on the date personal delivery is
15 made, whichever occurs first.

16 19. GOVERNING LAW. This Agreement shall be governed by and construed
17 pursuant to the laws of the State of California (except those provisions of California law
18 pertaining to conflicts of laws). Broker shall comply with all laws, ordinances, rules and
19 regulations of and obtain such permits, licenses, and certificates required by all federal, state
20 and local governmental authorities.

21 20. AMENDMENT. This Agreement shall not be amended, nor any provision
22 or breach waived, except in writing signed by the parties which expressly refers to this
23 Agreement.

24 21. ENTIRE AGREEMENT. This Agreement constitutes the entire
25 understanding between the parties and supersedes all other agreements, oral or written, with
26 respect to the subject matter in this Agreement.

27 22. CONTINUATION. Termination or expiration of this Agreement shall not
28 affect rights or liabilities of the parties which accrued prior to termination or expiration of

1 this Agreement.

2 23. ADVERTISING. Broker shall not use the name of City, its officials or
3 employees in any advertising or solicitation for business, nor as a reference, without the prior
4 approval of the City Manager or designee.

5 24. THIRD PARTY BENEFICIARY, This Agreement is intended by the parties
6 to benefit themselves only and is not in any way intended or designed to or entered for the
7 purpose of creating any benefit or right for any person or entity of any kind that is not a party
8 to this Agreement.

9 IN WITNESS WHEREOF, the parties have executed this document to be
10 duly executed with all formalities required by law as of the date first stated above.

11 ALLIANT INSURANCE SERVICES, INC.
12 A Delaware Corporation

13 4/17, 2007 By [Signature]
14 Ss. Vice President

15 Gordon B. DesCombes
16 (Type or print Name)

17 4/23, 2007 By [Signature]
18 Secretary

19 TED E. FILLEY
20 (Type or print Name)

21 "Broker"

22 CITY OF LONG BEACH **ASSISTANT**

23 May 7, 2007 By [Signature]
24 City Manager

24 EXECUTED PURSUANT
25 TO SECTION 301 OF
26 THE CITY CHARTER.

25 "City"

26 This Agreement is approved as to form on 5/1, 2007

27 ROBERT E. SHANNON, City Attorney

28 By [Signature]
Senior Deputy