OFFICE OF THE CITY ATTORNEY ROBERT E. SHANNON, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4664

<u>AGREEMENT</u>

THIS AGREEMENT is made and entered, in duplicate, as of November 1, 2010, for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on October 12, 2010, by and between ALLIANT INSURANCE SERVICES, INC., a Delaware corporation ("Consultant"), with a place of business at 1301 Dove Street, Suite 200, Newport Beach, California 92660, and the CITY OF LONG BEACH, a municipal corporation ("City").

WHEREAS, City requires specialized services requiring unique skills to be performed in connection with employee healthcare benefits program consulting and actuarial services ("Project"); and

WHEREAS, City has selected Consultant in accordance with City's administrative procedures and City has determined that Consultant and its employees are qualified, licensed, if so required, and experienced in performing these specialized services; and

WHEREAS, City desires to have Consultant perform these specialized services, and Consultant is willing and able to do so on the terms and conditions in this Agreement;

NOW, THEREFORE, in consideration of the mutual terms, covenants, and conditions in this Agreement, the parties agree as follows:

1. <u>SCOPE OF WORK OR SERVICES</u>.

A. Consultant shall furnish specialized services more particularly described in Exhibit "A", attached to this Agreement and incorporated by this reference, in accordance with the standards of the profession, and City shall pay for these services in the manner described below, not to exceed Two Hundred Thirty Five Thousand Dollars (\$235,000) annually, at the rates or charges shown in Exhibit "B".

B. Consultant may select the time and place of performance for

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- C. Consultant has requested to receive regular monthly payments of Nineteen Thousand Five Hundred Eighty-Three Dollars and Thirty-Three Cents (\$19,583.33). City shall pay Consultant in due course of payments following receipt from Consultant and approval by City of invoices showing the services or task performed, the time expended (if billing is hourly), and the name Consultant shall certify on the invoices that Consultant has of the Project. performed the services in full conformance with this Agreement and is entitled to receive payment. Each invoice shall be accompanied by a progress report indicating the progress to date of services performed and covered by the invoice, including a brief statement of any Project problems and potential causes of delay in performance, and listing those services that are projected for performance by Consultant during the next invoice cycle. Where billing is done and payment is made on an hourly basis, the parties acknowledge that this arrangement is either customary practice for Consultant's profession, industry or business, or is necessary to satisfy audit and legal requirements which may arise due to the fact that City is a municipality.
- D. Consultant represents that Consultant has obtained all necessary information on conditions and circumstances that may affect its performance and has conducted site visits, if necessary.
- 2. <u>TERM.</u> The term of this Agreement shall commence at midnight on November 1, 2010, and shall terminate at 11:59 p.m. on October 31, 2011, unless sooner terminated as provided in this Agreement, or unless the services or the Project is completed sooner. The parties may extend the term by mutual consent for two (2) separate, consecutive periods of one (1) year each.

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3. COORDINATION AND ORGANIZATION.

A. Consultant shall coordinate its performance with City's representative, if any, named in Exhibit "C", attached to this Agreement and incorporated by this reference. Consultant shall advise and inform City's representative of the work in progress on the Project in sufficient detail so as to assist City's representative in making presentations and in holding meetings on the Project. City shall furnish to Consultant information or materials, if any, described in Exhibit "D", attached to this Agreement and incorporated by this reference, and shall perform any other tasks described in the Exhibit.

- B. The parties acknowledge that a substantial inducement to City for entering this Agreement was and is the reputation and skill of Consultant's key employees, Michael Menzia and Vickie West. City shall have the right to approve any person proposed by Consultant to replace that key employee.
- 4. <u>INDEPENDENT CONTRACTOR</u>. In performing its services, Consultant is and shall act as an independent contractor and not an employee, representative or agent of City. Consultant shall have control of Consultant's work and the manner in which it is performed. Consultant shall be free to contract for similar services to be performed for others during this Agreement; provided, however, that Consultant acts in accordance with Section 9 and Section 11 of this Agreement. Consultant acknowledges and agrees that (a) City will not withhold taxes of any kind from Consultant's compensation; (b) City will not secure workers' compensation or pay unemployment insurance to, for or on Consultant's behalf; and (c) City will not provide and Consultant is not entitled to any of the usual and customary rights, benefits or privileges of City employees. Consultant expressly warrants that neither Consultant nor any of Consultant's employees or agents shall represent themselves to be employees or agents of City.

5. INSURANCE.

A. As a condition precedent to the effectiveness of this

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Agreement, Consultant shall procure and maintain, at Consultant's expense for the duration of this Agreement, from insurance companies that are admitted to write insurance in California and have ratings of or equivalent to A:V by A.M. Best Company or from authorized non-admitted insurance companies subject to Section 1763 of the California Insurance Code and that have ratings of or equivalent to A:VIII by A.M. Best Company, the following insurance:

- (a) Commercial general liability insurance (equivalent in scope to ISO form CG 00 01 11 85 or CG 00 01 10 93) in an amount not less than \$1,000,000 per each occurrence and \$2,000,000 general aggregate. This coverage shall include but not be limited to broad form contractual liability, cross liability, independent contractors liability, and products and completed operations liability. City, its boards and commissions, and their officials, employees and agents shall be named as additional insureds by endorsement (on City's endorsement form or on an endorsement equivalent in scope to ISO form CG 20 10 11 85 or CG 20 26 11 85 or both CG 20 10 07 04 and CG 20 37 07 04 or both CG 20 33 07 04 and CG 20 37 07 04), and this insurance shall contain no special limitations on the scope of protection given to City, its boards and commissions, and their officials, employees and agents. This policy shall be endorsed to state that the insurer waives its right of subrogation against City, its boards and commissions, and their officials, employees and agents.
- (b) Workers' Compensation insurance as required by the California Labor Code and employer's liability insurance in an amount not less than \$1,000,000. This policy shall be endorsed to state that the insurer waives its right of subrogation against City, its boards and commissions, and their officials, employees and agents.
- (c) Professional liability or errors and omissions insurance in an amount not less than \$1,000,000 per claim.

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- (d) Commercial automobile liability insurance (equivalent in scope to ISO form CA 00 01 06 92), covering Auto Symbol 1 (Any Auto) in an amount not less than \$500,000 combined single limit per accident.
- B. Any self-insurance program, self-insured retention, deductible must be separately approved in writing by City's Risk Manager or designee and shall protect City, its officials, employees and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention or deductible provisions.
- C. Each insurance policy shall be endorsed to state that coverage shall not be reduced, non-renewed or canceled except after thirty (30) days prior written notice to City, shall be primary and not contributing to any other insurance or self-insurance maintained by City, and shall be endorsed to state that coverage maintained by City shall be excess to and shall not contribute to insurance or self-insurance maintained by Consultant. Consultant shall notify City in writing within five (5) days after any insurance has been voided by the insurer or cancelled by the insured.
- D. If this coverage is written on a "claims made" basis, it must provide for an extended reporting period of not less than one hundred eighty (180) days, commencing on the date this Agreement expires or is terminated, unless Consultant guarantees that Consultant will provide to City evidence of uninterrupted, continuing coverage for a period of not less than three (3) years, commencing on the date this Agreement expires or is terminated.
- E. Consultant shall require that all subconsultants or contractors that Consultant uses in the performance of these services maintain insurance in compliance with this Section unless otherwise agreed in writing by City's Risk Manager or designee.
- F. Prior to the start of performance, Consultant shall deliver to City certificates of insurance and the endorsements for approval as to sufficiency

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and form. In addition, Consultant shall, within thirty (30) days prior to expiration of the insurance, furnish to City certificates of insurance and endorsements evidencing renewal of the insurance. City reserves the right to require complete certified copies of all policies of Consultant and Consultant's subconsultants and contractors, at any time. Consultant shall make available to City's Risk Manager or designee all books, records and other information relating to this insurance, during normal business hours.

- G. Any modification or waiver of these insurance requirements shall only be made with the approval of City's Risk Manager or designee. Not more frequently than once a year, City's Risk Manager or designee may require that Consultant, Consultant's subconsultants and contractors change the amount, scope or types of coverages required in this Section if, in his or her sole opinion. the amount, scope or types of coverages are not adequate.
- Η. The procuring or existence of insurance shall not be construed or deemed as a limitation on liability relating to Consultant's performance or as full performance of or compliance with the indemnification provisions of this Agreement.
- 6. ASSIGNMENT AND SUBCONTRACTING. This Agreement contemplates the personal services of Consultant and Consultant's employees, and the parties acknowledge that a substantial inducement to City for entering this Agreement was and is the professional reputation and competence of Consultant and Consultant's employees. Consultant shall not assign its rights or delegate its duties under this Agreement, or any interest in this Agreement, or any portion of it, without the prior approval of City, except that Consultant may with the prior approval of the City Manager of City, assign any moneys due or to become due Consultant under this Agreement. Any attempted assignment or delegation shall be void, and any assignee or delegate shall acquire no right or interest by reason of an attempted assignment or delegation. Furthermore, Consultant shall not subcontract any portion of its performance without the

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prior approval of the City Manager or designee, or substitute an approved subconsultant or contractor without approval prior to the substitution. Nothing stated in this Section shall prevent Consultant from employing as many employees as Consultant deems necessary for performance of this Agreement.

- 7. CONFLICT OF INTEREST. Consultant, by executing this Agreement, certifies that, at the time Consultant executes this Agreement and for its duration, Consultant does not and will not perform services for any other client which would create a conflict, whether monetary or otherwise, as between the interests of City and the interests of that other client. And, Consultant shall obtain similar certifications from Consultant's employees, subconsultants and contractors.
- 8. MATERIALS. Consultant shall furnish all labor and supervision, supplies, materials, tools, machinery, equipment, appliances, transportation and services necessary to or used in the performance of Consultant's obligations under this Agreement, except as stated in Exhibit "D".
- 9. All materials, information and data OWNERSHIP OF DATA. prepared, developed or assembled by Consultant or furnished to Consultant in connection with this Agreement, including but not limited to documents, estimates, calculations, studies, maps, graphs, charts, computer disks, computer source documentation, samples, models, reports, summaries, drawings, designs, notes, plans, information, material and memorandum ("Data") shall be the exclusive property of City. Data shall be given to City, and City shall have the unrestricted right to use and disclose the Data in any manner and for any purpose without payment of further compensation to Consultant. Copies of Data may be retained by Consultant but Consultant warrants that Data shall not be made available to any person or entity for use without the prior approval of City. This warranty shall survive termination of this Agreement for five (5) years.
- 10. <u>TERMINATION</u>. Either party shall have the right to terminate this Agreement for any reason or no reason at any time by giving thirty (30) calendar days prior notice to the other party. In the event of termination under this Section, City shall

pay Consultant for services satisfactorily performed and costs incurred up to the effective date of termination for which Consultant has not been previously paid. The procedures for payment in Section 1.B. with regard to invoices shall apply. On the effective date of termination, Consultant shall deliver to City all Data developed or accumulated in the performance of this Agreement, whether in draft or final form, or in process. And, Consultant acknowledges and agrees that City's obligation to make final payment is conditioned on Consultant's delivery of the Data to City.

- shall not disclose the Data or use the Data directly or indirectly, other than in the course of performing its services, during the term of this Agreement and for five (5) years following expiration or termination of this Agreement. In addition, Consultant shall keep confidential all information, whether written, oral or visual, obtained by any means whatsoever in the course of performing its services for the same period of time. Consultant shall not disclose any or all of the Data to any third party, or use it for Consultant's own benefit or the benefit of others except for the purpose of this Agreement.
- a breach of confidentiality with respect to Data that: (a) Consultant demonstrates Consultant knew prior to the time City disclosed it; or (b) is or becomes publicly available without breach of this Agreement by Consultant; or (c) a third party who has a right to disclose does so to Consultant without restrictions on further disclosure; or (d) must be disclosed pursuant to subpoena or court order.
- 13. <u>ADDITIONAL COSTS</u>. Any costs incurred by City due to Consultant's failure to meet the standards required by the scope of work or Consultant's failure to perform fully the tasks described in the scope of work which, in either case, causes City to request that Consultant perform again all or part of the Scope of Work shall be at the sole cost of Consultant and City shall not pay any additional compensation to Consultant for its re-performance.

- 15. <u>LAW</u>. This Agreement shall be governed by and construed pursuant to the laws of the State of California (except those provisions of California law pertaining to conflicts of laws). Consultant shall comply with all laws, ordinances, rules and regulations of and obtain all permits, licenses and certificates required by all federal, state and local governmental authorities.
- 16. <u>ENTIRE AGREEMENT</u>. This Agreement, including all Exhibits, constitutes the entire understanding between the parties and supersedes all other agreements, oral or written, with respect to the subject matter in this Agreement.

17. INDEMNITY.

- A. Consultant shall indemnify, protect and hold harmless City, its Boards, Commissions, and their officials, employees and agents ("Indemnified Parties"), from and against any and all liability, claims, demands, damage, loss, obligations, causes of action, proceedings, awards, fines, judgments, penalties, costs and expenses, including attorneys' fees, court costs, expert and witness fees, and other costs and fees of litigation, arising or alleged to have arisen, in whole or in part, out of or in connection with (1) Consultant's breach or failure to comply with any of its obligations contained in this Agreement, or (2) negligent or willful acts, errors, omissions or misrepresentations committed by Consultant, its officers, employees, agents, subcontractors, or anyone under Consultant's control, in the performance of work or services under this Agreement (collectively "Claims" or individually "Claim").
- B. In addition to Consultant's duty to indemnify, Consultant shall have a separate and wholly independent duty to defend Indemnified Parties at Consultant's expense by legal counsel approved by City, from and against all Claims, and shall continue this defense until the Claims are resolved, whether by

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settlement, judgment or otherwise. No finding or judgment of negligence, fault, breach, or the like on the part of Consultant shall be required for the duty to defend to arise. City shall notify Consultant of any Claim, shall tender the defense of the Claim to Consultant, and shall assist Consultant, as may be reasonably requested, in the defense.

- C. If a court of competent jurisdiction determines that a Claim was caused by the sole negligence or willful misconduct of Indemnified Parties, Consultant's costs of defense and indemnity shall be (1) reimbursed in full if the court determines sole negligence by the Indemnified Parties, or (2) reduced by the percentage of willful misconduct attributed by the court to the Indemnified Parties.
- D. The provisions of this Section shall survive the expiration or termination of this Agreement.
- AMBIGUITY. In the event of any conflict or ambiguity between this Agreement and any Exhibit, the provisions of this Agreement shall govern.
- 19. COSTS. If there is any legal proceeding between the parties to enforce or interpret this Agreement or to protect or establish any rights or remedies under it, the prevailing party shall be entitled to its costs, including reasonable attorneys' fees.

20. NONDISCRIMINATION.

Α. In connection with performance of this Agreement and subject to applicable rules and regulations, Consultant shall not discriminate against any employee or applicant for employment because of race, religion, national origin, color, age, sex, sexual orientation, gender identity, AIDS, HIV status, handicap or disability. Consultant shall ensure that applicants are employed, and that employees are treated during their employment, without regard to these bases. These actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

B. It is the policy of City to encourage the participation of Disadvantaged, Minority and Women-Owned Business Enterprises in City's procurement process, and Consultant agrees to use its best efforts to carry out this policy in its use of subconsultants and contractors to the fullest extent consistent with the efficient performance of this Agreement. Consultant may rely on written representations by subconsultants and contractors regarding their status. Consultant shall report to City in May and in December or, in the case of short-term agreements, prior to invoicing for final payment, the names of all subconsultants and contractors hired by Consultant for this Project and information on whether or not they are a Disadvantaged, Minority or Women-Owned Business Enterprise, as defined in Section 8 of the Small Business Act (15 U.S.C. Sec. 637).

- 21. <u>EQUAL BENEFITS ORDINANCE</u>. Unless otherwise exempted in accordance with the provisions of the Ordinance, this Agreement is subject to the applicable provisions of the Equal Benefits Ordinance (EBO), section 2.73 et seq. of the Long Beach Municipal Code, as amended from time to time.
 - A. During the performance of this Agreement, the Consultant certifies and represents that the Consultant will comply with the EBO. The Consultant agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the performance of a contract with the City of Long Beach, the Consultant will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Long Beach's Equal Benefits Ordinance may be obtained from the City of Long Beach Business Services Division at 562-570-6200."

- B. The failure of the Consultant to comply with the EBO will be deemed to be a material breach of the Agreement by the City.
 - C. If the Consultant fails to comply with the EBO, the City may

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cancel, terminate or suspend the Agreement, in whole or in part, and monies due or to become due under the Agreement may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

- D. Failure to comply with the EBO may be used as evidence against the Consultant in actions taken pursuant to the provisions of Long Beach Municipal Code 2.93 et seq., Contractor Responsibility.
- E. If the City determines that the Consultant has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Agreement on behalf of the City. Violation of this provision may be used as evidence against the Consultant in actions taken pursuant to the provisions of Long Beach Municipal Code Section 2.93 et seg., Contractor Responsibility.
- 22. NOTICES. Any notice or approval required by this Agreement shall be in writing and personally delivered or deposited in the U.S. Postal Service, first class, postage prepaid, addressed to Consultant at the address first stated above, and to City at 333 West Ocean Boulevard, Long Beach, California 90802, Attn: City Manager. Notice of change of address shall be given in the same manner as stated for other notices. Notice shall be deemed given on the date deposited in the mail or on the date personal delivery is made, whichever occurs first.

23. COPYRIGHTS AND PATENT RIGHTS.

- A. Consultant shall place the following copyright protection on all Data: © City of Long Beach, California , inserting the appropriate year.
- В. City reserves the exclusive right to seek and obtain a patent or copyright registration on any Data or other result arising from Consultant's performance of this Agreement. By executing this Agreement, Consultant assigns any ownership interest Consultant may have in the Data to City.
- C. Consultant warrants that the Data does not violate or infringe any patent, copyright, trade secret or other proprietary right of any other party.

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Consultant agrees to and shall protect, defend, indemnify and hold City, its officials and employees harmless from any and all claims, demands, damages, loss, liability, causes of action, costs or expenses (including reasonable attorney's fees) whether or not reduced to judgment, arising from any breach or alleged breach of this warranty.

- 24. COVENANT AGAINST CONTINGENT FEES. Consultant warrants that Consultant has not employed or retained any entity or person to solicit or obtain this Agreement and that Consultant has not paid or agreed to pay any entity or person any fee, commission or other monies based on or from the award of this Agreement. If Consultant breaches this warranty, City shall have the right to terminate this Agreement immediately notwithstanding the provisions of Section 10 or, in its discretion, to deduct from payments due under this Agreement or otherwise recover the full amount of the fee, commission or other monies.
- 25. WAIVER. The acceptance of any services or the payment of any money by City shall not operate as a waiver of any provision of this Agreement or of any right to damages or indemnity stated in this Agreement. The waiver of any breach of this Agreement shall not constitute a waiver of any other or subsequent breach of this Agreement.
- 26. CONTINUATION. Termination or expiration of this Agreement shall not affect rights or liabilities of the parties which accrued pursuant to Sections 7, 10, 11, 17, 19, 22 and 28 prior to termination or expiration of this Agreement.
- 27. TAX REPORTING. As required by federal and state law, City is obligated to and will report the payment of compensation to Consultant on Form 1099-Misc. Consultant shall be solely responsible for payment of all federal and state taxes resulting from payments under this Agreement. Consultant shall submit Consultant's Employer Identification Number (EIN), or Consultant's Social Security Number if Consultant does not have an EIN, in writing to City's Accounts Payable, Department of Financial Management. Consultant acknowledges and agrees that City has no obligation

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to pay Consultant until Consultant provides one of these numbers.

- 28. <u>ADVERTISING</u>. Consultant shall not use the name of City, its officials or employees in any advertising or solicitation for business or as a reference, without the prior approval of the City Manager or designee.
- 29. <u>AUDIT</u>. City shall have the right at all reasonable times during the term of this Agreement and for a period of five (5) years after termination or expiration of this Agreement to examine, audit, inspect, review, extract information from and copy all books, records, accounts and other documents of Consultant relating to this Agreement.
- 30. <u>THIRD PARTY BENEFICIARY</u>. This Agreement is not intended or designed to or entered for the purpose of creating any benefit or right for any person or entity of any kind that is not a party to this Agreement.

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2011.

EXHIBIT "A"

Scope of Work

EXHIBIT A

SCOPE OF SERVICES

Alliant Insurance Services will provide the following Scope of work for the City of Long Beach:

1. Represent the City in negotiations with group health insurance providers relating to plan design, benefit levels and premiums.

Alliant Insurance Services will represent The City of Long Beach (The City) in all negotiations with insurance providers, third party administrators, networks, vendors, etc.

Alliant Insurance Service's Technical Underwriting Unit will play a key role in the negotiation of renewal premiums and plan design options through the evaluation of utilization patterns, claim experience, plan costs, and demographic changes. The underwriting department assumes a very active role in the financial and risk management aspect of The City's benefit plans and will make pro-active recommendations to preserve the financial health of the plan.

Alliant Insurance Services will work as The City's advocate to negotiate contract changes, secure amendments and resolve any employee insurance issues. We will be responsible for reviewing all contracts and plan documents in order to confirm that all negotiated provisions are included. Alliant will work with The City Employee Benefits team to set service expectations and timelines that all vendors will be required to meet. These standards will be monitored frequently throughout the year to ensure The City is receiving the agreed upon level of service from its vendors.

2. Provide annual review and report of employee benefits programs for quality and adequacy of benefits provided, cost effectiveness, competitiveness, and plan administration and recommendations concerning any changes in terms, conditions and limits.

Renewal Negotiation and Marketing

Alliant Insurance Service's Technical Underwriting Unit will play a key role in the negotiation of renewal premiums and plan design options through the evaluation of utilization patterns, claim experience, plan costs, and demographic changes. In addition, the underwriting department will review the marketplace for alternative funding and purchasing options. The process is outlined below:

Consulting Services Agreement between City of Long Beach and Alliant Insurance Services November 1, 2010

- Evaluate Carrier Renewal Calculation by component: claims experience, trend factor, stop-loss level for large claims, administration fees and carrier margin.
- Evaluate Demographic Changes via census analysis and compare to Carrier assumptions.
- Use Critical Analysis and Alliant Insurance Service's book of business to negotiate the lowest cost for the City.
- Identify and recommend cost saving options that do not change benefits.
- Market coverages to other carriers in the marketplace. (Maximum of one line of coverage per year).
- Identify alternative funding and risk-sharing options that may be beneficial to the City.

Alliant Insurance Services Public Entity Benefit Programs

Alliant Insurance Services has worked to develop exclusive programs designed specifically for public agencies and their unique characteristics. These programs provide cost savings, while matching your benefits and providing greater long term stability. Alliant Insurance Service's EIA Health Program is one example of our ability to provide alternative purchasing options, which are not available in the marketplace, to our public sector clients. Alliant Insurance Service's underwriting team will include the following Public Entity Program options in the renewal analysis for The City.

- Medical EIA Health
- Wholesale Prescription Drug
- Dental
- Vision
- Life
- Disability
- Mental Health

Recommendations

Alliant Insurance Services will assemble all this data and put it into a report format that is clear and concise and make pro-active recommendations to ensure comprehensive coverage at the lowest cost to the City and its employees. We will review this material with The City's Health Insurance Advisory Committee and address any questions to assist with the decision making process

3. Monitor contracts, including provider plan administration, actuarial review, tracking of performance standards, provider compliance with contracts, terminal liability and incurred claims.

The City will have a dedicated Alliant Insurance Services team available to them throughout the contract period.

As part of the Annual Work Plan for the City, Alliant Insurance Services will review contracts with all vendors to ensure consistency with City policies and procedures and will work closely with City Management and vendors to coordinate implementation timelines and make sure milestones are achieved in a timely manner. Furthermore, Alliant Insurance Services will review all booklets and employee communications material for consistency of benefits, rates and eligibility policies.

For carriers that have agreed to performance standards for items such as customer service (call abandonment rates and average phone hold times), claim payment (turnaround time, and financial accuracy), implementation (claim system readiness and ID card release), we will monitor the results of each measurement on a monthly basis using reports provided by the carriers. As part of this evaluation, we will advise the City as to each vendor's performance versus the goals and work with vendors to improve processes for those areas that are short of expected results. Additionally, we would perform a claims operation audit of each carrier to validate the self-reported results and ensure that claims are being processed in accordance with negotiated plan provisions. This does not include the cost of a complete claims audit completed by ICD9 or CPT code analysis which would be performed by a third party.

4. Provide estimates of renewal rates and cost trends and assistance to City staff in preparation of budget figures.

Alliant Insurance Services Technical Underwriting Unit will provide support to The City's dedicated Benefits Analyst in the evaluation of utilization patterns, claim experience, plan costs, and trends. This team will use this information to develop a report with projections to assist The City develop their annual healthcare budget.

Alliant Insurance Services begins the renewal process 6-9 months prior to the effective date with our pre-renewal meeting so that we understand The City's budget requirements, expected growth and other anticipated needs. We will provide the following information at the pre-renewal meeting:

- Provide market trends analysis by plan
- Introduce new product innovation
- Review Insurance Carrier performance
- · Identify areas of cost containment
- Provide renewal estimates
- Provide large claim analysis

This strategy provides us with ample time to evaluate options, secure the most favorable contractual terms, and to provide scenarios that meet The City's budget guidelines.

5. Assist with any government and/or IRS filing as needed in connection with the annual renewal process and/or implementation of existing or new services, as necessary.

Alliant Insurance Services will assist with any government and/or IRS filings as needed in connection with plan renewals and/or implementations.

As part of our Scope of Services we will review your current practices and update The City on new developments, legislation, regulations, and practices that affect proper plan design and cost effectiveness.

A sample list includes:

- Medicare Part D compliance
- COBRA Regulations
- Cafeteria Plan Election Change Regulations
- HIPAA Guidance on Compliance
- ADA Compliance
- FMLA Compliance
- Effect of Military Leave on Health Insurance Coverage
- Health Care Trends
- Health Care Reform

As part of our core activity, we will review all of your current plan documents, insurance contracts, and benefit books to ensure:

- Compliance with Legislative Requirements
- Consistency with The City's Policies and Procedures
- Comprehensive Coverage Ensuring Significant Gaps or Exclusions are consistent with The City's understanding of the Plan

In addition, Alliant Insurance Services will assist with the following:

- Review and evaluate coverage drafts and summary plan descriptions
- Create required notices for review by City Staff

- Assist with drafting plan documents as needed, including Section 125 Plan document
- Prepare or review plan amendments as needed
- Provide resources to help and assist The City with other Legislative issues such as COBRA, Family Leave, ADEA, Qualified medical dependents, etc.
- Review Employee Handbook/Polices & Procedures Manual

Furthermore, your Alliant Insurance Services team will provide The City with continuous updates on all developments that will affect employee benefit plans. Our sources include the following:

- -Account Service Team: All members of your Alliant Insurance Services team are current on legislative issues and have specific areas of expertise. They also have access to our Alliant Insurance Services Health and Welfare Attorney (i.e. COBRA, HIPAA, ADA, FMLA, etc.).
- -Benefits Newsletters: A monthly publication from the employee benefits division of Alliant Insurance Services. This publication includes timely articles relating to all aspects of employee benefits administration including news, trends, and pending and approved state and federal legislation.
- -<u>Client Seminars:</u> Alliant Insurance Services periodically sponsors employee benefit seminars to highlight topics of current interest (HIPAA, Healthcare Reform, New Employer Laws, Flexible Benefits, etc).

Human Resources Consulting

Additionally, Alliant Insurance Services understands a public entity Human Resources Department has needs outside of Employee Benefit Administration. Through our wholly owned subsidiary, Strategic HR, The City will be given a complementary HR Membership Program that offers many benefits including access to a members-only website that contains an extensive selection of HR forms, policies, checklists and guidelines, and answers to frequently asked questions. The City will have access to the full range of Strategic HR's Services however, the following services are provided under the \$235,000 fee.

- Legislative updates
- Information related to Regulatory compliance
- Human Resource Membership Program provides unlimited, toll-free telephone access to a team of HR experts who quickly respond with guidance.

6. Prepare and present reports to the Health Insurance Advisory Committee (HIAC) at their regularly scheduled meetings to advise of plan options, market trends, audits, renewals, etc.

The Alliant Insurance Services team will work with the Human Resources Department, the Financial Management Department, Management, and the Health Insurance Advisory Committee.

<u>Health Insurance Advisory Committee (HIAC)</u>: We will assist in the following areas to help gain understanding and consensus:

- Attend Regular Meetings
- Help Establish Agenda
- Review Reporting Packages
- Establish Long Term Goals
- Education on Market Trends (Rx, Legislation, Tiered Networks, etc.)
- Field Questions & Suggestions

In addition to meeting with the HIAC at regularly scheduled meetings, Alliant Insurance Services believes that education and engagement of all constituent groups is necessary to gain the necessary consensus for plan administration and negotiations. With that in mind, we will meet with the following groups as appropriate.

<u>City Council</u>: Alliant Insurance Services would be happy to work with the City Council regarding ratification of program changes, understanding market trends, and providing recommendations for meeting budget goals.

<u>City Staff</u>: Alliant Insurance Services encourages "Train the Trainer" sessions that allow us to identify administrative training needs and appropriate support through education. These sessions include:

- Benefits Understanding
- Billing
- Eligibility
- Adds/Deletes
- COBRA
- New Legislation
- Other Plan Administrative Issues

<u>Bargaining Units</u>: We will work to establish a rapport with the bargaining units so that we can have effective discussions regarding important issues to include:

Weighing the need for rich benefit plans in the midst of budget constraints

Working collaboratively with union representatives to discuss plan alternatives

General Employee Population: Alliant Insurance Services will support the general employee population in the following areas:

- Annual Open Enrollment Meetings & Communications
- Question and Answers Sessions
- Retiree Communications
- Service Issue Support
- 7. Develop and produce an effective communications program including: concept, design, production, printing and delivery.

Alliant Insurance Services will provide the following services and support for The City's employee benefit communication materials:

- Review current communication materials and make recommendations
- Draft and produce employee and retiree communication materials including announcements, enrollment meeting materials, benefits exhibits, etc.
- Plan, facilitate, and conduct all scheduled open enrollment meetings and health fairs.
- Coordinate employee newsletters and surveys
- Create new hire communication pieces
- Provide on-going service issue support

Alliant Insurance Services has a full-range of capabilities related to education and communication to employees and retirees. The vast array of tools that we offer can be as high-touch or as high-tech as is necessary to meet the needs of your Human Resources Department, your employees and your retirees. Furthermore, Alliant Insurance Services will help identify off-the-shelf materials or vendors who can provide turnkey communications materials to complement or enhance The City's current communication strategy.

8. Assist the City in developing and coordinating an overall strategy and action plan for benefit plan implementation and enrollment.

Open Enrollment

Alliant Insurance Services will be actively involved in The City's annual Open Enrollment. Your Alliant Insurance Services Account Team will create a timeline of

activities leading up to Open Enrollment with key milestones highlighted as well as shared responsibilities.

Health Fairs

Alliant Insurance Services believes annual health and safety fairs are a fundamental part of any group healthcare strategy. The City's Alliant Insurance Services team will assist with the planning of the event and help secure vendors for the health fair. Additionally, we would help The City to select among the numerous screening services and educational demonstrations and exhibits that are available for Health Fairs.

9. Monitor and provide experience trends reports and special studies and reports as requested by City, including annual accounting report of all plan operations.

Alliant Insurance Services will work with The City to develop a regular custom reporting package that will best enable the City to easily monitor the various health plans' actual financial results vs. expected costs. These reports will be provided on a regular schedule as agreed upon by the City and Alliant Insurance.

Alliant Insurance Services will review the current reports that the City receives, evaluate the usefulness of each report and make any recommendations for additional reports that may be helpful in the analysis of the plan data and future cost forecasting. Alliant Insurance Services will report to management and the insurance committee and these reports will be used as tools to make decisions.

The following is a list of some of the software capabilities:

- Project Management Timeline
- Spreadsheet rating module
- · Claims analysis and reporting
- Benefit pricing module
- Plan options projection tool
- Self funded premium valuations
- Benchmarking

10. Review and assistance with resolving disputes regarding coverage, billing questions and service delivery.

Alliant Insurance Services will respond to and expedite all claims, billing and/or eligibility issues. Alliant Insurance Services is well acquainted with the internal operations and processes of most carriers and is experienced in resolving service issues such as claims, eligibility and billing, contract, and quality of care. With our in-house legal

counsel, and extensive background of each Alliant Insurance Services Team member, we can provide immediate advice on claims or contract disputes. Your Alliant Insurance Services Team will work with all carriers to ensure that all issues that occur at The City are addressed and resolved in a timely manner.

Claims and Eligibility Assistance:

- Respond within 24-hours to every inquiry call
- Research and Resolve Claim and Eligibility Issues
- Monitor Service of Carrier and Third-party Administrators
- Track Claim Office and Member Services Data to assess and make recommendations for Plan Changes and Employee Education needs
- Secure Carrier performance guarantees when appropriate

11. Advise City staff on changing benefit issues and experience trends.

Alliant Insurance Services will meet with The City periodically to discuss important issues such as:

- Medical, Prescription Drug, Dental and Vision Trend
- National and Local Cost Drivers associated with increased premiums
- National and Statewide enrollment trends
- Federal and State Legislation affecting HealthCare
- Provider Networks
- Survey Data

We will also provide information regarding emerging trends in the market such as:

- Health Savings Accounts (HSA)
- Health Reimbursement Accounts (HRA)
- Consumer Driven Products
- Vehicles to fund future retiree costs
- Flexible Spending Accounts
- Technology solutions to promote wellness and reduce costs

Alliant Insurance Services will also provide benchmarking analysis that includes a review of cost trends at The City, a comparison to other benefit programs in our practice, as well as other public sector entities. Based on these assessments, Alliant Insurance Services will identify areas where The City has opportunities for cost containment measures that will provide you and your plan participants with the best value.

- 12. Optional Services: These services are available and not included in the consulting fee of \$235,000 and are subject to additional costs if selected.
 - 1. The City will have access to the full range of Strategic HR's Services that are not covered in the annual membership. Listed below are the service and the estimated cost.

•	Employee Handbooks	\$3,500
•	Affirmative Action Plans	\$3,600
•	Employment Dispute Resolution Programs	\$1,000
•	Unemployment Insurance Administration	\$3,000
•	Employee Attitude Surveys	\$1,800
•	I-9 Audits	\$3,000
•	Background Checks	\$35 per person
•	Compensation Systems	\$10,000 -\$100,000
•	Job Description Review and Development	\$150 per job description
•	Internal Investigations	\$1,350
•	Wage and Hour Audits	\$3,200
•	Employee Transitioning	\$1,350
•	Performance Appraisal Programs	\$3,000
•	Safety Programs (SB 198)	\$5,000
•	Organizational Development	\$2,000 -\$15,000
•	HR Training	\$3,000

- 2. Costs for Health Fair and additional screenings. The following are some common screenings and exhibits: Estimated cost for these services is \$5,000.
 - Cholesterol Testing
 - Blood Pressure Check
 - Skin Cancer Screening
 - Smoking Cessation
 - Stress Management
 - Money Management Education
 - Ask-a-dietician
 - Child Care Resources
 - Pre-natal care
 - Legal Services Information
 - Blood Glucose
 - Mini-massage

- 3. Actuary study on GASB 45 Liability: Estimated cost is \$10,000-\$15,000
- 4. Third Party Claims Audit: Estimated cost \$3,500
- 5. Formal written Legal Opinions: Estimated cost \$3,500
- 6. Administrative Suite of services: Estimated cost is \$6.50 per employee per month
 - a. Online Enrollment solutions
 - b. Eligibility Management
 - c. Consolidated Billing
 - d. Retiree Billing
 - e. COBRA
 - f. FSA Administration
- 7. Extensive Marketing as defined by more than one line of coverage per year. Estimated cost is \$10,000 per line of coverage.

EXHIBIT "B"

Rates or Charges

EXHIBIT "B"

CITY OF LONG BEACH

COST OF SERVICES

Service Guarantee

To illustrate our commitment of quality service to the City of Long Beach, Alliant Insurance Services is willing to place 10% of our annual consulting fee at risk. Listed below are the categories of the Service Guarantee:

- 1. Execution of Scope of Work (5%) Client satisfaction with deliverables in the Scope of Work.
- 2. <u>Service and Support (5%)</u> Service and Support of Client with decision making tools, attendance at meetings, and assistance for any implementation of new benefits/products and transition of carriers.

At any time, the City of Long Beach can invoke the terms of the guarantee. All categories are based solely on client satisfaction level.

NOTE:

- Public Sector purchasing pools have built in Management and Underwriting fees.
 These costs are separate from the consulting fee associated with the Scope of Work.
- Use of intermediaries: When it is necessary or appropriate, Alliant Insurance Services, Inc. will utilize service of intermediaries to assist in marketing the program. These intermediaries may be affiliates of Alliant Insurance Services, Inc. or unrelated intermediaries. Intermediaries are paid by the insurance company through premiums paid by the client. Compensation to intermediaries regarding the placement is not subject to this scope of work and not subject to the maximum compensation amount of this agreement.

EXHIBIT "C"

City's Representative:

Mary Eme, Acting Employee Benefits Officer



PRODUCER

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)2/1/2011

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

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

CONTACT

Al	liant Insurance Services Ir	1C .			NAME: Karen Nicol PHONE FAX						
1301 Dove St. Suite 200				(A/C, No, Ext): 949-660-8175 (A/C, No): 619-699-0903							
Newport Beach CA 92660-2436					ADDRESS: knicol@alliantinsurance.com						
					PRODUCER CUSTOMER ID #:						
1					INSURER(S) AFFORDING COVERAGE NAIC #						
INS	JRED	1 termines									
A1:	liant Holdings I, LLC				INSURER A: Hartford Fire Ins Co 19682						
1301 Dove Street,					INSURER B: Hartford Casualty Insurance Co 29424						
Suite 200					INSURER C: Hartford Underwriters Ins Co 30104						
Nev	wport Beach CA 92660				INSURER D :						
					INSURER E :						
					INSURER F:						
COVERAGES CERTIFICATE NUMBER: 458300672											
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	TYPE OF INSURANCE	ADDL	SUBR	POLICY NUMBER		POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIM	ITS		
A	GENERAL LIABILITY	Y	WYY	72UUNAH9948		2/1/2011	2/1/2012	EACH OCCURRENCE	\$1,00	0.000	
	X COMMERCIAL GENERAL HABILITY							DAMAGE TO RENTED	-		
	- Commercial Control of the Control						İ	PREMISES (Ea occurrence)	\$1,00		
	CLAIMS-MADE X OCCUR		ļ					MED EXP (Any one person)	\$10,0	00	
								PERSONAL & ADV INJURY	\$1,00	0,000	
								GENERAL AGGREGATE	\$2,00	0,000	
	GEN'L AGGREGATE LIMIT APPLIES PER							PRODUCTS - COMP/OP AGG	\$2,00	0,000	
	X POLICY PRO- LOC								\$		
C	AUTOMOBILE LIABILITY	Y		PCTO AST		2/1/2011	2/1/2012	COMBINED SINGLE LIMIT (Ea accident)	\$1,00	0,000	
	X ANY AUTO			TO A CONTRACT	1151	FILIL	7	BODILY INJURY (Per person)	\$		
	ALL OWNED AUTOS				" p	•		,	<u> </u>		
	SCHEDULED AUTOS			* ^ `	h	-	and the same of th	BODILY INJURY (Per accident	3) \$	******	
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	RETENTION \$								\$		
A	WORKERS COMPENSATION			72WETN9634		2/1/2011	2/1/2012	X WC STATU- OTH	-		
	AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE							E L EACH ACCIDENT	\$1,00	2 000	
	OFFICER/MEMBER EXCLUDED?	N/A									
	(Mandatory in NH) If yes, describe under							E L DISEASE - EA EMPLOYE		***************************************	
	DÉSCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT	\$1,00	0,000	
DES	CRIPTION OF OPERATIONS / LOCATIONS / VEHIC	LES (A	Attach .	ACORD 101, Additional Remarks 5	Schedule	, if more space is	required)				
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CERTIFICATE HOLDER CANCELLATION											
UE	IN IOATE HOLDER				CANC	LLLATION					
CITY OF LONG BEACH ATTN: RISK MANAGER				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 Jan Ruch							

NAMED INSURED: Alliant Holdings I, LLC

THE NAMED INSURED INCLUDES THE FOLLOWING ADDITIONAL ENTITIES:

Alliant Holdings I, LLC

Alliant Holdings II, LLC

Alliant Holdings I, Inc.

Alliant Holdings II, Inc.

ARG Holdings, Inc.

Alliant Insurance Services, Inc.

Alliant Specialty Insurance Services, Inc.

FHI Benefit Plans, Inc. dba: FHI Insurance Services

Affinity Insurance Services, LLC

dba: Tribal First Partners, G.A. Chapin Insurance Services

PROPOSITIONS TO SECRECIENCY

2-8-11

ACTING- &

Kelter-Alliant Insurance Services, Inc.

dba Proquest Insurance Agency

Colonial Healthcare, Inc.

Franey Muha Alliant Insurance Services, Inc.

Strategic HR Services, Inc.

Benefit Partners-Alliant, Inc.

Benefit Management, Inc.

Alliant Services Houston, Inc.

Alliant Insurance Services Houston, LLC

Clarity Benefit Consulting, LLC

ClearPoint LP

Alliant ClearPoint GP, Inc.

Moore-McNeil, LLC

T&H Group Inc.

T&H Brokers, Inc.

T&H Benefits LLC

Construction Insurance Brokers Corp.

RFF & Associates, Inc.

Named Insured: Alliant Holdings I, LLC Excerpt from Policy #72UUNAH9948 Policy Period: 2/1/2011 to 2/1/2012

necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments Notwithstanding the provisions of Paragraph 2.b.{2} of Section I — Coverage A — Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance

Our obligation to defend an insured's indemnitoe and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

- 1. If you are designated in the Declarations as
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - A partnership or joint venture, you are an insured Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business
 - c. A limited liability company, you are an insured Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their hability as stockholders.
 - A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
- 2. Each of the following is also an insured:

a. Employees and Volunteer workers

Your 'volunteer workers' only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

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However, none of these "employees" or "volunteer workers" are insureds for:

- (1) "Bodily 2014" or "be sonal and advertising in ury"
 - (a) To you to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or that "volunteer worker" as a consequence of Paragraph (1)(a) above:
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
 - If you are not in the business of providing professional health care services, Paragraph (d) does not apply to any nurse, emergency medical technician or paramedic employed by you to provide such services.
- (2) "Property damage" to property:
 - (a) Owned, occupied or used by
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company)

b. Real Estate Manager

Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager

c. Temporary Custodians of Your Property

Any person or organization having proper temporary custody of your property if you die, but only

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

d. Legal Representative If You Die

Your legal representative if you die but only with respect to duties as such. That representative will

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have all your rights and duties under this Coverage Part

e. Unnamed Subsidiary

Any subsidiary, and subsidiary thereof, of yours which is a legally incorporated entity of which you own a financial interest of more than 50% of the voting stock on the effective date of the Coverage Part

The insurance afforded herein for any subsidiary not named in this Coverage Part as a named insured does not apply to injury or damage with respect to which an insured under this Coverage Part is also an insured under another policy or would be an insured under such policy but for its termination or the exhaustion of its limits of insurance.

3. Newly Acquired or Formed Organization

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain financial interest of more than 50% of the voting stock, will qualify as a Named Insured if there is no other similar insurance available to that organization. However

- a. Coverage under this provision is alforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier.
- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization, and
- c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

4. Mobile Equipment

With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
- b. "Properly damage" to properly owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision

5. Nonowned Watercraft

With respect to watercraft you do not own that is less than 51 feet long and is not being used to carry persons for a charge, any person is an insured while operating such watercraft with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the watercraft, and only if no other insurance of any kind is available to that person or organization for this liability.

However, no person or organization is an insured with respect to

- a. "Bodily injury" to a co-"employee" of the person operating the watercraft; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

Additional Insureds When Required By Written Contract, Written Agreement Or Permit

The following person(s) or organization(s) are an additional insured when you have agreed, in a written contract, written agreement or because of a permit issued by a state or political subdivision, that such person or organization be added as an additional insured on your policy, provided the injury or damage occurs subsequent to the execution of the contract or agreement.

A person or organization is an additional insured under this provision only for that period of time required by the contract or agreement

However, no such person or organization is an insured under this provision if such person or organization is included as an insured by an endorsement issued by us and made a part of this Coverage Part.

a. Vendors

Any person(s) or organization(s) (referred to below as vendor), but only with respect to "bodily injury" or "properly demage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "properly damage" included within the "products-completed operations hazard"

(1) The insurance afforded the vendor is subject to the following additional exclusions:

This insurance does not apply to:

(a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

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MARKENED AS TO SUFFICIENCY

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- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container.
- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- (h) "Bodily injury" or "properly damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to
 - (i) The exceptions contained in Subparagraphs (d) or (f); or
 - (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business. In connection with the distribution or sale of the products
- (2) This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

b. Lessors of Equipment

- (1) Any person or organization from whom you lease equipment; but only with respect to their liability for "bodily injury", "properly damage" or "personal and advertising injury" caused, in whole or in parl, by your maintenance, operation or use of equipment leased to you by such person or organization.
- (2) With respect to the insurance afforded to these additional insureds this insurance does not apply to any "occurrence" which takes place after the equipment lease expires

c. Lessors of Land or Premises

Any person or organization from whom you lease land or premises, but only with respect to fiability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.

With respect to the insurance afforded these additional insureds the following additional exclusions apply

This insurance does not apply to

- Any "occurrence" which takes place after you cease to lease that land; or
- Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

d. Architects, Engineers or Surveyors

Any architect, engineer, or surveyor, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (1) In connection with your premises; or
- (2) In the performance of your ongoing operations performed by you or on your behalf.

With respect to the insurance afforded these additional insureds, the following additional exclusion applies.

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

- The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
- Supervisory, inspection, architectural or engineering activities.

e. Permits Issued By State Or Political Subdivisions

Any state or political subdivision, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

With respect to the insurance afforded these additional insureds, this insurance does not apply to:

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality, or
- (2) "Bodily injury" or "property damage" included within the "products-completed operations hazard"

f. Any Other Party

Any other person or organization who is not an insured under Paragraphs a, through e, above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (1) In the performance of your ongoing operations:
- (2) In connection with your premises owned by or rented to you; or
- (3) In connection with "your work" and included within the "products-completed operations hazard", but only if
 - (a) The written contract or agreement requires you to provide such coverage to such additional insured; and
 - (b) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

With respect to the insurance afforded to these additional insureds, this insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the fallure to render, any professional architectural, engineering or surveying services, including:

- (1) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
- (2) Supervisory, inspection, architectural o engineering activities.

The limits of insurance that apply to additional insureds under this provision is described in Section III – Limits Of Insurance.

How this insurance applies when other insurance is available to the additional insured is described in the Other Insurance Condition in Section ${\bf IV}$ – Commercial General Liability Conditions

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Most We will Pay

The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds:
- b. Claims made or "suits" brought; or

 c. Persons or organizations making claims or bringing "suits".

2. General Aggregate Limit

The General Aggregate Limit is the most we will pay for the sum of

- a. Medical expenses under Coverage C;
- b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage B.

3. Products-Completed Operations Aggregate Limit

The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard"

4. Personal and Advertising Injury Limit

Subject to 2, above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization

5. Each Occurrence Limit

Subject to 2, or 3, above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of.

- a. Damages under Coverage A; and
- b. Medical expenses under Coverage C

because of all "bodily injury" and "property damage" arising out of any one "occurrence"

6. Damage To Premises Rented To You Limit

Subject to 5, above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "properly damage" to any one premises, while rented to you, or in the case of damage by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner

In the case of damage by fire, lightning or explosion, the Damage to Premises Rented To You Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of these.

7. Medical Expense Limit

Subject to 5, above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person

8. How Limits Apply To Additional Insureds

If you have agreed in a written contract or written agreement that another person or organization be

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added as an additional insured on your policy, the most we will pay on behalf of such additional insured is the lesser of.

- a. The limits of insurance specified in the written contract or written agreement; or
- b. The Limits of Insurance shown in the Declarations

Such amount shall be a part of and not in addition to Limits of Insurance shown in the Declarations and described in this Section.

The Limits of insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV -- COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. Notice Of Occurrence Or Offense

You or any additional insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense look place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. Notice Of Claim

If a claim is made or "suit" is brought against any insured, you or any additional insured must

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable

You or any additional insured must see to it that we receive written notice of the claim or "suit" as soon as practicable

c. Assistance And Cooperation Of The Insured

You and any other involved insured must

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information:

- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit" and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be fiable to the insured because of injury or damage to which this insurance may also apply.

d. Obligations At The Insureds Own Cost

No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

e. Additional Insureds Other Insurance

If we cover a claim or "suit" under this Coverage Part that may also be covered by other insurance available to an additional insured, such additional insured must submit such claim or "suit" to the other insurer for defense and indemnity

However, this provision does not apply to the extent that you have agreed in a written contract or written agreement that this insurance is primary and non-contributory with the additional insured's own insurance

f. Knowledge Of An Occurrence, Offense, Claim Or Suit

Paragraphs a. and b. apply to you or to any additional insured only when such "occurrence", offense, claim or "suit" is known to.

- (1) You or any additional insured that is an individual;
- (2) Any partner, if you or an additional insured is a partnership;
- (3) Any manager, if you or an additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;
- (5) Any trustee, if you or an additional insured is a trust; or
- (6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

This duty applies separately to you and any additional insured.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured, or
- To sue us on this Coverage Part unless all of its terms have been fully complied with

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or

that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

I other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b**, below applies. If other insurance is also primary, we will share with all that other insurance by the method described in **c**, below

b Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

(1) Your Work

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work":

(2) Premises Rented To You

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(3) Tenant Liability

That is insurance purchased by you to cover your lability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

(4) Aircraft, Auto Or Watercraft

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I – Coverage A – Bodily Injury And Property Dainage Liability;

(5) Property Damage to Borrowed Equipment Or Use Of Elevators

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion j. of Section I. Coverage A. Bodily Injury And Property Damage Liability;

(6) When You Are Added As An Additional Insured To Other Insurance

Any other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

(7) When You Add Others As An Additional Insured To This Insurance

Any other insurance available to an additional insured

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this coverage part

(a) Primary Insurance When Required By Contract

This insurance is primary if you have agreed in a written contract or written agreement that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in c. below.

(b) Primary And Non-Contributory To Other Insurance When Required By Contract

If you have agreed in a written contract, written agreement, or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs (a) and (b) do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit" if no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance, and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

a. When You Accept This Policy

By accepting this policy, you agree

- (1) The statements in the Declarations are accurate and complete:
- (2) Those statements are based upon representations you made to us, and
- (3) We have issued this policy in reliance upon your representations.

b. Unintentional Failure To Disclose Hazards

If unintentionally you should fail to disclose all hazards relating to the conduct of your business that exist at the inception date of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies.

- a. As if each Named Insured were the only Named Insured; and
- Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

a. Transfer of Rights Of Recovery

If the insured has rights to recover all or part of any payment including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the

insured will bring "suit" or transfer those rights to us and help us enforce them

b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

- "Advertisement" means the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through
 - a. (1) Radio:
 - (2) Television;
 - (3) Billboard:
 - (4) Magazine:
 - (5) Newspaper; or
 - Any other publication that is given widespread public distribution.

However, "advertisement" does not include.

- The design, printed material, information or mages contained in, on or upon the packaging or labeling of any goods or products; or
- An interactive conversation between or among persons through a computer network.
- "Advertising idea" means any idea for an "advertisement".
- "Asbestos hazard" means an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.
- 4, "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment"
- 5. "Bodily injury" means physical:
 - a. Injury:
 - b. Sickness; or
 - c. Disease

sustained by a person and, if arising out of the above, mental anguish or death at any time.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California County of Orange On O1/10/11 before me, Path personally appeared Michael Paul Menz	Here Insert Name and Title of the Officer						
PATRICIA GUZMAN COMM. # 1775139 NOTARY PUBLIC CALIFORNIA DO CALIFORNIA	no proved to me on the basis of satisfactory evidence to the person(s) whose name(s) is/are subscribed to the thin instrument and acknowledged to me that s/she/they executed the same in his/her/their authorized pacity(ies), and that by his/her/their signature(s) on the strument the person(s), or the entity upon behalf of nich the person(s) acted, executed the instrument. Sertify under PENALTY OF PERJURY under the laws the State of California that the foregoing paragraph is all and correct.						
W	ITNESS my hand and official seal.						
Place Notary Seal Above OPTIO	gnature Signature of Nótary Public						
Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and realtachment of this form to another document.							
Description of Attached Document							
Title or Type of Document:	a Beach Agreement						
Document Date: 0) 10 11 Number of Pages: 26							
Signer(s) Other Than Named Above:	n /a						
Capacity(ies) Claimed by Signer(s) Signer's Name:	Signer's Name: Individual Corporate Officer — Title(s): Partner — Limited General Attorney in Fact Trustee Guardian or Conservator Other: Signer Is Representing: Signer Is Signer						



January 10, 2011

Mary Eme City of Long Beach 333 W. Ocean Blvd., 13th Floor Long Beach, CA 90802

RE: Consulting Services Agreement between City of Long Beach and Alliant Insurance Services

Dear Mary:

Enclosed, please find two signed originals of the Consulting Services Agreement between City of Long Beach and Alliant Insurance Services. Once signed by City of Long Beach, please mail a fully executed original to Vickie West at Alliant Insurance Services, 1301 Dove Street, Suite 200, Newport Beach, CA 92660. I have also enclosed a signed original of the California All-Purpose Acknowledgment.

Please feel free to contact me at (949) 660-8109 should you have any questions or concerns. Thank you.

Sincerely,

Julie Johnston

Lead Benefits Coordinator Alliant Insurance Services, Inc

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