

## **Committee-of-the-Whole Agenda**

**6:30 p.m.**

**Tuesday, December 10, 2013**

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### **Questions on the Agenda**

#### **Agenda Items**

- 1. Agreement with Precedence, Inc. for Employee Assistance Program.** (Alison Fleming, Human Resources Manager)
- 2. Agreement with Midwest Group Benefits for dental, vision and flexible benefit claims.** (Alison Fleming, Human Resources Manager)
- 3. Agreement with United Healthcare for medical and prescription drug claims.** (Alison Fleming, Human Resources Manager)
- 4. Agreement with Willis for liability, property and workers' compensation insurance.** (Alison Fleming, Human Resources Manager)
- 5. Other**

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# Explanation

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- 1. A Resolution authorizing the Mayor and City Clerk to extend the current agreement with Precedence, Inc. for professional services related to the Employee Assistance Program (EAP) for a three year period commencing January 1, 2014.** (Alison Fleming, Human Resources Manager)

**Explanation:** Precedence, Inc. has handled the City's employee assistance program for the past 21 years. The services provided by Precedence are highly regarded by employees and their families with approximately 35 individuals receiving counseling through the program each year. In addition to counseling services, Precedence also provides a 24-hour emergency phone number, referrals to other resources or care providers, employee and management training, and workplace intervention and conciliation services. The term of this agreement is from January 1, 2014 through December 31, 2016. Additional documentation is attached.

**Staff Recommendation:** Approval  
**Fiscal Impact:** Budgeted in account number 010-0526-415.03-61  
**Public Notice/Recording:** N/A  
**Goals Impacted:** A Great Place to Live

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- 2. A Resolution authorizing the Mayor and City Clerk to execute an agreement with Midwest Group Benefits to provide administrative services for dental, vision and flexible benefit claims for a one year period commencing on January 1, 2014.** (Alison Fleming, Human Resources Manager)

**Explanation:** Midwest Group Benefits currently provides claims administrative services for the City's dental, vision and flexible benefits plans. The annual administrative costs for these services increased by 1.5% for a total of \$32,970.00. This reflects the first increase for these services in 5 years. Additional documentation is attached.

**Staff Recommendation:** Approval  
**Fiscal Impact:** Budgeted in the Health Fund.  
**Public Notice/Recording:** N/A  
**Goal Impacted:** Financially Strong City

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- 3. A Resolution authorizing the Mayor and City Clerk to execute an Agreement with United Healthcare Services Company of the River Valley (United Healthcare) to provide administrative services and reinsurance for medical and prescription drug claims for a one year period commencing on January 1, 2014.** (Alison Fleming, Human Resources Manager)

**Explanation:** United Healthcare currently provides claims administrative services and reinsurance for the City's health benefits plan. Expected fixed costs for 2014, including reinsurance, for these services increased by 1.8%. Expected claims are projected to increase and additional fees will be incurred due to Health Care Reform, resulting in a total increase in cost of 5.5% for medical and prescription drug benefits for 2014. This is below the predicted industry increases of 7-9% for governmental organizations with more than 500 members enrolled. Additional documentation is attached.

**Staff Recommendation:** Approval  
**Fiscal Impact:** Budgeted in the Health Fund.  
**Public Notice/Recording:** N/A  
**Goal Impacted:** Financially Strong City

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**4. A Resolution authorizing the Mayor and City Clerk to execute an agreement with Willis of Illinois, Inc. (Willis) for liability, property and workers' compensation insurance for a period of one year commencing on December 31, 2013.** (Alison Fleming, Human Resources Manager)

**Explanation:** Willis, the current broker for the City's liability, property and workers' compensation insurance, has submitted an agreement to provide coverage from December 31, 2013 through December 31, 2014. At \$741,309 the proposal is 0.86% less than the amount budgeted for 2014. The increase from 2013 is 8.8% and is due, in part, to a regional increase in Public Officials Legal Liability and workers' compensation premium expenses. Additional documentation is attached.

**Staff Recommendation:** Approval

**Fiscal Impact:** These items are budgeted for annually in the Liability Fund.

**Public Notice/Recording:** N/A

**Goal Impacted:** Financially Strong City

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**EAP AGREEMENT**

City of Moline  
Personnel Office  
619 16<sup>th</sup> Street  
Moline, IL 61265

The Precedence Employee Assistance Program (EAP), through contractual agreement with the City of Moline, agrees to continue furnishing EAP services, from January 1, 2014 through December 31, 2016.

**PRICE:** EAP services will be available to employees and their dependents for the annual fee of \$6,800., payable annually in advance.

**Approved By:**

**Accepted By:**

**City of Moline**

**Precedence EAP**

By: \_\_\_\_\_

By:   
Bryan G. Cook, President

Date: \_\_\_\_\_

Date: 12/3/13

## Self-funded Dental Quote

### City of Moline

Monthly Admin Fee: \$3.00 pepm
Bank Reconciliation: \$20.00 per month
Annual Compliance Fee: \$250



The above Administrative Services Fee includes:

- Dental Claim Processing
- Plan Building in Claims paying system
- Preparation of Summary Plan Document
- Quarterly Package Report
- Prepare Employee Kits/ID Cards
- On-line Enrollment
- On-line Claim Access
- Provide Creditable Coverage Certificates



Flexible Benefit Fee Proposal for City of Moline 2014:

Proposal for:
City of Moline
Stephanie Hancks
1712 Moellers Dr.
Moline, IL 61265

Participating Employees: To Be Determined
Plan Type: Full

Thank you for considering Midwest Group Benefits, Inc. to administer your employee's Flexible Spending account. Also known as a Section 125 and as a Cafeteria Plan, this is one of those rare circumstances where both the employer and employees can save money. When you choose Midwest Group Benefits, Inc. as your Flexible Benefit Administrator, you get:

- Instant savings in taxes paid
Administration managed by a Certified Public Accountant (CPA)
Over two decades of experience administrating Flex spending accounts
Experts in the field who keep abreast of the most updated information on tax and other changes
State of the art tracking software. You and your employees can go on-line to check balances
Weekly or daily processing of claims
Auto-Flex feature for groups that we administer both a Health and Flex plan
Direct deposit

Per Participating Employee Per Month:
\$4.50
Add \$1.00 per month per participant for debit cards
Compliance Fee \$500

This plan is for "Complete Service"

- There are no up front products that need to be purchased
- No extra charge for plan documents
- All Documents are updated as mandated at no extra charge
- Research on specific situations available
- "Signature Ready" IRS Form 5500, if necessary

Midwest Group Benefits, Inc. is a locally owned company who is committed to honesty and integrity. We pride ourselves on an unsurpassed level of personalized service and a commitment to plan compliance.

I understand and agree to the terms as outlined above.

Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

**FINANCIAL RENEWAL AND TERMS AMENDMENT**

This Financial Renewal and Terms Amendment is effective for the period beginning on 01 January 2014 and ending on 31 December 2014 unless otherwise specified. The parties, by signing below, agree to amend the agreements contained within Exhibit A herein.

In this Amendment, any capitalized terms used in this Amendment have the meanings shown in the governing agreements and/or policies. These terms may or may not have been capitalized in prior contractual documents between the parties but will have the same meaning as if capitalized.

Additional terms and conditions of the arrangements under which we are providing services to you are provided in the agreements specified within Exhibit A.

The agreements that are being amended include any and all amendments, if any, that are effective prior to the effective date of this Amendment.

**Nothing shown in this Amendment alters, varies or affects any of the terms, provisions or conditions of the agreements other than as stated herein.**

**City of Moline**  
619-16<sup>th</sup> Street  
Moline, IL 61265

**UnitedHealthcare Services Company of the River Valley, Inc.**  
**1300 River Drive, Suite 200**  
**Moline, IL 61265**

By \_\_\_\_\_  
Authorized Signature  
Print Name \_\_\_\_\_  
Print Title \_\_\_\_\_  
Date \_\_\_\_\_

By Steve C. Walli  
Authorized Signature  
Print Name Steve C. Walli  
Print Title CEO, UnitedHealthcare, Iowa and Central Illinois  
Date 11/26/2013

**EXHIBIT A**

**THE AMENDED FINANCIAL TERMS ARE AS FOLLOWS:**

This Exhibit A shall not alter, vary, or affect any previously agreed to financial terms that are not amended by this Exhibit A.

Administrative Services Agreement for the City of Moline under Contract No. 07PB, 07PC, 07PD, 07PE, 07PF & 07PG issued by UnitedHealthcare Services Company of the River Valley, Inc. effective 01 January 2014. The following financial terms are effective for the period 01 January 2014 to 31 December 2014.

**Adjustments to Fees**

**Medical:** V31234POS, V31236POS, **Pharmacy:** V22343, V31923  
V31267

**Network:** 0005, 0032 **Chiropractic:** V21276, V21274

**Vision:** **Dental:**

**Hearing:**

**Administrative Fees and Stop Loss Expenses:** Group agrees to pay the following Administrative Fees in accordance with Section 10.1 of the Agreement and Stop Loss expenses in accordance with Section 4:

\$35.10 PEPM Administrative Fees  
\$26.59 PEPM Specific Stop Loss\*  
\$04.51 PEPM Aggregate Stop Loss\*  
\$00.00 PEPM Stop Loss Administrative Charge  
\$66.20 Total costs PEPM

This total cost include PBS, as per the Group's election.

**Pharmacy Rate:** Group's contract rate for prescription drugs obtained through the home delivery Network Pharmacy for generic drugs is AWP-57%, excluding specialty drugs. Group's contract rate for prescription drugs obtained through the home delivery Network Pharmacy for brand drugs is AWP-24%, excluding specialty drugs. UnitedHealthcare uses First DataBank's national drug data file as the source for AWP information. UnitedHealthcare reserves the right to revise the pricing and adopt a new source or benchmark if there are material industry changes in pricing and methodologies.

**Claims Expenses:** Group agrees to pay UnitedHealthcare weekly for the total dollar amount of the Claims Expenses processed and paid by UnitedHealthcare, as well as all associated capitations, in accordance with Section 10.2 of the Agreement.



**Claims Processing:** UnitedHealthcare will process the claims received from a Network Pharmacy in accordance with the Summary Plan Description, as well as the pricing and other terms of the Network Pharmacy's participation agreement. UnitedHealthcare will retain the difference between what UnitedHealthcare reimburses the home delivery Network Pharmacy and Group's payment for a generic prescription drug product.

**Minimum Employer Contribution Requirement:** Group must contribute a minimum of 50% of the employee only premium. If UnitedHealthcare is offered along with competing carriers, employee contributions to UnitedHealthcare Plan cannot exceed those of any competing plan(s).

**Employee Participation Requirement:** A minimum employee participation level of 75% is required.

- If Group purchases stop loss coverage through UnitedHealthcare Insurance Company of the River Valley, Inc., these expenses shall be invoiced as a stop loss expense and are listed here for illustrative purposes only.

**THE AMENDED NON-FINANCIAL TERMS ARE AS FOLLOWS:**

**The Administrative Services Agreement (“Agreement”) under Contract No. 07PB, 07PC, 07PD, 07PE, 07PF & 07PG issued by UnitedHealthcare Services Company of the River Valley, Inc. effective 01 January 2014 is amended on 01 January 2014 as follows:**

**I. The Agreement is amended with respect to Section 2.11 Audits by deleting the language in Section 2.11.1 in its entirety from the Agreement as follows:**

UnitedHealthcare shall retain Certified Public Accountants to perform an annual SAS-70 Type-2 Report of at least the following processes for UnitedHealthcare: enrollment, eligibility, plan building, claims handling and adjudication, claims payment, and financial settlement reports. Group agrees to accept UnitedHealthcare’s most recent SAS-70 Type-2 Report as evidence of UnitedHealthcare’s performance of its obligations under this Agreement.

**Section 2.11.1 shall now read as follows:**

**2.11 Audits.**

2.11.1 During the term of the Agreement, and at any time within twelve (12) months following its termination, UnitedHealthcare shall allow Group or a mutually agreeable entity, in accordance with the below specified conditions, to audit UnitedHealthcare once each calendar year to determine whether UnitedHealthcare is fulfilling the terms of this Agreement.

2.11.1.1 Prior to the commencement of this audit, UnitedHealthcare must receive a signed, mutually agreeable confidentiality agreement. Such confidentiality agreement must give UnitedHealthcare’s PBS subcontractor third party beneficiary rights to enforce the confidentiality requirements with respect to UnitedHealthcare’s PBS subcontractor’s confidential information.

2.11.1.2 Without limiting the foregoing, with respect to audits regarding the payment of Rebates by pharmaceutical manufacturers, the audit must be conducted solely by a "big four" public accounting firm that maintains a separate and stand-alone audit department and is not providing support in conjunction with any litigation pending against UnitedHealthcare’s PBS subcontractor or UnitedHealthcare. However, if no “big four” public accounting firm is qualified to perform the audit due to the above requirements, another mutually agreeable firm meeting such requirements may be used.

2.11.1.3 Group must advise UnitedHealthcare in writing of Group’s intent to audit. The place, time, type, duration, and frequency of all audits must be reasonable and agreed to by UnitedHealthcare. All audits will be limited to information relating to the calendar year in which the audit is conducted, and/or the immediately preceding calendar year. With respect to UnitedHealthcare’s transaction processing services, the audit scope and methodology will be consistent with generally acceptable auditing standards, including a statistically valid random sample or other acceptable audit technique as approved by UnitedHealthcare (“Scope”).

- 2.11.1.4 Group will pay any expenses that Group incurs in connection with the audit. In addition, Group will be charged a reasonable per claim charge and a \$1,000 charge per day for audits outside of the following parameters: (1) more than one audit per calendar year; (2) any on-site audit visit that is not completed within five (5) business days; or up to ten (10) business days if warranted by the size of the Scope and agreed to by UnitedHealthcare prior to the audit; (3) sample sizes exceeding the Scope specified above; or (4) any audit initiated after this Agreement has terminated. The additional fees cover the additional resources, facility fees, and other incremental costs associated with an audit that exceeds the Scope.
- 2.11.1.5 In addition to Group's expenses and any applicable fees, Group will also pay any extraordinary expenses UnitedHealthcare incurs in connection with the audit. For any audit initiated after this Agreement is terminated, Group will pay all expenses incurred by UnitedHealthcare.
- 2.11.1.6 Group will provide UnitedHealthcare with a copy of any audit reports within thirty (30) days after Group receives the audit report(s) from the auditor.

**Insurance Program 2014**  
**Property, Casualty and Workers Compensation**

<b>Travelers Insurance</b>	<b>Limits (Occurrence/Aggregate)</b>	<b>SIR</b>	<b>2013 Premium</b>	<b>2014 Premium</b>	<b>Difference</b>	<b>% Difference</b>
Auto Liability	\$1,000,000	\$50,000	\$74,333	\$80,290	\$5,957	8.0%
Catastrophic Property Damage-Public Works	\$3,500,000	\$25,000	\$20,147	\$21,154	\$1,007	5.0%
Catastrophic Property Damage-Police Department	\$500,000	\$25,000				
Property Damage - Vehicles over \$100,000	Replacement Cost	\$2,000/\$5,000				
Garagekeeper's (3 parking garages)	\$1,000,000	\$1,000/\$5,000 Comp				
Garagekeeper's (3 parking garages)		\$1,000 Collision				
Cyber Liability	\$1,000,000/\$1,000,000	\$5,000	\$5,082	\$5,669	\$587	11.6%
Employee Benefits	\$1,000,000/\$3,000,000	\$25,000	inc in G/L	inc in G/L		
Employee Practices Liability	\$1,000,000/\$2,000,000	\$100,000	\$49,017	\$51,945	\$2,928	6.0%
Excess (Umbrella)	\$10,000,000	\$10,000	\$74,834	\$79,686	\$4,852	6.5%
General Liability	\$1,000,000/\$2,000,000	\$100,000	\$105,447	\$117,047	\$11,600	11.0%
Liquor Liability	\$1,000,000	\$100,000	inc in G/L	inc in G/L		
Paramedics/Nurse Malpractice	\$1,000,000	\$100,000				
Law Enforcement Legal Liability	\$1,000,000/\$2,000,000	\$50,000	\$99,987	\$113,216	\$13,229	13.2%
Property	\$138,339,300	\$25,000	\$138,107	\$139,043	\$936	0.7%
Art	\$250,000	\$1,000				
Boiler & Machinery	\$133,700,941	\$25,000				
Computers	\$1,596,739	\$1,000				
Contractors/Inland Marine	\$3,156,030	\$5,000	\$12,500	\$13,808	\$1,308	10.5%
Crime	\$1,000,000	\$10,000	\$3,103	\$3,261	\$158	5.1%
Docks Ded. Ice/wind/hail \$25,000/Flood \$50,000	\$174,941	\$5,000	\$3,350	\$4,629	\$1,279	38.2%
Mine Subsidence	\$750,000	\$25,000				
Monies	\$25,000	\$1,000				
Papers	\$2,600,000	\$2,500				
Public Officials Legal Liability	\$1,000,000/\$2,000,000	\$25,000	\$36,798	\$42,174	\$5,376	14.6%
Terrorism Endorsement	Adds peril					
<b>Travelers Total</b>			<b>\$622,705</b>	<b>\$671,922</b>	<b>\$49,217</b>	<b>7.9%</b>
<b>Safety National Insurance</b>	<b>Limits (Occurrence/Aggregate)</b>	<b>SIR</b>	<b>2013 Premium</b>	<b>2014 Premium</b>	<b>Difference</b>	<b>% Difference</b>
Workers Compensation	Statutory Limit	\$600,000	\$53,501	\$64,387	\$10,886	20.3%
Police Officers & Firefighters		\$600,000				
Jones Act		\$750,000				
Employer's Liability	\$1,000,000	\$500,000				
Willis Consulting Fee			\$5,000	\$5,000	\$0	0.0%
<b>Grand Total</b>			<b>\$681,206</b>	<b>\$741,309</b>	<b>\$60,103</b>	<b>8.8%</b>



City of Moline  
619 16<sup>th</sup> Street  
Moline, IL 61265

Willis of Illinois, Inc.  
1800 River Drive  
Moline, IL 61265

## SERVICE AGREEMENT

This document records our mutual understanding regarding our professional relationship and the services we will provide to you.

City of Moline and Willis of Illinois, Inc. agree that the Term of the service and compensation arrangement set forth below will begin on December 31, 2013 and end on December 31, 2014.

### 1.0. Services and Responsibilities

1.1 Subject to all other terms and conditions of this Agreement, Willis shall provide the following services for the lines of coverage identified in Schedule A and any other services outlined in Schedule B.

1.2 We are committed to acting in your best interests in providing services to you.

1.3 Willis will work with your staff to update insurance underwriting data about the coverages on Schedule A.

1.4 The services we provide to you rely in significant part on the facts, information, and direction provided by you or your authorized representatives. Accordingly, you must provide us with complete and accurate information regarding your loss experience, risk exposures, changes in the analysis or scope of your risk exposures, and any other information reasonably required or requested by us or insurers. It is important to advise us of any changes in your business operations that may affect our services or your insurance coverages. Therefore, all information which is material to your coverage requirements or which might influence insurers in deciding to accept your business, finalizing the terms to apply and/or the cost of coverage or pay a claim, must be disclosed. Failure to fully disclose such information might allow insurers to avoid liability for a particular claim or to void the policy. This duty of disclosure applies equally at renewal of your existing coverage and upon placement of new lines of coverage. Willis is not responsible for any consequences arising from any delayed, inaccurate or incomplete information.

1.5 At the time of binding, we review the financial soundness of the insurers we recommend to provide your coverages based on publicly available information, including that produced by well-recognized rating agencies. Upon request, we will provide you with our analysis of such insurers. We do not guarantee or warrant the solvency of any insurer or any intermediary that we may use to place your coverage.

1.6 You will make all final decisions relating to your insurance coverages, risk management, and loss control needs. We will procure the insurance coverage chosen by you, including the limits you choose. We will review all binders, policies and endorsements to

confirm their accuracy and conformity to negotiated specifications and your instructions. We will advise you of any errors in, or recommended changes to, such documents. You agree to also review all such documents and promptly advise us of any questions you have or of any document or provision which you believe may not be in accordance with your instructions. Your coverage is defined by the terms and conditions detailed in your insurance policies and endorsements.

1.7 We will inform you of the reporting requirements for claims, including where claims should be reported and the method of reporting to be used. Please carefully review any claims-reporting instructions or information we provide. Failure to timely and properly report a claim may jeopardize coverage for the claim. In addition, please retain copies of all insurance policies and coverage documents as well as claims-reporting instructions after termination of the policies in case you need to report claims after termination of a policy.

1.8 We will meet, as requested by you, with your representatives to discuss coverage and policies. We will promptly respond to your requests for coverage information, analysis of changing market conditions, and assistance in reporting subsequent changes in information to insurance companies and service providers.

1.9 In our capacity as insurance brokers, we do not provide legal or tax advice. We encourage you to seek any such advice you want or need from competent legal counsel or tax professionals.

1.10 **This Section intentionally left blank.**

## **2.0. Confidentiality**

2.1 We treat information you provide us in the course of our professional relationship as confidential and use it only in performing services for you. We may share this information with third parties to provide the services to you. We may also disclose this information to the extent required to comply with applicable laws or regulations or the order of any court or tribunal. By providing us with data, you represent that you are fully authorized to possess that data and to provide it to us, and further that we are fully authorized to obtain, maintain, process and transfer such data in a commercially reasonable manner. We have implemented and maintain commercially reasonable and appropriate security measures to protect sensitive information from unauthorized use or disclosure. Records you provide us will remain your property and will be returned to you upon request. However, we will retain copies of such records to the extent required in the ordinary course of our business or by law. You will treat any information we provide to you, including data, recommendations, proposals, or reports, as confidential, and you will not disclose it to any third parties. You may disclose this information to the extent required to comply with applicable laws or regulations or the order of any court or tribunal. We retain the sole rights to all of our proprietary computer programs, systems, methods and procedures and to all files developed by us.

2.2 **This Section intentionally left blank.**

## 3.0 Compensation and Disclosure

3.1 You agree that our compensation for the services provided under this Agreement shall be a fee of \$5,000. The fee is in addition to the net premium paid for the coverages and is payable as follows:

**Due in full on the renewal date of 12/31/13**

and

a commission of 12.5% for Travelers Public Sector Program, 18% for Travelers Property Docks Policy and a commission of 10% for the Safety National Excess Workers Compensation policy.

3.2 Our compensation for the services does not include federal, state and local sales, use, excise, receipts, gross income and other similar taxes or governmental charges which may be imposed. You are responsible for paying any such taxes or charges (except for taxes imposed on the net income of Willis) now imposed or becoming effective during the Term. In addition to the premium and our compensation, Willis may invoice you for any federal, state and local sales, use, excise or other similar taxes, unless you provide us with a valid tax exemption acceptable to us.

3.3 Our compensation may be revised if you request a change in the coverages and/or services during the term of this Agreement and we enter into a written agreement documenting any change in coverages, services and compensation.

3.4 If a Willis affiliate located outside of North America serves as an intermediary in the placement of your coverages, it will also earn and retain compensation for providing those services, which compensation is not included in the fee.

3.5 **\*\*NOT APPLICABLE TO THIS AGREEMENT\*\*** Where permitted by applicable law, Willis may assess a policy service fee. The fee is on a per-policy basis and is calculated on the premium amount, per the schedule below:

Premium Amount	Policy Service Fee
<= \$5,000	\$10
\$5,001 - \$10,000	\$50
\$10,001 - \$25,000	\$100
\$>= \$25,001	\$250

The policy service fee is compensation to Willis for such value-added services and resources including dedicated industry practices, technical resources, placement support and our strategic outcomes practices. The fee is not required by any insurer or regulator, nor is it included in the premium charged. It will be listed separately on your invoice. It is not necessary to procure a policy to obtain many of these and other services on a consultancy basis for a separate fee.

# Willis

3.6 Willis is an insurance producer licensed to do business worldwide, including in all 50 states and the District of Columbia. Insurance producers are authorized by their license to work with insurance purchasers and discuss the benefits and terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of an insurance producer in any particular transaction involves one or more of these activities.

3.7 Upon request, Willis will provide you with additional information about the compensation Willis expects to receive based in whole or in part on your purchase of insurance, and (if applicable) the compensation expected to be received based in whole or in part on any alternative quotes presented to you.

3.8 To the extent Willis is compensated by commissions paid to us by insurers, they will be earned for the entire policy period at the time we place policies for you. We will be paid the commission percentage stated for the placement of your insurance as indicated, and will receive the same commission percentage for all subsequent renewals of this policy unless we negotiate a different commission percentage with you.

3.9 In placing insurance on your behalf, Willis might use WillPLACE, a proprietary online tool that provides Willis brokers with access to global placement information. WillPLACE assists us in seeking to develop solutions for you with appropriate markets at competitive prices and terms. Some insurers pay Willis an Administration and Maintenance Fee for reporting on their book of business. Some of these insurers pay Willis an additional fee equal to 1% of the premium cost for placements matched through the WillPLACE system. Any insurer payments related to the WillPLACE system will not increase the cost of your insurance. WillPLACE fees are separate from and in addition to our compensation set forth in this Section 3 of this Agreement.

3.10 Willis may place your insurance with members of a panel of insurers. Willis develops panels of insurers in certain market segments. Participating insurers are reviewed on a variety of factors. Commission rates on panel placements may be higher than rates paid on business placed outside of the panel process. Willis discloses its commission rates to clients on quotes obtained through the panel process prior to binding the coverage. In some instances, insurers pay an administration fee to participate in the panel process.

3.11 This Paragraph left intentionally blank.

3.12 In some cases the use of a wholesale broker may be beneficial to you. We will not directly or indirectly place or renew your insurance business through a wholesale broker unless we first disclose to you in writing any compensation we or our corporate parents, subsidiaries or affiliates will receive as a result.

3.13 If wholesalers, underwriting managers or managing general agents have a role in providing insurance products and services to you, they will also earn and retain compensation for their role in providing those products and services. If any such parties are corporate parents, subsidiaries or affiliates of ours, any compensation we or our corporate parents, subsidiaries or affiliates will receive will be included in the total compensation we disclose to you. If such parties are not affiliated with us, and if you desire more information



regarding the compensation those parties will receive, please contact us and we will assist you in obtaining this information.

3.14 In the ordinary course of business we may also receive and retain interest on premiums you pay from the date we receive the funds until we pay them to the insurers or their intermediaries, or until we return them to you after we receive such funds.

3.15 Commission schedules and other compensation arrangements related to our services on your behalf may change over time and may not always be congruent with your specific policy period. Willis will provide you with accurate information to the best of our knowledge when information is presented to you, but it is possible that compensation arrangements may change over time. We will update you on any changes to our compensation prior to your renewal, and will do so at any time upon your request.

3.16 As an insurance intermediary, we normally act for you. However, we or our corporate parents, subsidiaries or affiliates may provide services to insurers for some insurance products. These services may include (a) acting as a managing general agent, program manager or in other similar capacities which give us binding authority enabling us to accept business on their behalf and immediately provide coverage for a risk; (b) arranging lineslips or similar facilities which enable an insurer to bind business for itself and other insurers; or (c) managing lineslips for insurers. Contracts with these insurers may grant us certain rights or create certain obligations regarding the marketing of insurance products provided by the insurers. We may place your insurance business under such a managing general agent's agreement, binding authority, lineslip or similar facility when we reasonably consider that these match your insurance requirements/instructions. When we intend to do so, we shall inform you and disclose the compensation payable to Willis in connection with the placement of the insurance coverage.

3.17 Some of our corporate parents, subsidiaries or affiliates are reinsurance brokers that provide reinsurance brokerage services to their insurance carrier clients. Their clients compensate them for those reinsurance brokerage services. Some of their insurance carrier clients may happen to be insurance carriers with whom we place your insurance coverages. The services we provide you and the reinsurance services our reinsurance affiliates provide their clients are separate and any compensation they may earn for the services they provide their clients are separate from and in addition to the compensation we earn for the services we provide you under this Agreement.

3.18 Subsidiaries of Willis North America Inc are members of a major international group of companies. In addition to the commissions received by us from insurers for placement of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by our corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to you under their separate contracts with insurers or reinsurers.

3.19 The insurance market is complex, and there could be other relationships which are not described in this document which might create conflicts of interest. If a conflict arises for which there is no practicable way of complying with this commitment, we will promptly

inform you and withdraw from the engagement, unless you wish us to continue to provide the services and provide your written consent. Please let us know in writing if you have concerns or we will assume that you understand and consent to our providing our services pursuant to these terms.

## 4.0 Premium and Handling of Funds

4.1 You will provide immediately available funds to pay premiums by the dates specified in the insurance policies, invoices, or other payment documents. Failure to pay premium on time may prevent coverage from incepting or result in cancellation of coverage by the insurer. We are not responsible for any consequences arising from any delay or failure by you to pay the amount due by the indicated date.

4.2 You may use a premium finance company, property appraiser, structured settlement firm or other similar service provider in connection with the insurance coverages we place for you. Willis currently works with industry-leading finance providers for this service. Where permitted by law, we receive a fee for the services we provide those companies.

4.3 We will handle any premiums you pay through us and any funds which we receive from insurers or intermediaries for payment or return to you in accordance with applicable state and federal insurance laws and regulations and state unclaimed property laws. We may transfer your funds directly to insurers or to third parties such as wholesale brokers, excess and surplus lines brokers, or managing general agents to carry out transactions for you.

## 5.0 Termination

5.1 Either party may terminate this agreement upon 60 days prior written notice.

If we terminate this agreement under Section 4.1 before the end of the Term, we will be deemed to have fully earned and be entitled to a pro rata portion of the Fee, calculated from the start of the Term through the date of termination.

If you terminate this agreement before the end of the Term, we will be deemed to have fully earned and be entitled to a portion of the fee as set forth in the following schedule:

During the first six months:	75%
After six months:	100%

5.2 Our obligation to render the services under this agreement ceases at the end of the Term or on the effective date of termination of our relationship, whichever is sooner. Nevertheless, we will take reasonable steps to assist in the orderly transition of matters to you or to a new insurance broker. Claims and premium or other adjustments may arise after our relationship ends, and we have no responsibility to handle these things after our relationship ends. Such items are normally handled by the insurance broker serving you at the time the claim or adjustment arises. However, we will consider providing such services after the termination of this agreement for mutually agreed additional compensation. Nevertheless, we will, process all remaining deposit premium installments on the policy(ies) in effect at the time of change.

## 6.0 Other Provisions

6.0 We do not tolerate unethical behavior either in our own activities or in those with whom we seek to do business. We will comply with all applicable laws, regulations, and rules.

6.1 In certain circumstances, the United States and other countries prohibit or restrict companies from conducting business in certain jurisdictions or with certain individuals or entities and can fine or otherwise penalize companies who conduct such business. The way these sanctions programs may affect a given insurance transaction depends on a number of complex factors including your ownership structure, control, location, and the nationality of your employees. We cannot advise you or insurers on the applicability of sanctions programs nor can we guarantee or otherwise warrant the position of any insurer under existing or future sanctions programs. You should seek legal advice on the potential applicability of sanctions as you deem appropriate. We will comply with all applicable sanctions programs and, where required by law, may take certain actions, including freezing funds held on behalf of parties and individuals covered by applicable sanctions.

6.2 Willis owns and retains all right, title, and interest in and to the following Willis Property: (i) all software, hardware, technology, documentation, and information provided by Willis in connection with the Claim and Risk Control Services; (ii) all ideas, know-how, methodology, models and techniques that may be developed, conceived, or invented by Willis during its performance under this Agreement; and (iii) all worldwide patent, copyright, trade secret, trademark and other intellectual property rights in and to the property described in clauses (i) and (ii) above. We expressly reserve all rights in the Willis Property.

6.3 We agree to communicate with each other from time to time by electronic mail, sometimes attaching further electronic data. By consenting to this method of communication you and we accept the inherent risks (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices.) We each agree, however, to employ reasonable virus checking procedures on our computer systems, and to check all electronic communications received for viruses. You will also check that messages received are complete. In the event of a dispute neither of us will challenge the legal evidentiary standing of an electronic document, and the Willis system is deemed the definitive record of electronic communications and documentation.

6.4 Please note that our system blocks certain file extensions for security reasons, including, but not limited to, .rar, .text, .vbs, .mpeg, .mp3, .cmd, .cpl, .wav, .exe, .bat, .scr, .mpq, .avi, .com, .pif, .wma, .mpa, .mpg, .jpeg. Emails with such files attached will not get through to us, and no message will be sent to tell you they have been blocked. If you intend to send us emails with attachments, please verify with us in advance that our system will accept the proposed form of attachment.

6.5 The Section headings in this Agreement are for convenience only and are not intended to define or limit the scope of the contents of such paragraphs. This Agreement may be executed in its original version or in any copy, counterpart, or other duplicate.

# Willis

6.6 This Agreement supersedes any and all prior agreements between us regarding the insurance coverages and the services provided. This Agreement may not be amended or modified except by a written agreement executed by the parties.

6.7 The provisions of this agreement are severable, and, in the event any provision or portion of any provision is construed by any court of competent jurisdiction to be invalid, the same shall not invalidate any other provision of this agreement or the remainder of the enforceable portion of the provision.

6.8 This Agreement is governed by and construed in accordance with the laws of the state of Illinois without regarding to such state's choice of law rules. Any dispute shall be resolved in the appropriate state or federal courts located in such state.

## 7.0 Questions

7.1 If you have questions, please inform your Willis representative or call the head of our office. You may also call 1-866-704-5115, the toll-free number which Willis has established for client feedback.

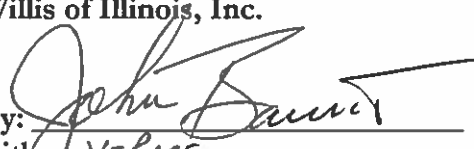
City of Moline

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Attested to:

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Approved as to form:

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Willis of Illinois, Inc.

By:   
Title: V-Pres.  
Date: 4/2/13

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Schedule A

**POLICIES/COVERAGES**

Travelers Public Sector Program

All Risk Property Coverage including Equipment Breakdown  
Crime  
Inland Marine  
General Liability  
Liquor Liability  
Employee Benefits Liability  
Law Enforcement Liability  
Public Entity Management Liability  
Public Entity Employment-Related Practice  
Auto Liability  
Auto Physical Damage  
Garagekeepers Liability  
Excess Liability  
CyberFirst Liability

Travelers Inland Marine Division

Property – Docks

Safety National

Excess Workers Compensation

## Schedule B

### ACCOUNT MANAGEMENT SERVICES

#### **A. General Services**

- Negotiation and placement of all coverages as per your direction
- Provide ongoing coverage analysis and critique of policy language
- Documentation -- Issue cover notes and, when permitted by the insurer, binders and/or policies
- Premium billings
- Audits
- Administer surplus lines filings
- Provide market security updates as available
- Administer Certificates of Insurance
- Provide general market intelligence

#### **B. Contractual Liability Services**

- Review all contracts as presented by you and advise on insurance requirements relating to such contracts

#### **C. Risk Services - Claim, Risk Control Service and Data Analytics**

##### **Claim Reporting**

We will report to the carrier on your behalf the following claim types for which we are the broker of record at the time you report the claim to us:

- Litigated Liability
- Litigated workers compensation
- Property
- Executive Risk
- Environmental

This service includes

- Confirming receipt of reported claim by carrier
- Conducting coverage reviews of all new losses
- Reporting losses on all appropriate policies
- Reporting claims in accordance with any known reporting guidelines for client
- Sending acknowledgment to client confirming new loss report

##### **Claim Advocacy**

We will act as you claim advocate for all claims reported or for those lines of coverage where we are the current broker of record. This will include

- Addressing issues concerning applicable coverage
- Advising client on claims process expectations of carrier, policy coverage
- Assisting client in determining if incident should be reported
- Reviewing and assisting with coverage issues/rebuttals

- Reviewing and assisting in with response to reservation of rights
- Helping expedite claim handling process
- Negotiating reserves/settlements/salvage credits
- Analyzing contractual indemnity issues

**Claim Strategy reviews** – Telephonic or onsite reviews to determine appropriateness of claim strategy and course of action retrospectively and prospectively. Includes preparatory claim selection, organizing appropriate parties and all necessary follow up.

#### **Advanced Claim Consulting Services**

- Carrier, TPA and Vendor Selection
- Contract Reviews Insurance Requirements.
- Claim Audits
- Legacy Claim Management
- Managed care and Wellness
- Business Impact Analysis
- Training / Education

**Willis Resolution Practice: Complex Claim** – Use of Global or national resources on complicated or contentious claims. Some examples of circumstances where our clients may want to engage this team may include but is not limited to:

- Claims involving offshore placements
- Multiple fatalities or claimants
- Policy limit losses or multiple policies
- Catastrophic events
- Complex or contentious coverage situations

**Critical Incident/Crisis Consulting** - Use of Global or national resources or external consultants contracted through us or recommended by us in order to assist our clients through a sudden and critical event affecting their operations.

#### **Risk Control and Safety Services**

- |   |                            |
|---|----------------------------|
| • Acquisition Due Diligence             | • Inspection Services      |
| • BI Studies                            | • Insurer Mediation        |
| • Business Continuity Planning          | • Loss Projections         |
| • Carrier Compliance                    | • Risk Quantification      |
| • CAT Exposure Modeling & Analysis      | • Pre Loss Planning        |
| • Construction Safety                   | • Productivity Consulting  |
| • Security Risk Mitigation              | • Project Management       |
| • Environmental, Health & Safety Audits | • Property Valuation       |
| • Facility Design                       | • Risk Exposure Database   |
| • Fire Protection Engineering           | • Risk improvement         |
| • Fleet Management                      | • Risk Planning / Training |
| • Hazard Identification & Risk Analysis | • Risk Profiling           |

In the event you would like to engage Willis to provide any additional services please contact your Willis representative.