



The Gallagher **CORE**360™ Client Experience

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Insurance | Risk Management | Consulting

The Gallagher Advantage

- 1** The Client Experience
- 2** The **CORE360™** Approach, Tools & Resources
- 3** Implementing the Client Experience
- 4** The Insurance Market
- 5** Risk Assessment – Your Current Program
- 6** Agreed Upon Strategy by Cost Driver
- 7** The Client Experience Renewal Timeline
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It's All About the Client Experience

Our Approach is what sets us apart

- ✓ **CORE360™** is our unique, comprehensive approach of evaluating your risk management program.
- ✓ Gallagher leverages our analytical tools and diverse resources for customized, maximum impact on six cost drivers of your total cost of risk.
- ✓ We continuously challenge your existing program and look for opportunities for future improvements.
- ✓ We mutually agree on a renewal strategy to build the most optimal risk management program for you.



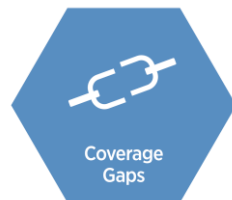
The **CORE360™** Approach

Evaluating and Minimizing Your Total Cost of Risk



CORE360™ Resources

Overview of Tools and Resources aligned to your cost drivers



- Salesforce Chatter
- Market Submission
- SmartMarket

- Control Continuum
- Property Analytics
- Casualty Analytics
- MLP Analytics

Alternative Risk Financing:

- Insurance Pools
- Captive Solutions (Artex) +

- D&O Coverage Index (Norton-Bastian)
- Gallagher Policy Checklists

Client Advantage Programs

- Umbrella & Excess Programs
- Specialty Lines Programs
- Industry-Specific Programs

- Enterprise Resilience +
- Captive Solutions (Artex) +

Enterprise Risk Management:

- CORE360 RISKMAP & Strategic Risk Assessment
- Enterprise Risk Management (ERM) Services +

Policies not purchased, such as +:

- Cyber/Privacy Liability
- Environmental Liability
- Trade Credit & Political Risk
- Representations & Warranties
- Product Recall
- Professional Liability
- Multinational Risk

Loss Prevention:

- eRiskHub for Cyber
- CORE360 Loss Control Portal (GB) +
- Property Loss Control
- Safety
- Employee Training
- Supporting Tools

Claims:

- Claims Advocacy
- Collateral Adequacy
- TPA Selection and Advocacy +

- Contract Review
- Certificate Issuance
- Gallagher Verify +

Client Experience Renewal

Timeline | Meetings | Documents



Implementing the Client Experience

The Strategic Review is based on five key components



1 CORE360™ Stewardship Scorecard

Sample review of past results



Insurance Premiums

- Property rate reduced 2%
- General Liability rate reduced 3%
- International Program rate reduced 4.3%
- Management Liability rates reduced an average of 3%
- Umbrella rate reduced 5%



Program Structure

- Tested and ruled out large deductible WC option.
- Purchased additional Umbrella limit of \$10,000,000 for \$15,000 based on benchmarking data and pricing.



Coverage Gaps

- Obtained broader coverage in General Liability, Manufacturers E&O, Automobile Liability and International Program policies for no additional premium.



Uninsured & Uninsurable Losses

- Purchased Cyber Liability – new policy. \$5M limit; \$10k deductible for \$50,000 premium with Beazley.
- Quoted Environmental Liability – new policy. We recommended the \$1M limit; \$1k deductible; \$25,000 3-year premium from AIG.



Loss Prevention & Claims

- We coordinated two carrier loss control visits and reviewed property carrier loss control recommendations and advocated on your behalf. Helped comply with carrier— with an estimated savings of \$250,000.



Contractual Liability

- Issued 780 certificates on your behalf.
- Reviewed 8 contracts for insurance provisions and made several changes to improve compliance.

Market Update

Commercial Property/Casualty Market Index – Q4/2018

The following are key takeaways from The Council of Insurance Agents & Brokers' Commercial Property/Casualty Market Report Q4 2018 (October 1 — December 31):

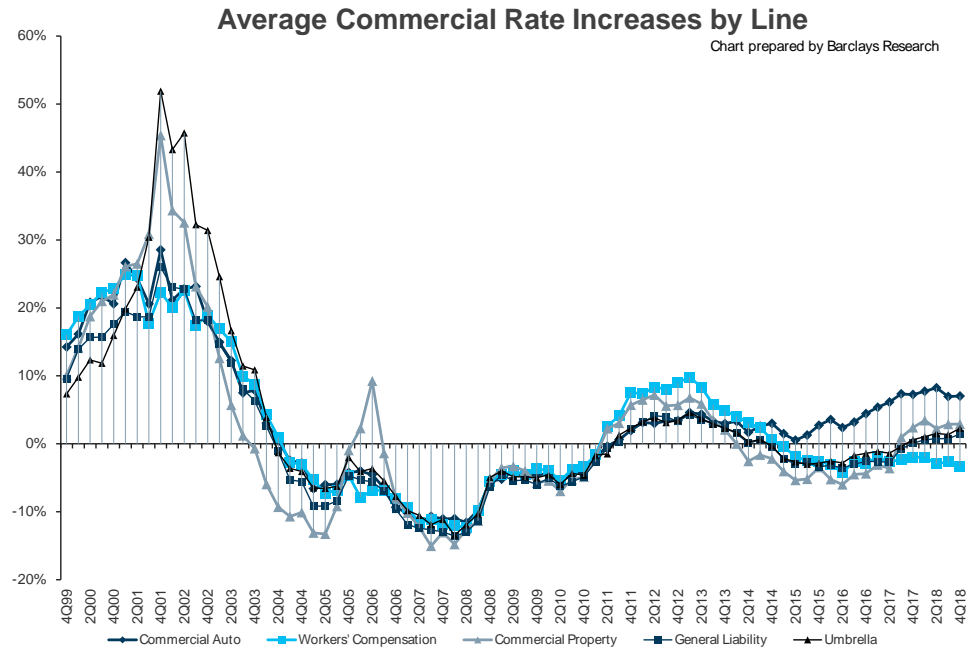
- Premium pricing across all-sized accounts again experienced slight increases during Q4 2018, with an average increase of 2.4%, compared to a 1.6% increase in Q3 2018 and a 1.5% increase in Q2.
- Respondents reported slight premium pricing increases for all lines of business except for Workers' Compensation, which saw a 3.3% decrease in Q4 2018, Cyber (0.2% decrease), and Terrorism (0.2% decrease). The average premium pricing increase across all lines was 2.1%, similar to the 1.9% average increase in Q3 2018.
- The demand for cyber insurance remained the highest out of all lines of business, according to respondents. 76% of respondents reported a "somewhat" or "significant" increase in demand for cyber coverage in Q4 2018, the same increase recorded in Q3.
- Q4 2018 was the 30th consecutive quarter of increased commercial auto rates: premium pricing for commercial auto increased 7.0%.
- As in 2018, "driving organic growth" and "recruiting and developing talent" remained the top two organizational priorities for respondents' firms, with 75% of respondents listing the former and 70% the latter.

Rate Change For Five Major Lines Ranged From -3.3% to 7.0% in Q4 2018

	Commercial Auto	Workers Comp	Commercial Property	General Liability	Umbrella	Average
Fourth Quarter 2018	7.0%	-3.3%	2.9%	1.4%	2.3%	2.1%
Third Quarter 2018	7.0%	-2.6%	2.9%	0.8%	1.4%	1.9%
Second Quarter 2018	8.2%	-2.9%	2.2%	0.8%	1.5%	2.0%
First Quarter 2018	7.7%	-2.0%	3.4%	0.6%	1.0%	2.2%
Fourth Quarter 2017	7.3%	-2.0%	2.4%	0.1%	0.6%	1.7%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

Market Update

2018 State of the Market (as of Q4 2018)



Rate Change by Account Size Ranted from 2.2% to 2.7% in Q4 2018

	Small	Medium	Large	Average
Fourth Quarter 2018	2.3%	2.7%	2.2%	2.4%
Third Quarter 2018	1.4%	1.7%	1.6%	1.6%
Second Quarter 2018	1.8%	1.8%	0.9%	1.5%
First Quarter 2018	1.8%	2.1%	1.2%	1.7%
Fourth Quarter 2017	0.7%	0.8%	-0.5%	0.3%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	

3 Risk Analysis by Cost Driver

Looking at changes in your risk and risk appetite



Insurance
Premiums

Cost for all your existing insurance policies. It also includes our compensation as your broker.



Program
Structure

How the individual pieces of your program work together, as well as how you balance your risk appetite against your loss experience.



Coverage
Gaps

Potential costs from any gaps in existing policies, such as sublimits, removable exclusions and extensions of coverage.



Uninsured
& Uninsurable
Losses

Potential or actual costs of any risks you knowingly or unknowingly leave uninsured or uninsurable.



Loss Prevention
& Claims

Your participation in a loss, and how you minimize costs through appropriate loss prevention programs and claims management.



Contractual
Liability

Costs resulting from the unsuccessful transfer of risk to, or assumption of uninsured liability from, a third party.

4 Renewal Strategy by Cost Driver



Insurance Premiums

Every year we should consider three “go-to-market” strategies by line of coverage:

1

**Negotiate and
Renew
with the
incumbent
carrier(s)**

2

**Negotiate
with a few
carriers,
including the
incumbent**

3

**Negotiate
with as many
markets as
we think are
viable**

4 Renewal Strategy by Cost Driver



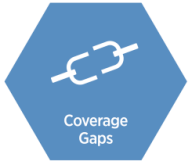
Program Structure

Review your evolving risk appetite for the most optimal program structure:



Please note that coverages are not drawn to scale and actual policy verbiage should be consulted for coverage terms and conditions

4 Renewal Strategy by Cost Driver



Coverage Gaps

Analyze current policies, offering the broadest available coverage specifications



Uninsured & Uninsurable Losses

Review your uninsured risks both insurable and uninsurable



Loss Prevention & Claims

Take a strategic approach to your risk control procedures



Contractual Liability

Review contracts for proper coverage from an insurance standpoint

5 What Did We Agree to Do?

Agreed Upon Renewal Strategy by cost driver



Insurance
Premiums

TBD



Program
Structure

TBD



Coverage
Gaps

TBD



Uninsured
& Uninsurable
Losses

TBD



Loss Prevention
& Claims

TBD

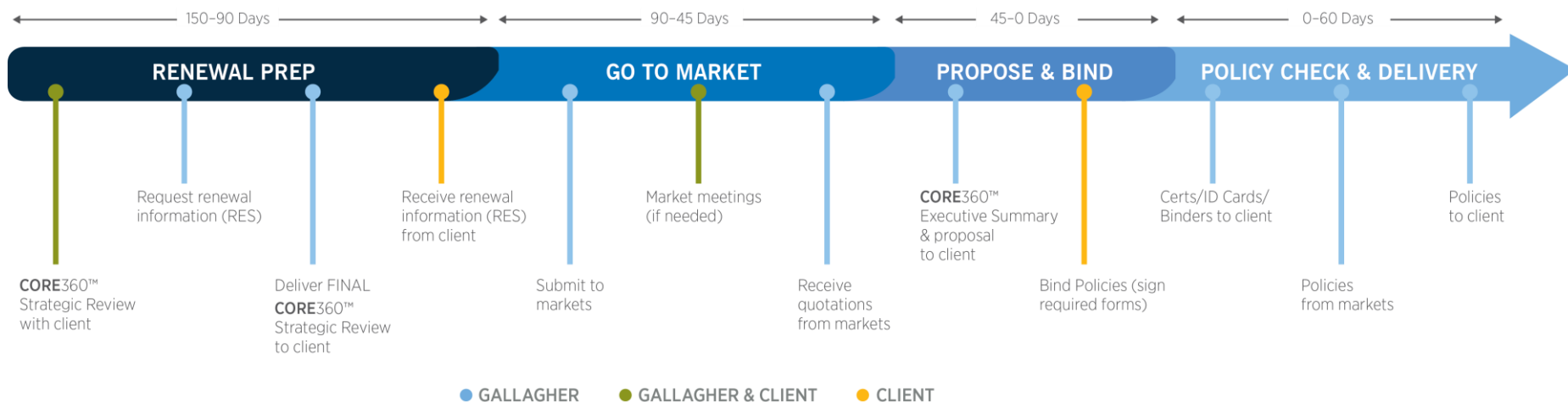


Contractual
Liability

TBD

5 Client Experience Timeline

Analyzing, developing and implementing your strategy





IMEA Members

Thank you for your consideration and the opportunity to upgrade your client experience with Gallagher

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