Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS

2-24-2015
AGENDA ITEM 37D

Mr. Wyatt Scott
Director of Risk Management
Fort Bend County
301 Jackson
Richmond, TX 77469

Re: Signed Fee Agreement

Dear Wyatt:

Enclosed please find two original fee agreements that have been signed by Arthur J. Gallagher.

Please return one signed copy for our records.

Sincerely,

Barbara

Barbara Murray
Area Vice President

Two Lincoln Centre
5420 LBJ Fwy, Suite 400
Dallas, TX 75240
Main 972-991-3700
Fax 972-991-4061

2/27/2015-Original sent to Debbie Kaminski @ Purchasing.

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

AGREEMENT FOR BROKER OF RECORD SERVICES

THIS AGREEMENT is made and entered into by and between Fort Bend County, (hereinafter "County"), a body corporate and politic under the laws of the State of Texas, and Arthur Gallagher Risk Management Services, Inc. (hereinafter "Contractor"), a company authorized to conduct business in the State of Texas.

W I T N E S S E T H

WHEREAS, County desires that Contractor provide Broker of Record Services (hereinafter "Services") pursuant to RFP 14-046; and

WHEREAS, Contractor represents that it is qualified and desires to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below, the parties agree as follows:

AGREEMENT

Section 1. Services

A. Contractor shall render Services to County as defined in RFP#R14-046/Insurance Broker of Record proposal (incorporated and attached hereto as Exhibit A).

B. This Agreement shall be effective as of April 1, 2015 and shall expire March 30, 2016, unless sooner terminated as provided for in Section Seven of this Agreement. Thereafter this Agreement shall automatically renew each April 1 for additional one year periods under the same terms, conditions and pricing. This Agreement and all automatic renewals shall terminate on March 30, 2019, unless sooner terminated as provided for in Section Seven of this Agreement.

Section 2. Personnel

A. Contractor represents that it presently has, or is able to obtain, adequate qualified personnel in its employment for the timely performance of the Scope of Services required under this Agreement and that Contractor shall furnish and maintain, at its own expense, adequate and sufficient personnel, in the opinion of County, to perform the Scope of Services when and as required and without delays.

B. All employees of Contractor shall have such knowledge and experience as will enable them to perform the duties assigned to them. Any employee of Contractor who, in the opinion of County, is incompetent or by his conduct becomes detrimental to the project shall, upon request of County, immediately be removed from association with the project.

Section 3. Compensation and Payment

A. The Maximum Compensation for the performance of Services within the Scope of Services described in Exhibit A is one hundred and twenty thousand dollars and 00/100 ($120,000.00) per one year contract period. In no case shall the amount paid by County under this Agreement exceed the Maximum Compensation without an approved change order. This Maximum Compensation shall supersede any contrary amount listed in Exhibit A.

B. All performance of the Scope of Services by Contractor including any changes in the Scope of Services and revision of work satisfactorily performed will be performed only when approved in advance and authorized by County.

C. County will pay Contractor based on the following procedures: Upon completion of the tasks identified in the Scope of Services, Contractor shall submit to County two (2) original copies of invoices showing the amounts due for services performed in a form acceptable to County. County shall review such invoices and approve them within 30 calendar days with such modifications as are consistent with this Agreement and forward same to the Auditor for processing. County shall pay each such approved invoice within thirty (30) calendar days. County reserves the right to withhold payment pending verification of satisfactory work performed.

Section 4. Transparency Disclosures from Contractor

A. In addition to such fees, compensation, and commissions provided herein, Contractor may also receive investment income or fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus line brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned-in whole or in part by Contactor's corporate parent may earn and retain usual and customary commissions and fees in the course of providing insurance products to County as described in Exhibit A to this Agreement. Contractor may also participate in contingent and supplemental commissions arrangements with insurance companies. Contingent commissions arrangements provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Contractor with the insurance company and not on an individual policy basis. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commissions are paid. Any such income, fees or commission will not reduce the fees or complication due to Contractor under this Agreement.

B. Contractor's fees under this Agreement shall be earned on the Effective Date (and any renewal thereof) and payable on invoicing. County is responsible for payment of premiums for all insurance placed by Contractor on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Contractor to immediately terminate this Agreement, as its option, without notice to County. In addition, and not in lieu of the right to terminate, Contractor reserves the right to apply return premiums or any other payment up to $5,000 received by Contractor on County's behalf to any amounts owed by County to Contractor unless such return premiums or other payments are disputed by County.

C. Where applicable, insurance coverage placements which Contractor makes on County's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, County is responsible for the payment of such taxes and/or fees, which will be identified separately by Contractor on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Contractor's brokerage fees or commissions referred to herein.

D. Contractor will not be operating in a fiduciary capacity, but only as County's broker, obtaining a variety of coverage terms and conditions to protect the risks of County's enterprise. Contractor will seek to bind those coverages based on County's authorization, however, Contractor can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contractor should be contacted with questions on these or any issues of concern.

Section 5. Limit of Appropriation

A. Contractor clearly understands and agrees, such understanding and agreement being of the absolute essence of this Agreement, that County shall have available the total maximum sum of one hundred and twenty thousand dollars and 00/100 ($120,000.00) per one year contract period, specifically allocated to fully discharge any and all liabilities County may incur.

B. Contractor does further understand and agree, said understanding and agreement also being of the absolute essence of this Agreement, that the total maximum compensation that Contractor may become entitled to and the total maximum sum that County may become liable to pay to Contractor shall not under any conditions, circumstances, or interpretations thereof exceed one hundred and twenty thousand dollars and 00/100 ($120,000.00) per one year contract period.

C. It is specifically understood and agreed that in the event no funds or insufficient funds are appropriated by Fort Bend County under this Agreement, Fort Bend County shall notify all necessary parties that this Agreement shall thereafter terminate and be null and void on the last day of the fiscal period for which appropriations were made without penalty, liability or expense to Fort Bend County.

Section 6. Modifications and Waivers

A. The parties may not amend or waive this Agreement, except by a written agreement executed by both parties.

B. No failure or delay in exercising any right or remedy or requiring the satisfaction of any condition under this Agreement, and no course of dealing between the parties, operates as a waiver or estoppel of any right, remedy, or condition.

C. The rights and remedies of the parties set forth in this Agreement are not exclusive of, but are cumulative to, any rights or remedies now or subsequently existing at law, in equity, or by statute.

Section 7. Termination

A. Termination for Convenience: County may terminate this Agreement at any time upon thirty (30) days written notice.

B. Termination for Default

1. County may terminate the whole or any part of this Agreement for cause in the following circumstances:

   a. If Contractor fails to perform services within the time specified in the Scope of Services or any extension thereof granted by the County in writing;

   b. If Contractor materially breaches any of the covenants or terms and conditions set forth in this Agreement or fails to perform any of the other provisions of this Agreement or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in any of these circumstances does not cure such breach or failure to County's reasonable satisfaction within a period of ten (10) calendar days after receipt of notice from County specifying such breach or failure.

2. If, after termination, it is determined for any reason whatsoever that Contractor was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had

been issued for the convenience of the County in accordance with Section 7A above.

C. Upon termination of this Agreement, County shall compensate Contractor in accordance with Section 3, above, for those services which were provided under this Agreement prior to its termination and which have not been previously invoiced to County. Contractor's final invoice for said services will be presented to and paid by County in the same manner set forth in Section 3 above.

D. If County terminates this Agreement as provided in this Section, no fees of any type, other than fees due and payable at the Termination Date, shall thereafter be paid to Contractor.

Section 8. Ownership and Reuse of Documents

All documents, data, reports, research, graphic presentation materials, etc., developed by Contractor as a part of its work under this Agreement, shall become the property of County upon completion of this Agreement, or in the event of termination or cancellation thereof, at the time of payment under Section 3 for work performed. Contractor shall promptly furnish all such data and material to County on request.

Section 9. Inspection of Books and Records

Contractor will permit County, or any duly authorized agent of County, to inspect and examine the books and records of Contractor for the purpose of verifying the amount of work performed under the Scope of Services. County's right to inspect survives the termination of this Agreement for a period of four years.

Section 10. Insurance

A. Prior to commencement of the Services, Contractor shall furnish County with properly executed certificates of insurance which shall evidence all insurance required. In the event of cancellation of any of the identified insurance policies, Contractor shall replace such coverage with no gap of coverage during the policy period. Contractor shall maintain such insurance coverage from the time Services commence until Services are completed and provide replacement certificates for any such insurance expiring prior to completion of Services. Contractor shall obtain such insurance written on an Occurrence form or claims-made form as applicable to professional liability/errors and omissions insurance. from such companies having Bests rating of A/VII or better, licensed or approved to transact business in the State of Texas, and shall obtain such insurance of the following types and minimum limits:

1. Workers' Compensation insurance. Substitutes to genuine Workers' Compensation Insurance will not be allowed. Employers' Liability insurance

with limits of not less than $1,000,000 per injury by accident, $1,000,000 per injury by disease, and $1,000,000 per bodily injury by disease.

2. Commercial general liability insurance with a limit of not less than $1,000,000 each occurrence and $2,000,000 in the annual aggregate. Policy shall cover liability for bodily injury, personal injury, and property damage and products/completed operations arising out of the business operations of the policyholder.

3. Business Automobile Liability insurance with a combined Bodily Injury/Property Damage limit of not less than $1,000,000 each accident. The policy shall cover liability arising from the operation of licensed vehicles by policyholder.

4. Professional Liability insurance with limits not less than $1,000,000.

5. Errors and Omissions Professional Liability insurance with a limit of $10,000,000.

B. County and the members of Commissioners Court shall be named as additional insured to all required coverage except for Workers' Compensation and Professional Liability/ Errors and Omissions Professional Liability. All Liability policies including Workers' Compensation written on behalf of Contractor shall contain a waiver of subrogation in favor of County and members of Commissioners Court.

C. If required coverage is written on a claims-made basis, Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of the contract; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of 2 years beginning from the time that work under the Agreement is completed.

Section 11. Indemnity

CONTRACTOR SHALL INDEMNIFY AND DEFEND COUNTY AGAINST ALL LOSSES, LIABILITIES, CLAIMS, CAUSES OF ACTION, AND OTHER EXPENSES, INCLUDING REASONABLE ATTORNEYS FEES, ARISING FROM ACTIVITIES OF CONTRACTOR, ITS AGENTS, SERVANTS OR EMPLOYEES, PERFORMED UNDER THIS AGREEMENT THAT RESULT FROM THE NEGLIGENT ACT, ERROR, OR OMISSION OF CONTRACTOR OR ANY OF CONTRACTOR'S AGENTS, SERVANTS OR EMPLOYEES.

Section 12. Confidential and Proprietary Information

A. Contractor acknowledges that it and its employees or agents may, in the course of performing their responsibilities under this Agreement, be exposed to or acquire information that is confidential to County. Any and all information of any form obtained by Contractor or its employees or agents from County in the performance of this Agreement shall be deemed to be confidential information of County ("Confidential Information"). Any reports or other documents or items (including software) that result from the use of the Confidential Information by Contractor shall be treated with respect to confidentiality in the same manner as the Confidential Information. Confidential Information shall be deemed not to include information that (a) is or becomes (other than by disclosure by Contractor) publicly known or is contained in a publicly available document; (b) is rightfully in Contractor's possession without the obligation of nondisclosure prior to the time of its disclosure under this Agreement; or (c) is independently developed by employees or agents of Contractor who can be shown to have had no access to the Confidential Information.

B. Contractor agrees to hold Confidential Information in strict confidence, using at least the same degree of care that Contractor uses in maintaining the confidentiality of its own confidential information, and not to copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information to third parties or use Confidential Information for any purposes whatsoever other than the provision of Services to County hereunder, and to advise each of its employees and agents of their obligations to keep Confidential Information confidential. Contractor shall use its best efforts to assist County in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limitation of the foregoing, Contractor shall advise County immediately in the event Contractor learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Agreement and Contractor will at its expense cooperate with County in seeking injunctive or other equitable relief in the name of County or Contractor against any such person. Contractor agrees that, except as directed by County, Contractor will not at any time during or after the term of this Agreement disclose, directly or indirectly, any Confidential Information to any person, and that upon termination of this Agreement or at County's request, Contractor will promptly turn over to County all documents, papers, and other matter in Contractor's possession which embody Confidential Information.

C. Contractor acknowledges that a breach of this Section, including disclosure of any Confidential Information, or disclosure of other information that, at law or in equity, ought to remain confidential, will give rise to irreparable injury to County that is inadequately compensable in damages. Accordingly, County may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies that may be available. Contractor acknowledges and agrees that the covenants contained herein are necessary for the protection of the legitimate business interest of County and are reasonable in scope and content.

D. Contractor in providing all services hereunder agrees to abide by the provisions of any applicable Federal or State Data Privacy Act.

E. Contractor expressly acknowledges that County is subject to the Texas Public Information Act, TEX. GOV'T CODE ANN. §§ 552.001 et seq., as amended, and notwithstanding any provision in the Agreement to the contrary, County will make any information related to the Agreement, or otherwise, available to third parties in accordance with the Texas Public Information Act. Any proprietary or confidential information marked as such provided to County by Contractor shall not be disclosed to any third party, except as directed by the Texas Attorney General in response to a request for such under the Texas Public Information Act, which provides for notice to the owner of such marked information and the opportunity for the owner of such information to notify the Attorney General of the reasons why such information should not be disclosed. The terms and conditions of the Agreement are not proprietary or confidential information.

Section 13. Independent Contractor

A. In the performance of work or services hereunder, Contractor shall be deemed an independent contractor, and any of its agents, employees, officers, or volunteers performing work required hereunder shall be deemed solely as employees of contractor or, where permitted, of its subcontractors.

B. Contractor and its agents, employees, officers, or volunteers shall not, by performing work pursuant to this Agreement, be deemed to be employees, agents, or servants of County and shall not be entitled to any of the privileges or benefits of County employment.

Section 14. Notices

A. Each party giving any notice or making any request, demand, or other communication (each, a "Notice") pursuant to this Agreement shall do so in writing and shall use one of the following methods of delivery, each of which, for purposes of this Agreement, is a writing: personal delivery, registered or certified mail (in each case, return receipt requested and postage prepaid), or nationally recognized overnight courier (with all fees prepaid).

B. Each party giving a Notice shall address the Notice to the receiving party at the address listed below or to another address designated by a party in a Notice pursuant to this Section:

County: Fort Bend County
ATTN: Risk Management Director
301 Jackson Street, Suite 224,
Richmond, TX 77469

With a copy to: Fort Bend County
Attn: County Judge
401 Jackson Street
Richmond, Texas 77469

Contractor: Arthur J. Gallagher Risk Management Services, Inc.
ATTN: Area Senior Vice President, Public Sector Practice
5420 LBJ Freeway, Suite 400
Dallas, TX 75240

C. Notice is effective only if the party giving or making the Notice has complied with subsections 14.1 and 14.2 and if the addressee has received the Notice. A Notice is deemed received as follows:

    1. If the Notice is delivered in person, or sent by registered or certified mail or a nationally recognized overnight courier, upon receipt as indicated by the date on the signed receipt.

    2. If the addressee rejects or otherwise refuses to accept the Notice, or if the Notice cannot be delivered because of a change in address for which no Notice was given, then upon the rejection, refusal, or inability to deliver.

Section 15. Compliance with Laws

Contractor shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any matter affecting the performance of this Agreement, including, without limitation, Worker's Compensation laws, minimum and maximum salary and wage statutes and regulations, licensing laws and regulations. When required by County, Contractor shall furnish County with certification of compliance with said laws, statutes, ordinances, rules, regulations, orders, and decrees above specified.

Section 16. Performance Warranty

A. Contractor warrants to County that Contractor has the skill and knowledge ordinarily possessed by well-informed members of its trade or profession practicing in the greater Houston metropolitan area and Contractor will apply that skill and knowledge with care and diligence to ensure that the Services provided hereunder will be performed and delivered in accordance with the highest professional standards.

B. Contractor warrants to County that the Services will be free from material errors and will materially conform to all requirements and specifications contained in the attached Exhibit A.

Section 17. Assignment and Delegation

A. Neither party may assign any of its rights under this Agreement, except with the prior written consent of the other party. That party shall not unreasonably withhold its consent. All assignments of rights are prohibited under this subsection, whether they are voluntarily or involuntarily, by merger, consolidation, dissolution, operation of law, or any other manner.

B. Neither party may delegate any performance under this Agreement.

C. Any purported assignment of rights or delegation of performance in violation of this Section is void.

Section 18. Applicable Law

The laws of the State of Texas govern all disputes arising out of or relating to this Agreement. The parties hereto acknowledge that venue is proper in Fort Bend County, Texas, for all legal actions or proceedings arising out of or relating to this Agreement and waive the right to sue or be sued elsewhere. Nothing in the Agreement shall be construed to waive the County's sovereign immunity.

Section 19. Successors and Assigns

County and Contractor bind themselves and their successors, executors, administrators and assigns to the other party of this Agreement and to the successors, executors, administrators and assigns of the other party, in respect to all covenants of this Agreement.

Section 20. Third Party Beneficiaries

This Agreement does not confer any enforceable rights or remedies upon any person other than the parties.

Section 21. Severability

If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding, and enforceable.

Section 22. Publicity

Contact with citizens of Fort Bend County, media outlets, or governmental agencies shall be the sole responsibility of County. Under no circumstances whatsoever, shall Contractor release any material or information developed or received in the performance of the Services hereunder without the express written permission of County, except where required to do so by law.

Section 23. Captions

The section captions used in this Agreement are for convenience of reference only and do not affect the interpretation or construction of this Agreement.

Section 24. Conflict

In the event there is a conflict between this Agreement and the attached exhibit, this Agreement controls.

IN WITNESS WHEREOF, the parties hereto have signed or have caused their respective names to be signed to multiple counterparts to be effective on the 24 day of February, 2015.

FORT BEND COUNTY

Robert E. Hebert, County Judge

ATTEST:

Laura Richard, County Clerk

COMMISSIONERS COURT FORT BEND COUNTY, TEXAS

APPROVED:

Wyatt Scott, Risk Management Director

ARTHUR GALLAGHER RISK MANAGEMENT SERVICES, INC.

Authorized Agent- Signature

DANIEL M. TROPP

Authorized Agent- Printed Name

EXECUTIVE VICE PRESIDENT - SC REGION

Title

2-6-2015

Date

AUDITOR'S CERTIFICATE

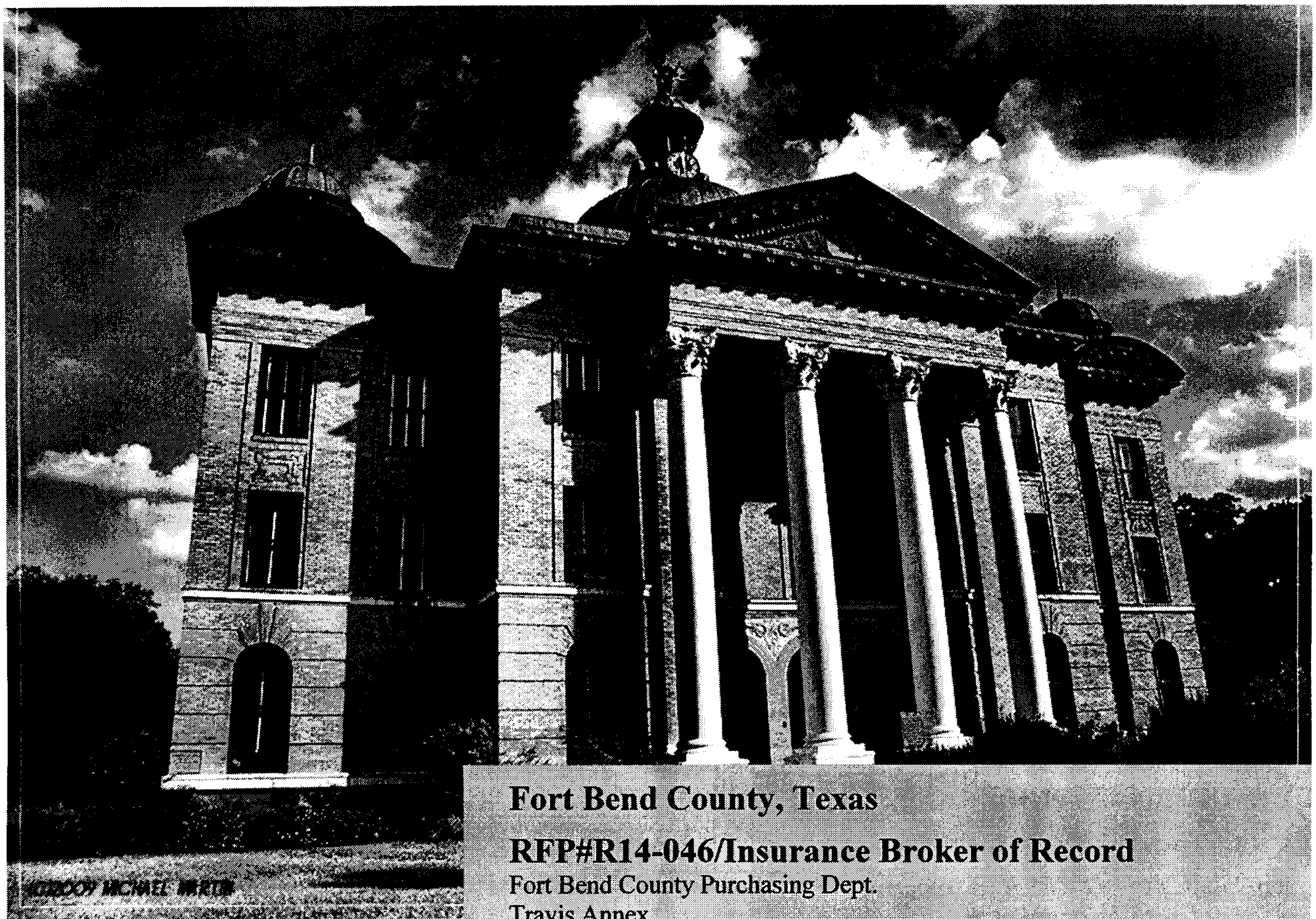
I hereby certify that funds are available in the amount of $120,000.00 to accomplish and pay the obligation of Fort Bend County under this contract.

Robert Edward Sturdivant, County Auditor

Exhibit A: RFP#R14-046/Insurance Broker of Record

EXHIBIT A

RFP#R14-046/ Insurance Broker of Record



Fort Bend County, Texas

RFP#R14-046/Insurance Broker of Record

Fort Bend County Purchasing Dept.
Travis Annex
301 Jackson, Suite 201
Richmond, TX 77469

Public Sector Practice Group

Presented: August 28, 2014

Arthur J. Gallagher & Co.

Cyndi Boehle, CIC, CRM
Area Senior Vice President

Arthur J. Gallagher Risk Management Services, Inc.
5420 LBJ Freeway | Suite 400
Dallas, TX 75240
cyndi_boehle@ajg.com
www.ajg.com

Title Page

RFP# R14-046/ Insurance Broker of Record

Proposed by :	Arthur J. Gallagher Risk Management Services, Inc.
Address:	5420 LBJ Frwy. Suite 400
	Dallas, TX 75240
Phone:	800-777-9418 or 972-991-3700
FAX:	972-991-4061

Producer/Account Executive: Cyndi Boehle, CIC, CRM

Email:	Cyndi_Boehle@ajg.com
Direct dial:	972-663-6126

Executive Officer:	Daniel M. Tropp, Area President
Email:	Dan_Tropp@ajg.com
Direct dial:	972-663-6183

Executive Officer Signature: Dan M. Tropp

9.2 Table of Contents

9.1 Transmittal Letter

On behalf of our entire team, we are pleased and proud to present the attached response to your Insurance Brokerage Services RFP. The relationship between Fort Bend County and Arthur J. Gallagher & Company goes back many years, and we place tremendous value on our relationship with the county. It has been our pleasure to provide Fort Bend County with the highest level of risk management and insurance brokerage service, and we sincerely hope that we will be chosen to continue to do so.

It is deep in our culture to make sure that we are constantly improving our service deliverable, and that our clients are always working with the most qualified and dedicated teams in the industry. We come to work every day thinking about our clients, and how we can steer them on a course towards controlling their total cost of risk. Fort Bend County has enjoyed access to several of our specialty groups, including Gallagher Energy, Gallagher Claim Advocacy, Gallagher Property Resources (RMS Modeling), and Gallagher Aviation.

What you will hopefully take away from this document is that we

- Know and understand the needs of Fort Bend County
- Know and understand the challenges facing Counties in Texas
- Know and understand how to deploy the resources of a large company like Gallagher to provide the highest level of support in the industry
- Know how to utilize our scale, structure and market access to deliver the best possible outcome for our clients

The vast institutional knowledge that we have of Fort Bend's exposures will only serve to help Fort Bend County in the years to come. Our knowledge of the intricacies of the Texas Public Entity marketplace goes back 40 years to the establishment of our Dallas office. Gallagher has been the market leader in the Public Entity space for decades, and we maintain that position by making sure that we are always focused on serving the needs of our clients.

We hope you enjoy the attached response; we look forward to meeting with you during any oral presentations you require, and mostly we look forward to working with Fort Bend County for many years to come.

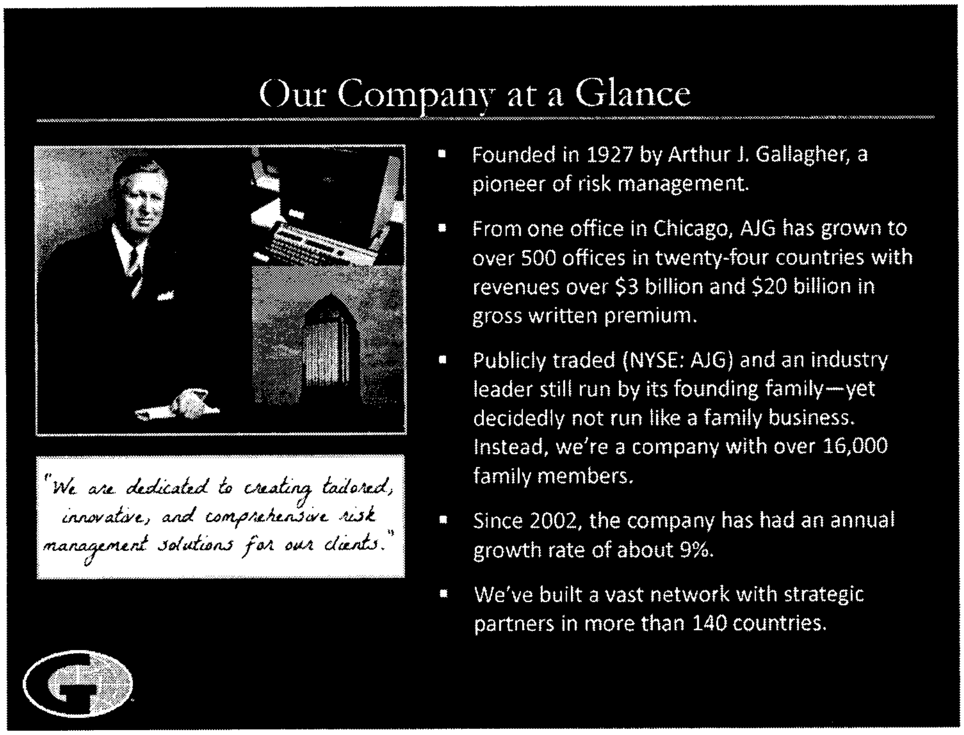
Sincerely,

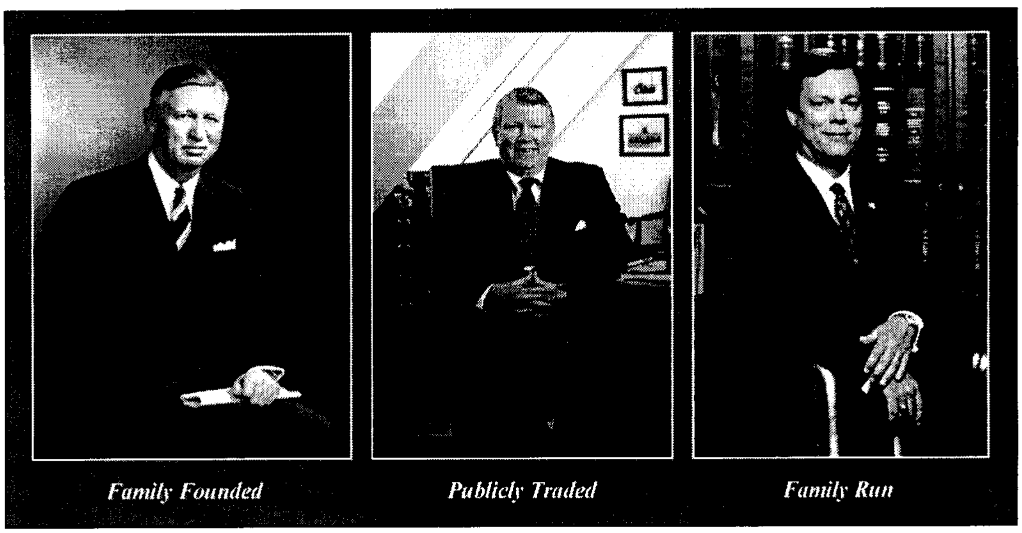
Daniel M. Tropp
Area President
5420 LBJ Frwy., Suite 400
Dallas, TX 75240
Direct Dial: 972-663-6183
Email: dan_tropp@ajg.com

Account Executive:
Cyndi Boehle, CIC, CRM
Area Senior Vice President
Direct dial: 972-663-6126
Email: cyndi_boehle@ajg.com

9.3 Company Information

9.3.1 Year the company was organized.





Founded in 1927, Arthur J. Gallagher & Co., our parent company, has been in business for 87 years. Gallagher was one of the first brokers to transition from simply selling insurance to providing true risk management services – by identifying exposures, then developing and implementing ways to reduce those risks. Clients benefited from this approach, which allowed them, rather than the insurers, to direct their own activities. Reducing the financial and human cost-of-risk would become a cornerstone for Gallagher, as our firm helped bring self-insurance and alternative risk solutions to the middle market.

With this pioneering spirit, in 1938 Gallagher designed the first retrospective rating program, which gave customers credit for holding down their losses. In 1963, Gallagher broke new ground by forming the first non-Workers Compensation self-insurance program. Over the years, we've gone on to develop the first fronting company arrangement to provide needed proof of insurance. Gallagher Bassett was formed in 1962 to administer claims and loss control activities.

Through innovation, and a commitment to maintaining the highest service standards, Gallagher has grown to become one of the largest risk management and insurance brokerage firms. We are a leader in providing brokerage and risk management services to the Public Sector. Gallagher operates over 450 offices worldwide and has direct access to all major insurance markets. International headquarters is in Itasca, Illinois. The Dallas office will service Fort Bend County, Texas.

In March, 2 012, the international consulting firm Greenwich Associates ranked Gallagher #1 in overall client satisfaction among the five largest brokers in their 2012 Large Corporate Insurance Survey. More than 700 clients were surveyed, and we placed first or second in every category, including #1 in "likelihood to recommend." In 2012, 2013, and 2014 Arthur J. Gallagher & Co. was also recognized by Ethisphere Institute as One of the World's Most Ethical Companies, along with organizations like Alcoa, American Express, Becton Dickinson, General Electric, Medicis Pharmaceutical Corporation, Patagonia, and Starbucks. Gallagher is the only insurance broker have been awarded this distinction.

Gallagher's Public Sector Practice is a leader in providing Property/Casualty, Workers Compensation, and Employee Benefit/Retirement services to cities, villages, transit authorities, school districts, and several others. Our client base includes over 2,000 public entities. As such, we have significant day-to-day experience assisting institutions with their insurance and risk management consulting needs.

Gallagher became a publicly-traded company in 1984 (NYSE: AJG). Our most recent financial report can be found on our website www.ajg.com under the "Investor Relations" tab.

Public Sector

Every day, there are myriad organizations such as emergency responders, state and local governments, taxing districts and municipalities that keep our communities running and safe. They are delivering basic necessities and services such as safe schools, patrolled streets, clean water, fire protection and more. The Gallagher Public Sector team can help you support these employees by providing solutions for your risk management and benefits needs.

That's what we do best. Gallagher has built its reputation on using our expertise and a deep understanding of our clients and their needs to tailor risk management solutions for them. That's why public sector clients come to us and trust us to manage their risk.

Gallagher's Public Sector Practice is the market leader in providing Property/Casualty, Workers Compensation, and Employee Benefit/Retirement services to cities, villages, transit authorities, school districts, and several others.

Government Entities Risk management challenges at the state, county, parish, city, town or village level are similar. There are budget issues versus risk exposure; current and new coverage requirements; and liability concerns. With over 40 years of Public Sector insurance and benefits experience, our specialists have in-depth knowledge of the specific risk management needs and requirements you face. We dive into your operations to understand your organization, its people and your long-term objectives. Then, we tailor comprehensive risk management solutions to help minimize your unique risk exposures, optimize performance, control costs and losses and improve value. We serve government entities of all types, including but not limited to:

- State governments
- Counties and parishes
- Cities, towns and villages
- Special taxing districts

Gallagher, Dallas

The Gallagher Dallas office was established and licensed by the State of Texas in 1974 to provide professional insurance service to the public entity sector of the State of Texas. Over the past 40 years that area of expertise has expanded to include contracting and general commercial insurance, higher education and real estate.

The Dallas office is led by Mr. Dan Tropp, Area President. The office employs over 100 employees with a total premium volume in 2013 of $150,000,000. Dallas is a Gallagher center of excellence for Public Entity, Higher Education, Construction, Surety and other Bonds, General Commercial, Real Estate, and Hospitality. In Texas, we employ over 500 among all Gallagher divisions.

Cyndi Boehle heads up our Public Entity Divisions for Gallagher Texas and has been serving as Fort Bend County's insurance insurance consultant since 2010. Cyndi is also responsible for all aspects of excellence in client services for the Dallas Public Entity Team and for the management of department resources and facilitation of client support services. Gallagher's Client Service philosophy is to provide superior, cost effective risk management products and services that meet the ever-changing needs of our current and prospective clients, while continuing to strive for the highest professional excellence in the delivery of those products and services

9.3.2 Identification of company ownership to include a listing of the principal officers of your firm as well as the certification as to whether any such officer or any of the owners of your firm are presently employed by the County.

Arthur J. Gallagher Corporation is a publically traded company on NYSE: AJG. The Corporation's Principal Officers are:

- J. Patrick Gallagher, Jr., Chairman, President, & CEO
- Douglas K. Howell, Chief Financial Officer
- Walter D. Bay, General Counsel and Secretary
- James S. Gault, President, Brokerage Services Division

These officers are full time Gallagher employees and are not presently employed by Fort Bend County.

9.3.3 Financial history of the company covering the last three years. Attach the most recent copy of your latest financial statements prepared by an independent certified public accountant in accordance with generally accepted accounting principles. Also include the following information: current balance sheet, statement of revenues and expenses, statement of cash flows, and appropriate notes to these documents. Please mark any proprietary information.

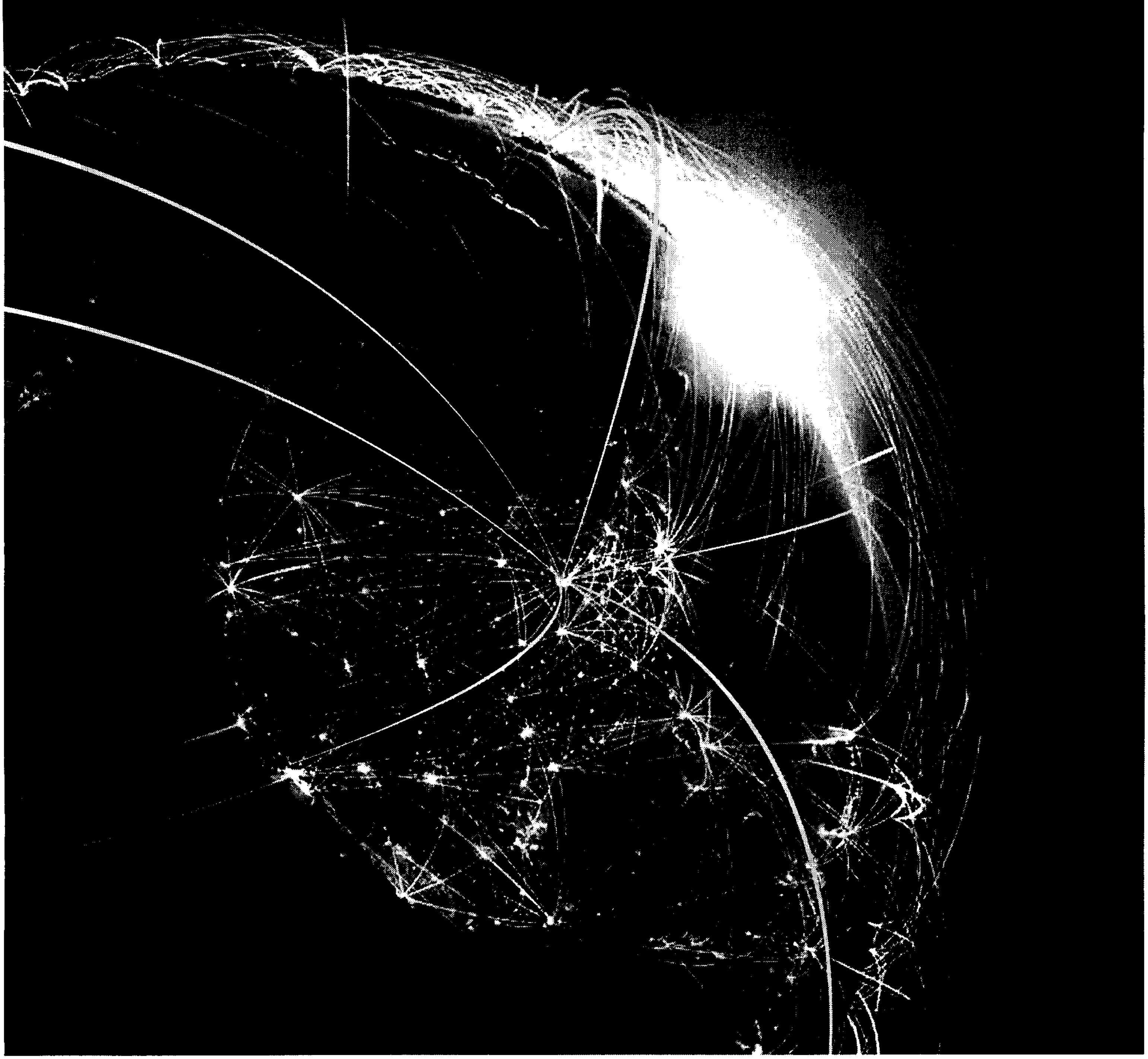
See following pages to view the 2013 Annual Report.

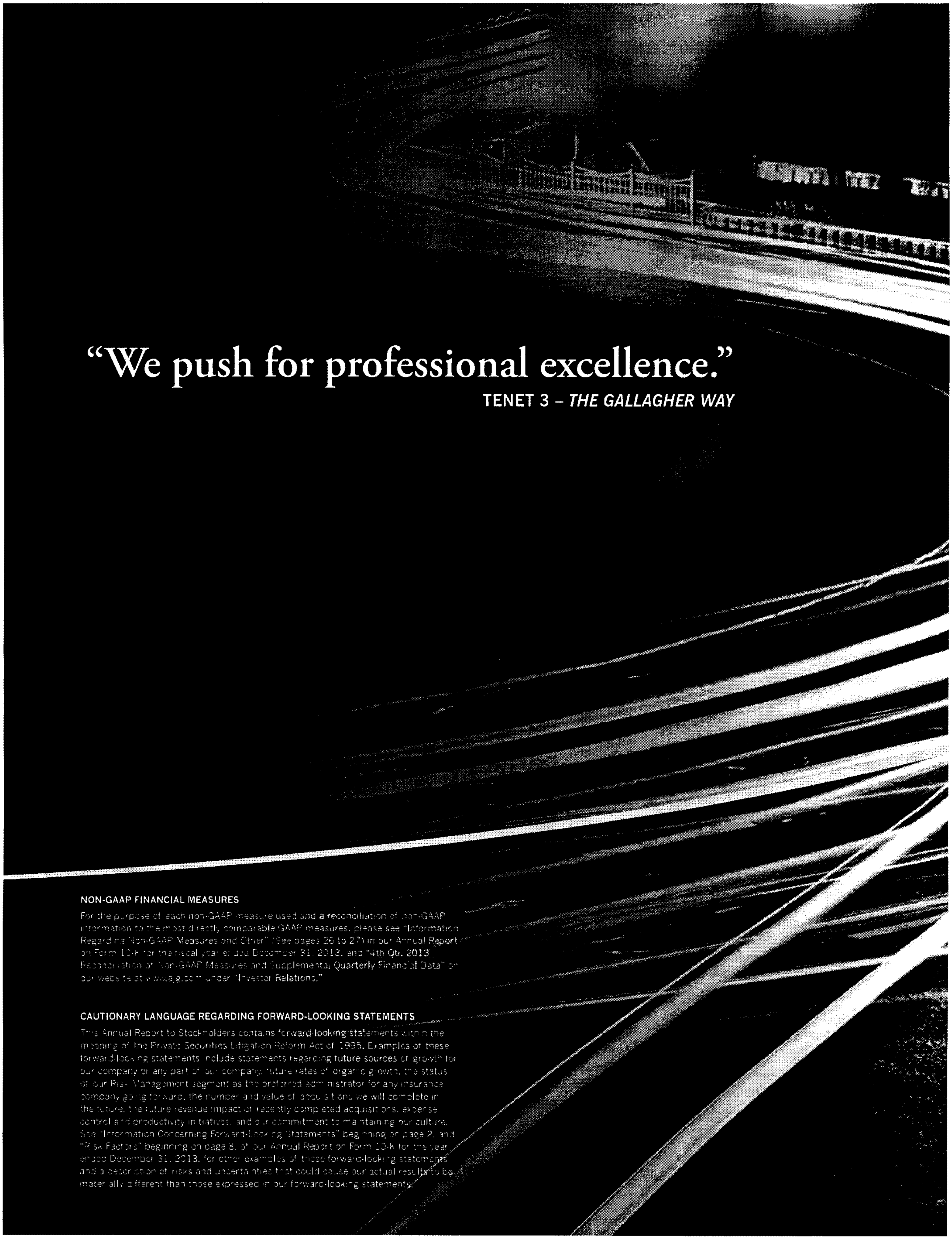
AJG Annual Financial Report – 2013

Arthur J. Gallagher & Co.

BUSINESS WITHOUT BARRIERS™

2013 ANNUAL REPORT





"We push for professional excellence."

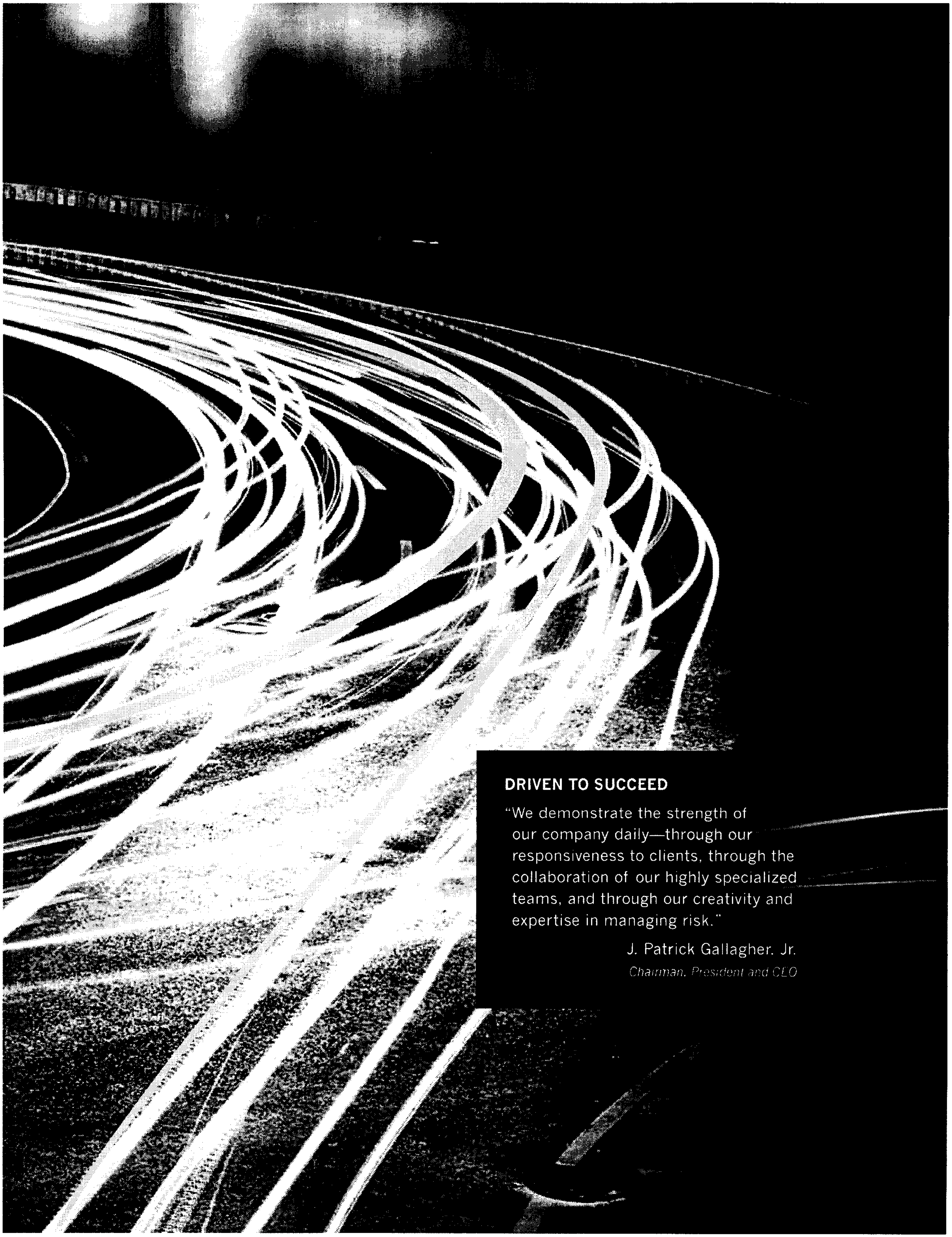
TENET 3 – *THE GALLAGHER WAY*

NON-GAAP FINANCIAL MEASURES

For the purpose of each non-GAAP measure used and a reconciliation of non-GAAP information to the most directly comparable GAAP measures, please see "Information Regarding Non-GAAP Measures and Other" (See pages 26 to 27) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and "4th Qtr. 2013 Reconciliation of Non-GAAP Measures and Supplemental Quarterly Financial Data" on our website at www.ajg.com under "Investor Relations."

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report to Stockholders contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of these forward-looking statements include statements regarding future sources of growth for our company or any part of our company, future rates of organic growth, the status of our Risk Management segment as the preferred administrator for any insurance company going forward, the number and value of acquisitions we will complete in the future, the future revenue impact of recently completed acquisitions, expense control and productivity initiatives, and our commitment to maintaining our culture. See "Information Concerning Forward-Looking Statements" beginning on page 2, and "Risk Factors" beginning on page 8, of our Annual Report on Form 10-K for the year ended December 31, 2013, for other examples of these forward-looking statements and a description of risks and uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements.



DRIVEN TO SUCCEED

"We demonstrate the strength of our company daily—through our responsiveness to clients, through the collaboration of our highly specialized teams, and through our creativity and expertise in managing risk."

J. Patrick Gallagher, Jr.
Chairman, President and CEO

Selected Financial Data as Reported

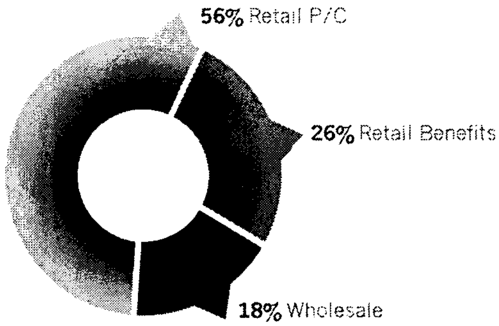
(in millions, except per share, percentage, workforce and number of acquisitions data)

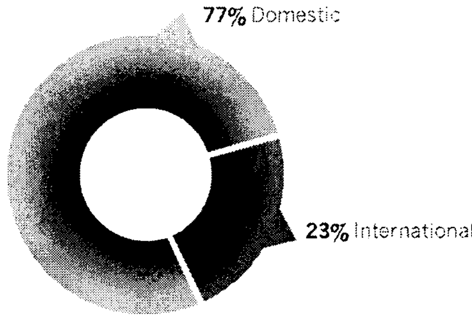
	2013	2012	2011
REVENUES			
Brokerage	$ 2,144.3	$ 1,827.6	$ 1,556.5
Risk Management	611.0	571.7	548.8
BROKERAGE & RISK MANAGEMENT COMBINED	2,755.3	2,399.3	2,105.3
Corporate	424.3	121.0	29.4
TOTAL COMPANY	$ 3,179.6	$ 2,520.3	$ 2,134.7
Percent revenue growth	26%	18%	
EBITDAC[1]			
Brokerage	$ 484.0	$ 383.3	$ 320.8
Risk Management	94.5	87.0	68.9
BROKERAGE & RISK MANAGEMENT COMBINED	578.5	470.3	389.7
Corporate	(73.6)	(38.2)	(32.1)
TOTAL COMPANY	$ 504.9	$ 432.1	$ 357.6
Percent EBITDAC growth[1]	17%	21%	
NET EARNINGS FROM CONTINUING OPERATIONS			
Brokerage	$ 204.8	$ 155.8	$ 140.2
Risk Management	46.2	42.5	33.3
BROKERAGE & RISK MANAGEMENT COMBINED	251.0	198.3	173.5
Corporate	17.6	(3.3)	(29.4)
TOTAL COMPANY	$ 268.6	$ 195.0	$ 144.1
Percent net earnings growth	38%	35%	
TOTAL COMPANY DILUTED NET EARNINGS PER SHARE	$ 2.06	$ 1.59	$ 1.28
Percent diluted net earnings per share growth	30%	24%	
OTHER INFORMATION			
Dividends declared per share	$ 1.40	$ 1.36	$ 1.32
Total assets at end of year	$ 6,860.5	$ 5,352.3	$ 4,483.5
Total stockholders equity at end of year	$ 2,085.5	$ 1,658.6	$ 1,243.6
Workforce at end of year	16,336	13,707	12,383
ACQUISITION ACTIVITY			
Number of acquisitions closed	31	60	32
Annualized revenue acquired			
Domestic	$ 193.3	$ 169.5	$ 102.2
International	190.6	62.2	174.8
TOTAL	$ 383.9	$ 231.7	$ 277.0

(1) See "Non-GAAP Financial Measures" on the inside front cover.

BROKERAGE SEGMENT

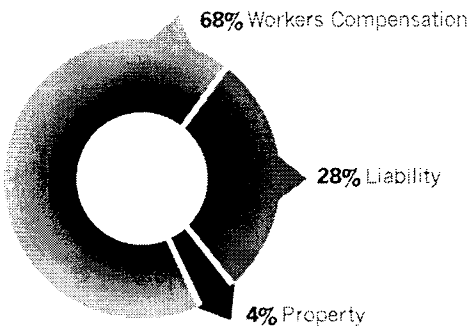
TOTAL REVENUES – **$2.1 BILLION**

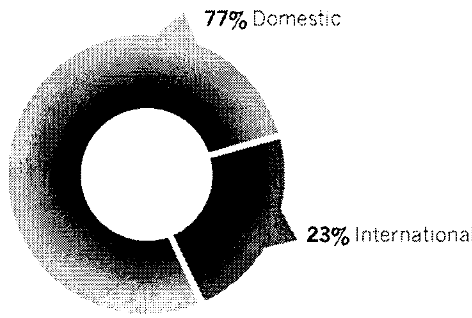




RISK MANAGEMENT SEGMENT

TOTAL REVENUES – **$611.0 MILLION**

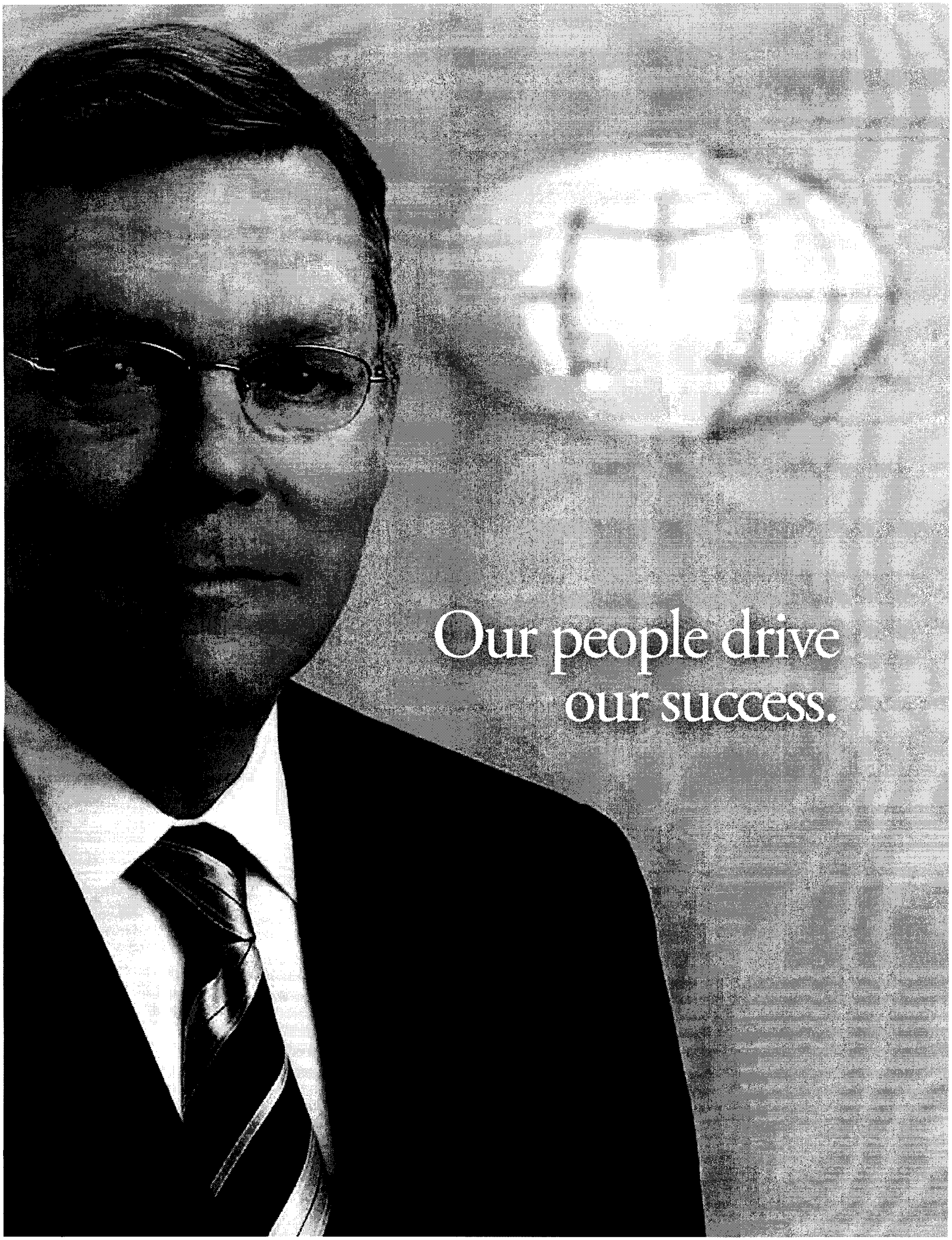




NICHE/PRACTICE GROUPS

Our sales culture includes specialized teams that target areas of business and/or industries in which we have developed a depth of expertise and a large client base. Our specialized focus on these niche/practice groups allows for highly focused marketing efforts and facilitates the development of value-added products and services. Significant niche/practice groups we serve are as follows:

- Agribusiness
- Automotive
- Aviation & Aerospace
- Construction
- Energy
- Entertainment
- Environmental
- Executive Benefits
- Global Risks
- Health and Welfare
- Healthcare
- Healthcare Analytics
- Higher Education
- Hospitality
- Human Resources
- International Benefits
- Life Science
- Marine
- Manufacturing
- Personal
- Private Equity
- Professional Groups
- Public Entity
- Real Estate
- Religious/Nonprofit
- Restaurant
- Retirement
- Scholastic
- Technology/Telecom
- Transportation
- Voluntary Benefits


Our people drive
our success.

To Our Stockholders

I am truly proud of our team's outstanding performance in 2013. Arthur J. Gallagher & Co. continues to get stronger, quarter after quarter, year after year, and every division around the globe contributed to the company's record results and strong shareholder returns.

Total shareholder returns were 40% in 2013, including dividends. The Board of Directors increased our quarterly cash dividend to $0.35 per share in January 2013 and to $0.36 in January 2014, which reflects their continued confidence in our financial strength.

Our core Brokerage and Risk Management segments ended 2013 with $579 million of EBITDAC[1] (up 23% from 2012) on nearly $2.8 billion in total revenues (up 15% from 2012). And, net earnings for our clean-energy investments nearly doubled to more than $63 million in 2013. We intend to reinvest these earnings into growing our core Brokerage and Risk Management businesses.

We also continued to expand our international capabilities. In 2013, 23% of our Brokerage and Risk Management revenues were generated outside of the United States, up from 11% in 2009. By the end of 2013, Gallagher had operations in 24 countries and, in combination with our international network of independent broker partners, we now offer client-service capabilities in more than 140 countries around the world.

Our success in 2013 comes directly from our continued focus on four key areas:

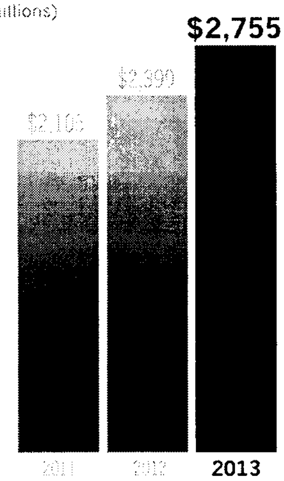
- Organic revenue growth,
- Mergers and acquisitions,
- Productivity and quality enhancements, and
- Maintaining our unique, team-oriented sales culture.

ORGANIC GROWTH

Organic base commission and fee revenues[1] grew 5.6% within our Brokerage segment in 2013. Both our retail and wholesale property/casualty operations brought in significant new business and achieved solid account retention. The greatest growth within the Brokerage segment came from our international operations, where we have substantially expanded both our physical presence and client-service capabilities over the last several years. Our employee benefits consulting and brokerage business has also grown significantly, particularly as it works to address a growing customer need for help with a variety of regulatory and compliance issues, both domestically and internationally. We deliver a full range of capabilities, solutions and analytics tools to support our customers, and demand for these services should remain strong going forward.

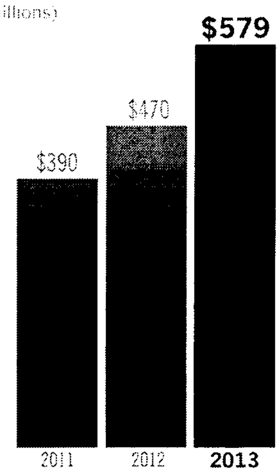
BROKERAGE & RISK MANAGEMENT REVENUES

(in millions)

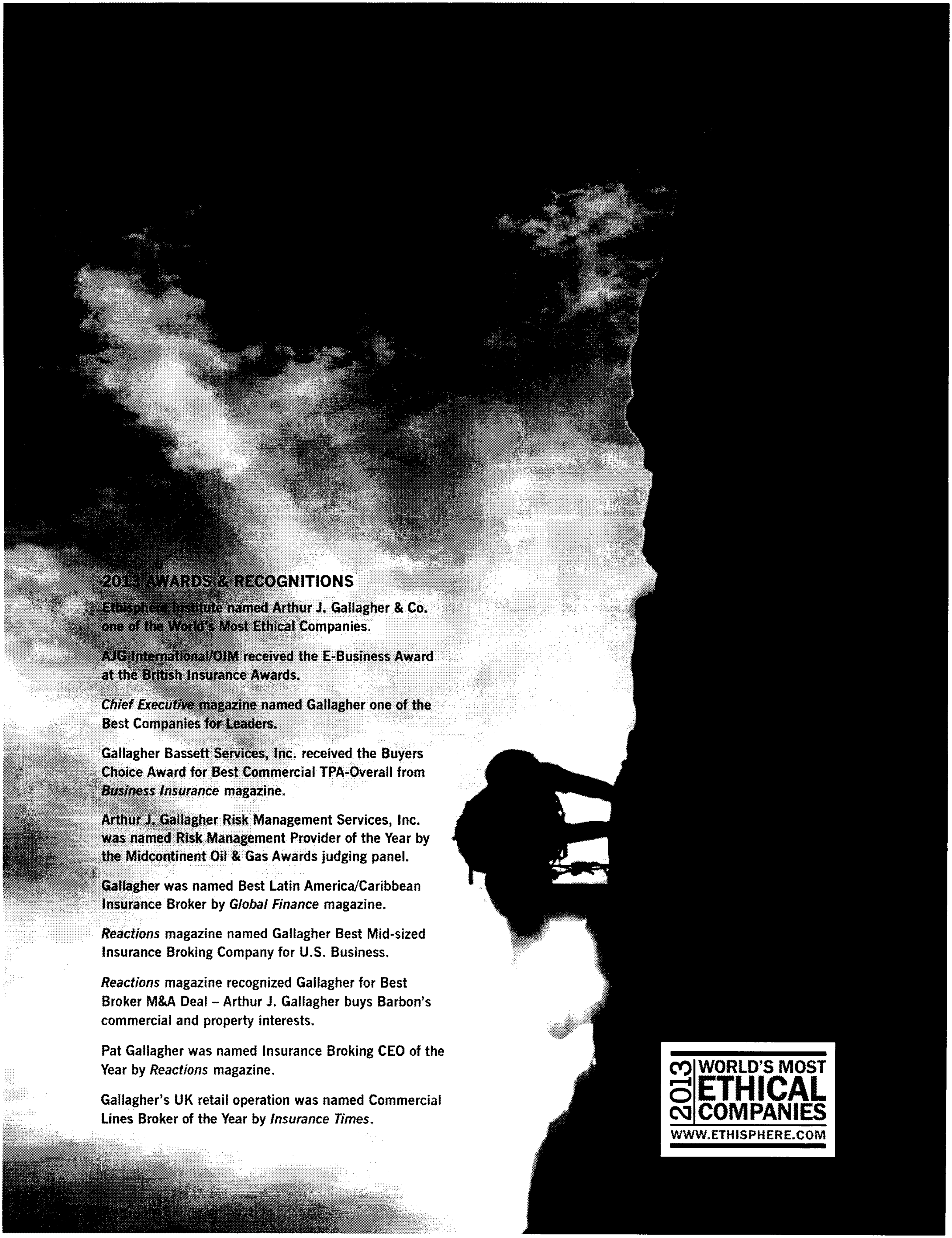


BROKERAGE & RISK MANAGEMENT EBITDAC[1]

(in millions)



(1) See "Non-GAAP Financial Measures" on the inside front cover



2013 AWARDS & RECOGNITIONS

Ethisphere Institute named Arthur J. Gallagher & Co. one of the World's Most Ethical Companies.

AJG International/OIM received the E-Business Award at the British Insurance Awards.

Chief Executive magazine named Gallagher one of the Best Companies for Leaders.

Gallagher Bassett Services, Inc. received the Buyers Choice Award for Best Commercial TPA-Overall from *Business Insurance* magazine.

Arthur J. Gallagher Risk Management Services, Inc. was named Risk Management Provider of the Year by the Midcontinent Oil & Gas Awards judging panel.

Gallagher was named Best Latin America/Caribbean Insurance Broker by *Global Finance* magazine.

Reactions magazine named Gallagher Best Mid-sized Insurance Broking Company for U.S. Business.

Reactions magazine recognized Gallagher for Best Broker M&A Deal – Arthur J. Gallagher buys Barbon's commercial and property interests.

Pat Gallagher was named Insurance Broking CEO of the Year by *Reactions* magazine.

Gallagher's UK retail operation was named Commercial Lines Broker of the Year by *Insurance Times*.

2013 WORLD'S MOST ETHICAL COMPANIES
WWW.ETHISPHERE.COM

Our Risk Management segment posted 9.3% growth in organic base fee revenue[1] in 2013 through strong new business production and high account retention. In June, we introduced a new reporting tool that offers clients advanced analytics and benchmarking capabilities to improve their program performance and drive down their risk costs. The increase we are seeing in claims management outsourcing opportunities with insurance companies and a solid new business pipeline also bode well for continued organic growth from this segment throughout 2014.

We focus on delivering responsive and effective products and services to clients of all sizes, whether their exposures are local, regional, national or global. Our objective is to help our clients overcome barriers that could hinder their success. Our sales and service professionals are aligned within highly specialized niche and industry practice groups to deliver the most effective client solutions within their respective areas of expertise. This enables us to assemble a team with the best combination of skills for any given client. Opportunities for cross-selling across and between divisions further strengthen client relationships and enable us to deliver added value.

MERGERS AND ACQUISITIONS

2013 was a great year for mergers and acquisitions. We acquired a record $384 million in annualized revenues across all of our operations. Our Brokerage segment completed 30 acquisitions with annualized revenues of nearly $370 million. Our Risk Management segment closed a claim portfolio transfer from a major insurance company in the fourth quarter and we will act as that company's preferred administrator for certain claims going forward.

Two of our acquisitions in 2013 were our largest ever. In August, we acquired Bollinger, Inc., with a team of more than 500 people operating out of eight offices, mostly in New Jersey and New York. In November, we acquired the Giles Group of Companies, which brought us more than 1,100 employees operating out of 43 offices in England, Scotland, Wales, Northern Ireland, Isle of Man and the Channel Islands. We are now well positioned among the five largest retail insurance brokers in the United Kingdom. Together we anticipate that these two organizations could generate more than $240 million in annual revenues. We have also seen significant M&A activity in the benefits area, in part due to the Affordable Care Act, as smaller brokers seek access to the greater array of capabilities and service options we can offer their clients.

During 2013 our workforce expanded by approximately 2,600 people, the vast majority of whom joined us through the merger and acquisition process. These new colleagues should contribute greatly to our continued growth and have further bolstered our capabilities across a broad range of disciplines, including real estate, nonprofits, affinity business, voluntary benefits, banking, public entities, sports organizations, country clubs, retirement and estate planning, transportation, renewable energy, fine arts, professional indemnity, marine, construction and personal lines.

We offer a welcoming culture and a team-oriented environment. As we enter 2014, our momentum is good and our acquisition pipeline remains full. We anticipate that 2014 will be another strong year for acquisitions.

PRODUCTIVITY AND QUALITY

We maintain an unwavering focus on improving productivity and enhancing quality. We are leveraging our sales, marketing and customer relationship management platform across our global organization. We have centralized client billing and consolidated regional accounting centers within our U.S. brokerage operations to shorten processing time and reduce costs. Through our service "centers of excellence," we have expedited client service while improving quality and enabling our branch offices around the world to concentrate on core activities. We continue to optimize our real estate footprint and find ways to offset normal inflation in our consumable expenses.

CULTURE

Arthur J. Gallagher & Co.'s strong and supportive culture was instilled in all of us by our namesake founder and has been nurtured from generation to generation. We are committed to retaining that culture, which we view as a strategic advantage, as we continue to grow our global enterprise.

Our team is client-focused, aggressive and competitive. Creativity is our hallmark. We look for the best solutions for each client's unique needs, even when it means doing something that has never been done before. We maintain a relentless focus on quality and on adhering to the highest levels of moral and ethical behavior. We support and promote the health and wellness of our employees and their families. And we strive to be good corporate citizens by supporting the communities in which we live and work, and preserving and protecting our environment.

(1) See "Non-GAAP Financial Measures" on the inside front cover.

MERGERS & ACQUISITIONS ANNOUNCED IN 2013

Advanced Benefit Advisors, Inc.

Barmore Insurance Agency, Inc.

Belmont International

Bergvall Marine A.S.

Bollinger, Inc.

Cleaveland Insurance Group, Inc.

Dickinson & Associates, Inc.

Employee Benefits Analysis Corporation

Haber & Fischman

G.S. Levine Insurance Services, Inc.

Garza Long Group, LLC

Giles Group of Companies

Longfellow Financial, LLC

McIntyre Risk Management, LLC

Metzler Bros. Insurance

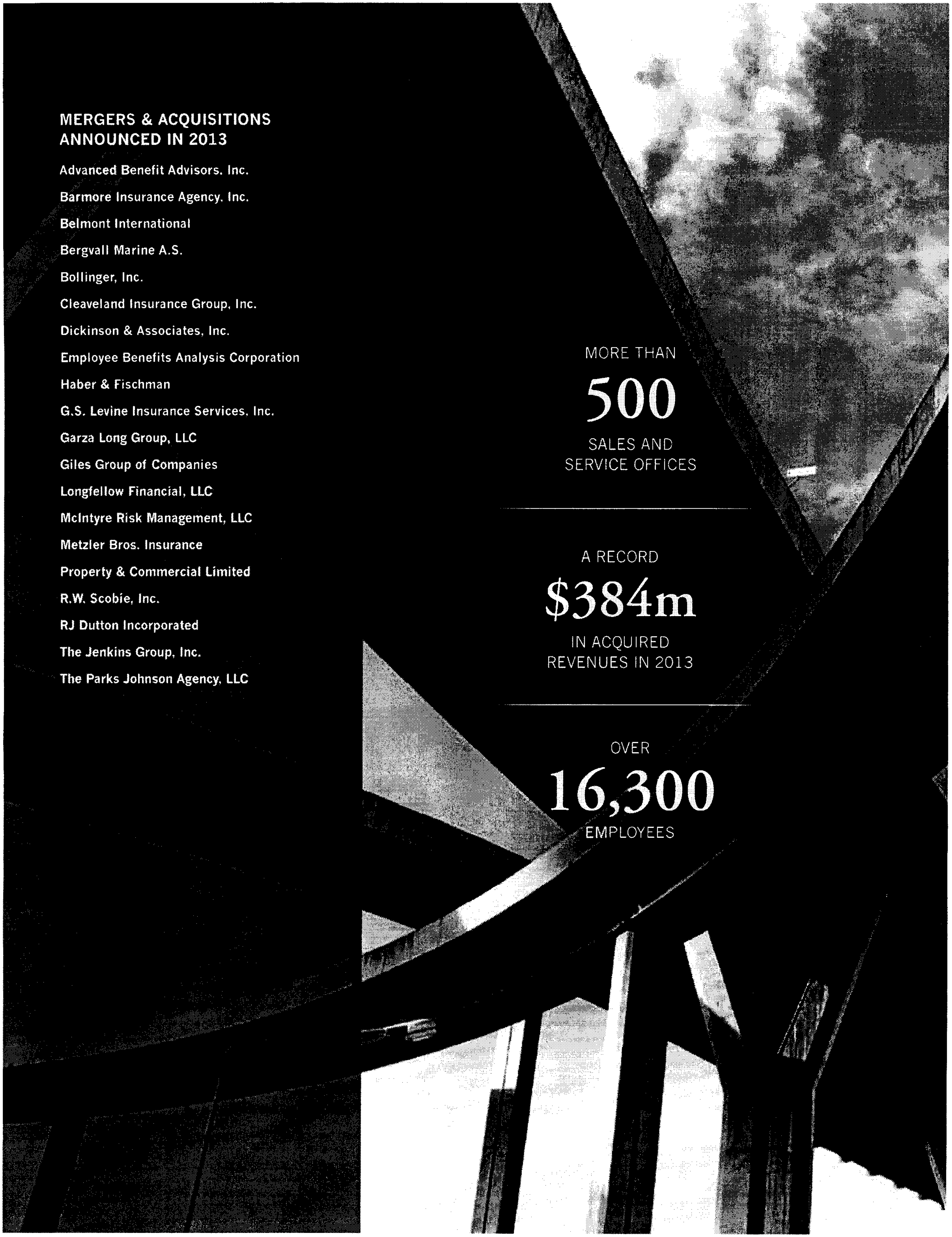
Property & Commercial Limited

R.W. Scobie, Inc.

RJ Dutton Incorporated

The Jenkins Group, Inc.

The Parks Johnson Agency, LLC



MORE THAN
500
SALES AND SERVICE OFFICES

A RECORD
$384m
IN ACQUIRED REVENUES IN 2013

OVER
16,300
EMPLOYEES

Finally, we were pleased to receive a number of awards in 2013 that recognize Gallagher's focused expertise, client responsiveness and ethical culture. Those awards include:

- For the second year in a row, Arthur J. Gallagher & Co. was the only insurance brokerage and claim-paying enterprise to be recognized by the Ethisphere Institute as one of the World's Most Ethical Companies.
- We were also recognized as one of the Best Companies for Leaders by *Chief Executive* magazine.
- Our risk management operation received the Buyers Choice Award for Best Commercial TPA–Overall by *Business Insurance* magazine.
- We were named Best Insurance Broker in Latin America by *Global Finance* magazine.
- Our domestic retail brokerage operation was recognized as the Best Mid-sized Insurance Broking Company for U.S. Business by *Reactions* magazine.
- Our UK retail brokerage operation was named Commercial Lines Broker of the Year by *Insurance Times* magazine.
- Our London-based international brokerage operations were awarded Insurance Broking Company of the Year and recognized for the Best Broker M&A Deal of the Year by *Reactions* magazine.

These awards and the many other group and individual recognitions received in 2013 serve as a tremendous source of pride for our team and speak to our rich culture and the exceptional strengths of our employees.

OTHER NEWS

In July 2013, we elected a new director, Sherry S. Barrat, who retired as Northern Trust Corporation's Vice Chairman in 2012. We welcome Sherry's extensive business, finance and leadership experience to your Board and we expect to benefit from her deep understanding of the financial services industry.

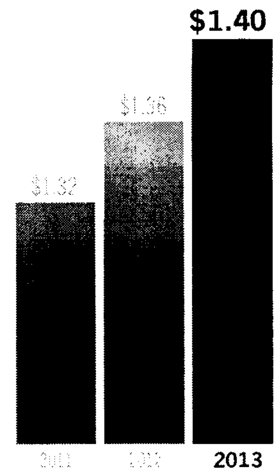
LOOKING AHEAD

We are very excited about our future. The moves that we made in 2013—including our acquisitions, organic hires, productivity and quality enhancements, and investments in technology—should position us well for continued growth. As we enter 2014, our culture is thriving, our people are energized and I truly believe that we are just getting started.

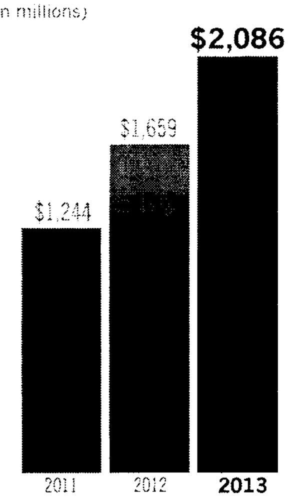
Sincerely,

J. PATRICK GALLAGHER, JR.
Chairman, President and CEO

DIVIDENDS DECLARED PER SHARE



TOTAL STOCKHOLDERS' EQUITY
(in millions)



ETHICS, ENVIRONMENT & OUR COMMUNITY

At Gallagher, we understand the importance of giving back to our communities. We are committed to promoting environmental, social and economic benefits in the communities in which we live and work.

We believe in running our business with integrity and strong values, and take pride in a culture that embodies both. That is why we recognize the thousands of hours of community service our employees undertake around the world every year. These charitable activities give testament to the compassion and generosity of our workforce, and the strength of our company culture.

The Gallagher culture empowers our employees to serve their communities by supporting their favorite charities and organizations. And, to assist in those efforts, The Gallagher Foundation, which we support, matches qualified employee donations of up to $1,000 per employee per year.

In 2013, The Gallagher Foundation also authorized a special match to aid victims of Typhoon Haiyan in the Philippines. The Foundation matched more than $25,000 of employee donations, with a total of nearly $55,000 going to various organizations supporting the recovery efforts.

NEARLY

$6 MILLION

CONTRIBUTIONS MATCHED 2009–2013

In addition to monetary donations, our employees around the world volunteer their time and efforts in support of a wide range of charitable activities, including:

- Schools, day care and after-school programs, ranging from teaching classes to tutoring to coaching to donating supplies and recreational equipment
- Habitat for Humanity and a broad range of other building and rebuilding projects to benefit individuals, families and entire communities
- Environmental cleanup, protection and preservation projects
- Food, clothing and gift drives to assist the disadvantaged
- Programs and activities to assist youth, the elderly, the sick and the physically or mentally impaired
- Servicemen and servicewomen
- Animal shelters and animal rescue programs.

Whether we are working to help our communities and the environment, or striving to always be an ethical company, Gallagher's employees are making a difference around the world. And those efforts are being recognized. We are very proud that, for the second year in a row, Gallagher was named one of the World's Most Ethical Companies in 2013 by the Ethisphere Institute.

NEARLY

$12 MILLION

2009–2013 TOTAL IMPACT

BEACH CLEANUP

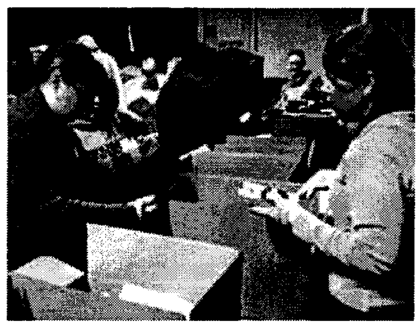
In September, the team at CGM Gallagher Insurance Brokers Jamaica Limited took part in the Jamaica Environment Trust's (JET) awareness, education and advocacy activities, as part of the 20th annual International Coastal Cleanup Day. The team participates annually in this worldwide event committed to the preservation of the environment.

THE STROKE ASSOCIATION

In April, Compliance Assistant Jessica Belfield-Waters of our London brokerage operations skydived to raise money for The Stroke Association. On a fortunately bright and sunny day, with the help of her coworkers, she raised nearly £960 to donate to this charity.

MAKING STRIDES

Each year, Nikki Woodard, Assistant Account Manager of our P/C Brokerage in Las Vegas, participates in a Making Strides Against Breast Cancer walk. For this year's walk, Nikki's children decorated her "Gallagher Gives" t-shirt with the names of loved ones that some of her coworkers had lost to breast cancer.



SECOND HARVEST

In June, members of our employee benefits team in Nashville volunteered at Second Harvest Food Bank of Middle Tennessee. The team stayed "cool" while they packaged nearly 20,000 pounds of frozen food to be sent out to those in need.

SPINAL CURE

In October, employees from our Sydney, Australia brokerage office held their first-ever charity golf day at the Killara Golf Club. The event raised $24,000 (AUD) for Spinal Cure Australia, the team's charity of choice for this year's tournament.

The Gallagher Way

As a global corporation, we pride ourselves on being a socially responsible company. We strive to make a positive impact in our communities and to society as a whole. We also believe that Gallagher offers a supportive and team-oriented culture in which employees can thrive. The key tenets of this culture were captured in a one-page document, *The Gallagher Way*, penned in 1984 by our former Chairman and CEO, Robert E. Gallagher.

Shared values at Arthur J. Gallagher & Co. are the rock foundation of the Company and our Culture. What is a Shared Value? These are concepts that the vast majority of the movers and shakers in the Company passionately adhere to. What are some of Arthur J. Gallagher & Co.'s Shared Values?

1. We are a Sales and Marketing Company dedicated to providing excellence in Risk Management Services to our clients.
2. We support one another. We believe in one another. We acknowledge and respect the ability of one another.
3. We push for professional excellence.
4. We can all improve and learn from one another.
5. There are no second-class citizens—everyone is important and everyone's job is important.
6. We're an open society.
7. Empathy for the other person is not a weakness.
8. Suspicion breeds more suspicion. To trust and be trusted is vital.
9. Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader.
10. Interpersonal business relationships should be built.
11. We all need one another. We are all cogs in a wheel.
12. No department or person is an island.
13. Professional courtesy is expected.
14. Never ask someone to do something you wouldn't do yourself.
15. I consider myself support for our Sales and Marketing. We can't make things happen without each other. We are a team.
16. Loyalty and respect are earned—not dictated.
17. Fear is a turnoff.
18. People skills are very important at Arthur J. Gallagher & Co.
19. We're a very competitive and aggressive Company.
20. We run to problems—not away from them.
21. We adhere to the highest standards of moral and ethical behavior.
22. People work harder and are more effective when they're turned on—not turned off.
23. We are a warm, close Company. This is a strength—not a weakness.
24. We must continue building a professional Company—together—as a team.
25. Shared values can be altered with circumstances—but carefully and with tact and consideration for one another's needs.

When accepted Shared Values are changed or challenged, the emotional impact and negative feelings can damage the Company.

– Robert E. Gallagher
May 1984

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2013

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission file number 1-09761

ARTHUR J. GALLAGHER & CO.

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
Two Pierce Place Itasca, Illinois (Address of principal executive offices)	60143-3141 (Zip Code)

Registrant's telephone number, including area code (630) 773-3800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No __.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No X.

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes __ No X.

The aggregate market value of the voting common equity held by non-affiliates of the registrant, computed by reference to the last reported price at which the registrant's common equity was sold on June 30, 2013 (the last day of the registrant's most recently completed second quarter) was $5,276,300,000.

The number of outstanding shares of the registrant's Common Stock, $1.00 par value, as of January 31, 2014 was 133,841,000.

Documents incorporated by reference:

Portions of Arthur J. Gallagher & Co.'s definitive 2014 Proxy Statement are incorporated by reference into this Form 10-K in response to Part III to the extent described herein.

Arthur J. Gallagher & Co.

Annual Report on Form 10-K

For the Fiscal Year Ended December 31, 2013

Index

Part I

Item 1. Business.

Overview

Arthur J. Gallagher & Co. and its subsidiaries, collectively referred to herein as we, our, us or Gallagher, are engaged in providing insurance brokerage and third-party claims settlement and administration services to entities in the United States (U.S.) and abroad. We believe that our major strength is our ability to deliver comprehensively structured insurance and risk management services to our clients. Our brokers, agents and administrators act as intermediaries between insurers and their customers and we do not assume underwriting risks.

Since our founding in 1927, we have grown from a one-person agency to the world's fourth largest insurance broker based on revenues, according to *Business Insurance* magazine's July 15, 2013 edition, and the world's largest property/casualty third-party claims administrator, according to *Business Insurance* magazine's April 22, 2013 edition. We have three reportable segments: brokerage, risk management and corporate, which contributed approximately 68%, 19% and 13%, respectively, to 2013 revenues We generate approximately 77% of our revenues from the combined brokerage and risk management segments domestically, with the remaining 23% derived primarily from operations in Australia, Bermuda, Canada, the Caribbean, Singapore, New Zealand and the U.K. Substantially all of the revenues of the corporate segment are generated in the United States.

Shares of our common stock are traded on the New York Stock Exchange under the symbol AJG, and we had a market capitalization at December 31, 2013 of approximately $6.3 billion. Information in this report is as of December 31, 2013 unless otherwise noted. We were reincorporated as a Delaware corporation in 1972. Our executive offices are located at Two Pierce Place, Itasca, Illinois 60143-3141, and our telephone number is (630) 773-3800.

Information Concerning Forward-Looking Statements

This report contains certain statements related to future results, or states our intentions, beliefs and expectations or predictions for the future, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations or forecasts of future events. Such statements use words such as "anticipate," "believe," "estimate," "expect," "contemplate," "forecast," "project," "intend," "plan," "potential," and other similar terms, and future or conditional tense verbs like "could," "may," "might," "see," "should," "will" and "would." You can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. For example, we may use forward-looking statements when addressing topics such as: market and industry conditions, including competitive and pricing trends; acquisition strategy; the expected impact of acquisitions and dispositions; the development and performance of our services and products; changes in the composition or level of our revenues or earnings; our cost structure and the outcome of cost-saving or restructuring initiatives; the outcome of contingencies; dividend policy; pension obligations; cash flow and liquidity; capital structure and financial losses; future actions by regulators; the impact of changes in accounting rules; financial markets; interest rates; foreign exchange rates; matters relating to our operations; income taxes; and expectations regarding our investments, including our clean energy investments. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from either historical or anticipated results depending on a variety of factors. Potential factors that could impact results include:

- Volatility or declines in premiums or other adverse trends in the insurance industry;
- An economic downturn, including one caused by a U.S. government shutdown and potential default, as well as uncertainty regarding the European debt situation and market perceptions concerning the instability of the Euro;
- Competitive pressures in each of our businesses;
- Risks that could negatively affect the success of our acquisition strategy, including continuing consolidation in our industry and growing interest in acquiring insurance brokers on the part of private equity firms, which could make it more difficult to identify targets and could make them more expensive, execution risks, integration risks, the risk of post-acquisition deterioration leading to intangible asset impairment charges, and the risk we could incur or assume unanticipated regulatory liabilities such as those relating to violations of anti-corruption and sanctions laws;
- Our failure to attract and retain experienced and qualified personnel;
- Risks arising from our growing international operations, including the risks posed by political and economic uncertainty in certain countries, risks related to maintaining regulatory and legal compliance across multiple jurisdictions (such as those relating to violations of anti-corruption, sanctions and privacy laws), and risks arising from the complexity of managing businesses across different time zones, geographies, cultures and legal regimes;
- Risks particular to our risk management segment;
- The lower level of predictability inherent in contingent and supplemental commissions versus standard commissions;
- Sustained increases in the cost of employee benefits;
- Our failure to apply technology effectively in driving value for our clients through technology-based solutions, or our failure to gain internal efficiencies and effective internal controls through the application of technology and related tools;

- Our inability to recover successfully should we experience a disaster, material cybersecurity attack or other significant disruption to business continuity;
- Our failure to comply with regulatory requirements, including those related to international sanctions, or a change in regulations or enforcement policies that adversely affects our operations;
- Violations or alleged violations of the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act 2010 (U.K. Bribery Act) or other anti-corruption laws;
- Our failure to adapt our services to changes resulting from the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act (2010 Health Care Reform Legislation);
- Unfavorable determinations related to contingencies and legal proceedings;
- Damage to our reputation if clients are not satisfied with our services;
- Improper disclosure of personal data;
- Significant changes in foreign exchange rates;
- Changes in our accounting estimates and assumptions;
- Risks related to our clean energy investments, including the risk of environmental and product liability claims and environmental compliance costs;
- Disallowance of Internal Revenue Code of 1986, as amended (which we refer to as IRC) Section 29 or IRC Section 45 tax credits;
- Risks related to losses on other investments held by our corporate segment;
- Restrictions and limitations in the agreements and instruments governing our debt;
- The risk of share ownership dilution when we issue common stock as consideration for acquisitions; and
- Volatility of the price of our common stock.

Any or all of our forward-looking statements may turn out to be inaccurate, and there are no guarantees about our performance. The factors identified above are not exhaustive. Gallagher and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, readers should not place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except as required by law, we expressly disclaim any obligation to update or alter any forward-looking statement that we may make from time to time, whether as a result of new information, future events or otherwise. Further information about factors that could materially affect Gallagher, including our results of operations and financial condition, is contained in the "Risk Factors" section in Part I, Item 1A of this report.

Operating Segments

We report our results in three segments: brokerage, risk management and corporate. The major sources of our operating revenues are commissions, fees and supplemental and contingent commissions from brokerage operations and fees from risk management operations. Information with respect to all sources of revenue, by segment, for each of the three years in the period ended December 31, 2013, is as follows (in millions):

	2013		2012		2011	
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Brokerage						
Commissions	$ 1,553.1	49%	$ 1,302.5	52%	$ 1,127.4	53%
Fees	450.5	15%	403.2	16%	324.1	15%
Supplemental commissions	77.3	2%	67.9	3%	56.0	3%
Contingent commissions	52.1	2%	42.9	2%	38.1	2%
Investment income and other	11.3	-%	11.1	-%	10.9	-%
	2,144.3	68%	1,827.6	73%	1,556.5	73%
Risk Management						
Fees	609.0	19%	568.5	22%	546.1	26%
Investment income	2.0	-%	3.2	-%	2.7	-%
	611.0	19%	571.7	22%	548.8	26%
Corporate						
Clean energy and other investment income	424.3	13%	121.0	5%	29.4	1%
Total revenues	$ 3,179.6	100%	$ 2,520.3	100%	$ 2,134.7	100%

See Note 17 to our 2013 consolidated financial statements for additional financial information, including earnings before income taxes and identifiable assets by segment for 2013, 2012 and 2011.

Our business, particularly our brokerage business, is subject to seasonal fluctuations. Commission and fee revenues, and the related brokerage and marketing expenses, can vary from quarter to quarter as a result of the timing of policy inception dates and the timing of receipt of information from insurance carriers. On the other the hand, salaries and employee benefits, rent, depreciation and amortization expenses generally tend to be more uniform throughout the year. The timing of acquisitions, recognition of books of business gains and losses and the variability in the recognition of IRC Section 45 tax credits also impact the trends in our quarterly operating results. See Note 16 to our 2013 consolidated financial statements for unaudited quarterly operating results for 2013 and 2012.

Brokerage Segment

The brokerage segment accounted for 68% of our revenues in 2013. Our brokerage segment is primarily comprised of retail and wholesale insurance brokerage operations. Our retail brokerage operations negotiate and place property/casualty, employer-provided health and welfare insurance, and healthcare exchange and retirement solutions principally for middle-market commercial, industrial, public entity, religious and not-for-profit entities. Many of our retail brokerage customers choose to place their insurance with insurance underwriters, while others choose to use alternative vehicles such as self-insurance pools, risk retention groups or captive insurance companies. Our wholesale brokerage operations assist our brokers and other unaffiliated brokers and agents in the placement of specialized, unique and hard-to-place insurance programs.

Our primary sources of compensation for our retail brokerage services are commissions paid by insurance carriers, which are usually based upon either a percentage of the premium paid by insureds or brokerage and advisory fees paid directly by our clients. For wholesale brokerage services, we generally receive a share of the commission paid to the retail broker by the insurer. Commission rates depend on a number of factors, including the type of insurance, the particular insurance company underwriting the policy and whether we act as a retail or wholesale broker. Advisory fees paid to us by our clients depend on the extent and value of the services we provide. In addition, under certain circumstances, we receive supplemental and contingent commissions for both retail and wholesale brokerage services. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid. The insurance carrier determines the supplemental commission that is eligible to be paid annually based on historical performance criteria in advance of the contractual period. A contingent commission is a commission paid by an insurance carrier based on the overall profit and/or the overall volume of business placed with that insurance carrier during a particular calendar year and is determined after the contractual period.

We operate our brokerage operations through a network of more than 400 sales and service offices located throughout the U.S. and in 22 other countries. Most of these offices are fully staffed with sales and service personnel. In addition, we offer client-service capabilities in more than 140 countries around the world through a network of correspondent brokers and consultants.

Retail Insurance Brokerage Operations

Our retail insurance brokerage operations accounted for 82% of our brokerage segment revenues in 2013. Our retail brokerage operations place nearly all lines of commercial property/casualty and health and welfare insurance coverage. Significant lines of insurance coverage and consultant capabilities are as follows:

401(k) Solutions	Dental	Fire	Products Liability
403(b) Solutions	Directors & Officers Liability	General Liability	Professional Liability
Aviation	Disability	Life	Property
Casualty	Earthquake	Marine	Wind
Commercial Auto	Errors & Omissions	Medical	Workers Compensation

Our retail brokerage operations are organized in more than 440 geographical profit centers primarily located in the U.S., Australia, Canada, the Caribbean and the U.K. and operate within certain key niche/practice groups, which account for approximately 62% of our retail brokerage revenues. These specialized teams target areas of business and/or industries in which we have developed a depth of expertise and a large client base. Significant niche/practice groups we serve are as follows:

Agribusiness	Global Risks	Life Science	Religious/Not-for-Profit
Automotive	Health and Welfare	Marine	Restaurant
Aviation & Aerospace	Healthcare	Manufacturing	Retirement
Construction	Healthcare Analytics	Personal	Scholastic
Energy	Higher Education	Private Equity	Technology/Telecom
Entertainment	Hospitality	Professional Groups	Transportation
Environmental	Human Resources	Public Entity	Voluntary Benefits
Executive Benefits	International Benefits	Real Estate	

Our specialized focus on these niche/practice groups allows for highly-focused marketing efforts and facilitates the development of value-added products and services specific to those industries or business segments. We believe that our detailed understanding and broad client contacts within these niche/practice groups provide us with a competitive advantage.

We anticipate that our retail brokerage operations' greatest revenue growth over the next several years will continue to come from:

- Mergers and acquisitions;
- Our niche/practice groups and middle-market accounts;
- Cross-selling other brokerage products to existing customers; and
- Developing and managing alternative market mechanisms such as captives, rent-a-captives and deductible plans/self-insurance.

Wholesale Insurance Brokerage Operations

Our wholesale insurance brokerage operations accounted for 18% of our brokerage segment revenues in 2013. Our wholesale brokers assist our retail brokers and other non-affiliated brokers in the placement of specialized and hard-to-place insurance. These brokers operate through more than 65 geographical profit centers located across the U.S., Bermuda and through our approved Lloyd's of London brokerage operation. In certain cases, we act as a brokerage wholesaler and, in other cases, we act as a managing general agent or managing general underwriter distributing specialized insurance coverages for insurance carriers. Managing general agents and managing general underwriters are agents authorized by an insurance company to manage all or a part of the insurer's business in a specific geographic territory. Activities they perform on behalf of the insurer may include marketing, underwriting (although we do not assume any underwriting risk), issuing policies, collecting premiums, appointing and supervising other agents, paying claims and negotiating reinsurance.

More than 75% of our wholesale brokerage revenues come from non-affiliated brokerage customers. Based on revenues, our domestic wholesale brokerage operation ranked as the largest domestic managing general agent/underwriting manager according to *Business Insurance* magazine's September 23, 2013 edition.

We anticipate growing our wholesale brokerage operations by increasing the number of broker-clients, developing new managing general agency and underwriter programs, and through mergers and acquisitions.

Risk Management Segment

Our risk management segment accounted for 19% of our revenues in 2013. Our risk management segment provides contract claim settlement and administration services for enterprises that choose to self-insure some or all of their property/casualty coverages and for insurance companies that choose to outsource some or all of their property/casualty claims departments. Approximately 68% of our risk management segment's revenues are from workers compensation related claims, 28% are from general and commercial auto liability related claims and 4% are from property related claims. In addition, we generate revenues from integrated disability management (employee absence management) programs, information services, risk control consulting (loss control) services and appraisal services, either individually or in combination with arising claims. Revenues for risk management services are comprised of fees generally negotiated in advance on a per-claim or per-service basis, depending upon the type and estimated volume of the services to be performed.

Risk management services are primarily marketed directly to Fortune 1000 companies, larger middle-market companies, not-for-profit organizations and public entities on an independent basis from our brokerage operations. We manage our third-party claims adjusting operations through a network of more than 100 offices located throughout the U.S., Australia, Canada, New Zealand and the U.K. Most of these offices are fully staffed with claims adjusters and other service personnel. Our adjusters and service personnel act solely on behalf and under the instruction of our clients and customers.

While this segment complements our insurance brokerage offerings, more than 90% of our risk management segment's revenues come from non-affiliated brokerage customers, such as insurance companies and clients of other insurance brokers. Based on revenues, our risk management operation ranked as the world's largest property/casualty third party claims administrator according to *Business Insurance* magazine's April 22, 2013 edition.

We expect that the risk management segment's most significant growth prospects through the next several years will come from:

- Increased levels of business with Fortune 1000 companies;
- Larger middle-market companies, captives;
- Program business and the outsourcing of insurance company claims departments; and
- Mergers and acquisitions.

Corporate Segment

The corporate segment accounted for 13% of our revenues in 2013. The corporate segment reports the financial information related to our debt, clean energy investments, external acquisition-related expenses and other corporate costs. The revenues reported by this segment in 2013 resulted primarily from our consolidation of refined fuel operations that we control and own more than 50% of and from leased facilities we operate and control. At December 31, 2013, significant investments managed by this segment include:

Clean Coal Related Ventures
We have a 46.54% interest in Chem-Mod LLC, a privately-held enterprise (Chem-Mod) that has commercialized multi-pollutant reduction technologies to reduce mercury, sulfur dioxide and other emissions at coal-fired power plants. We also have an 8.0% interest in a privately-held start-up enterprise (C-Quest Technology LLC), which owns technologies that reduce carbon dioxide emissions created by burning fossil fuels.

Tax-Advantaged Investments
Prior to January 1, 2008, we owned certain partnerships formed to develop energy that qualified for tax credits under the former IRC Section 29. These consisted of waste-to-energy and synthetic coal operations. These investments helped to substantially reduce our effective income tax rate from 2002 through 2007. The law that permitted us to claim IRC Section 29 tax credits expired on December 31, 2007. In 2009 and 2011, we built a total of 29 commercial clean coal production plants to produce refined coal using Chem-Mod's proprietary technologies and in 2013, we purchased 99% interests in five commercial clean coal production plants. We believe these operations produce refined coal that qualifies for tax credits under IRC Section 45. The law that provides for IRC Section 45 tax credits substantially expires in December 2019 for the fourteen plants we built and placed in service in 2009 (2009 Era Plants) and in December 2021 for the fifteen plants we built and placed in service in 2011, plus the five plants we purchased interests in that were placed in service in 2011 (2011 Era Plants).

International Operations

Our total revenues by geographic area for each of the three years in the period ended December 31, 2013 were as follows (in millions):

	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Brokerage and risk management segments						
United States	$ 2,118.3	77%	$ 1,885.1	79%	$ 1,695.7	81%
United Kingdom	434.4	16%	352.3	14%	260.5	12%
Other foreign, principally Australia, Bermuda and Canada	202.6	7%	161.9	7%	149.1	7%
Total brokerage and risk management	2,755.3	100%	2,399.3	100%	2,105.3	100%
Corporate segment, substantially all United States	424.3		121.0		29.4	
Total revenues	$ 3,179.6		$ 2,520.3		$ 2,134.7	

See Notes 5, 14 and 17 to our 2013 consolidated financial statements for additional financial information related to our foreign operations, including goodwill allocation, earnings before income taxes and identifiable assets, by segment, for 2013, 2012 and 2011.

Brokerage Operations in Australia, Bermuda, Canada, the Caribbean and the U.K.
The majority of our international brokerage operations are in Australia, Bermuda, Canada, the Caribbean and the U.K.

We operate in Australia, the Caribbean and Canada primarily as a retail commercial property and casualty broker. In the U.K., we have a retail brokerage presence in more than 60 locations across the U.K. targeting small to medium enterprise risks; an underwriting operation for clients to access the Lloyd's of London and other international insurance markets, and a program operation offering customized risk management products and services to U.K. public entities. In Bermuda, we act principally as a wholesaler for clients looking to access the Bermuda insurance markets and also provide services relating to the formation and management of offshore captive insurance companies.

We also have ownership interests in two Bermuda-based insurance companies and a Guernsey-based insurance company that operate segregated account "rent-a-captive" facilities. These facilities enable clients to receive the benefits of owning a captive insurance company without incurring certain disadvantages of ownership. Captive insurance companies are created for clients to insure their risks and capture underwriting profit and investment income, which is then available for use by the insureds generally for reducing future costs of their insurance programs.

We also have strategic brokerage alliances with a variety of international brokers in countries where we do not have a local office presence. Through a network of correspondent insurance brokers and consultants in more than 140 countries, we are able to fully serve our clients' coverage and service needs in virtually any geographic area.

Risk Management Operations in Australia, Canada, New Zealand and the U.K.
Our international risk management operations are principally in Australia, Canada, New Zealand and the U.K. Services are similar to those provided in the U.S. and are provided primarily on behalf of commercial and public entity clients.

Markets and Marketing

We manage our brokerage operations through a network of more than 400 sales and service offices located throughout the U.S. and in 22 other countries. We manage our third-party claims adjusting operations through a network of approximately 100 offices located throughout the U.S., Australia, Canada, New Zealand and the U.K. Our customer base is highly diversified and includes commercial, industrial, public entity, religious and not-for-profit entities. No material part of our business depends upon a single customer or on a few customers. The loss of any one customer would not have a material adverse effect on our operations. In 2013, our largest single customer accounted for approximately 1% of our revenues from the combined brokerage and risk management segments and our ten largest customers represented 6% of our revenues from the combined brokerage and risk management segments in the aggregate. Our revenues are geographically diversified, with both domestic and international operations.

Each of our retail and wholesale brokerage operations has a small market-share position and, as a result, we believe has substantial organic growth potential. In addition, each of our retail and wholesale brokerage operations has the ability to grow through the acquisition of small- to medium-sized independent brokerages. See "Business Combinations" below.

While historically we have generally grown our risk management segment organically, and we expect to continue to do so, from time to time we consider acquisitions for this segment.

We require our employees serving in sales or marketing capacities, plus all of our executive officers, to enter into agreements with us restricting disclosure of confidential information and solicitation of our clients and prospects upon their termination of employment. The confidentiality and non-solicitation provisions of such agreements terminate in the event of a hostile change in control, as defined in the agreements.

Competition

Brokerage Segment
According to *Business Insurance* magazine's July 15, 2013 edition, we were the fourth largest insurance broker worldwide based on total revenues. The insurance brokerage and service business is highly competitive and there are many insurance brokerage and service organizations and individuals throughout the world who actively compete with us in every area of our business.

Our retail and wholesale brokerage operations compete with Aon plc, Marsh & McLennan Companies, Inc. and Willis Group Holdings, Ltd., each of which has greater worldwide revenues than us. In addition, various other competing firms, such as Jardine Lloyd Thomson Group plc, Wells Fargo Insurance Services, Inc., Brown & Brown Inc., Hub International Ltd., Lockton Companies, Inc. and USI Holdings Corporation, operate nationally or are strong in a particular region or locality and may have, in that region or locality, an office with revenues as large as or larger than those of our corresponding local office. We believe that the primary factors determining our competitive position with other organizations in our industry are the quality of the services we render and the overall costs to our clients. In addition, for health/welfare products and benefit consultant services, we compete with larger firms such as Aon Hewitt, Mercer (a subsidiary of Marsh & McLennan Companies, Inc.), Towers Watson & Co., mid-market firms such as Lockton, USI Holdings, and Wells Fargo and the benefits consulting divisions of the national public accounting firms, as well as a vast number of local and regional brokerages and agencies.

Our wholesale brokerage operations compete with large wholesalers such as CRC Insurance Services, Inc., RT Specialty, AmWINS Group, Inc., Swett & Crawford Group, Inc., as well as a vast number of local and regional wholesalers.

We also compete with certain insurance companies that write insurance directly for their customers. Government benefits relating to health, disability, and retirement are also alternatives to private insurance and indirectly compete with us.

Risk Management Segment
Our risk management operation currently ranks as the world's largest property/casualty third party claims administrator based on revenues, according to *Business Insurance* magazine's April 22, 2013 edition. While many global and regional claims administrators operate within this space, we compete directly with Sedgwick Claims Management Services, Inc., Broadspire Services, Inc. (a subsidiary of Crawford & Company) and ESIS (a subsidiary of ACE Limited). Several large insurance companies, such as AIG Insurance and Zurich Insurance, also maintain their own claims administration units, which can be strong competitors. In addition, we compete with various smaller third party claims administrators on a regional level. We believe that our competitive position is due to our strong reputation for outstanding service and our ability to resolve customers' losses in the most cost-efficient manner possible.

Regulation

We are required to be licensed or receive regulatory approval in nearly every state and foreign jurisdiction in which we do business. In addition, most jurisdictions require individuals who engage in brokerage, claim adjusting and certain other insurance service activities be personally licensed. These licensing laws and regulations vary from jurisdiction to jurisdiction. In most jurisdictions, licensing laws and regulations generally grant broad discretion to supervisory authorities to adopt and amend regulations and to supervise regulated activities.

Business Combinations

We completed and integrated 279 acquisitions from January 1, 2002 through December 31, 2013, almost exclusively within our brokerage segment. The majority of these acquisitions have been smaller regional or local property/casualty retail or wholesale operations with a strong middle-market client focus or significant expertise in one of our focus market areas. Over the last decade, we have also increased our acquisition activity in the retail employee benefits brokerage and wholesale brokerage areas. The total purchase price for individual acquisitions have typically ranged from $1 million to $50 million, although in 2013 we completed two large acquisitions with total purchase price consideration that was in excess of $300.0 million each.

Through acquisitions, we seek to expand our talent pool, enhance our geographic presence and service capabilities, and/or broaden and further diversify our business mix. We also focus on identifying:

- A corporate culture that matches our sales-oriented culture;
- A profitable, growing business whose ability to compete would be enhanced by gaining access to our greater resources; and
- Clearly defined financial criteria.

See Note 3 to our 2013 consolidated financial statements for a summary of our 2013 acquisitions, the amount and form of the consideration paid and the dates of acquisition.

Employees

As of December 31, 2013, we had approximately 16,400 employees. We continuously review benefits and other matters of interest to our employees and consider our relations with our employees to be satisfactory.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge on our website at www.ajg.com as soon as reasonably practicable after electronically filing or furnishing such material to the Securities and Exchange Commission. Such reports may also be read and copied at the Securities and Exchange Commission's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Information regarding the operation of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at (800) SEC-0330. The Securities and Exchange Commission also maintains a website (www.sec.gov) that includes our reports, proxy statements and other information.

Item 1A. Risk Factors.

Risks Relating to our Business Generally

An economic downturn, as well as uncertainty regarding the European debt crisis and market perceptions concerning the instability of the Euro, could adversely affect our results of operations and financial condition.

An overall decline in economic activity could adversely impact us in future years as a result of reductions in the overall amount of insurance coverage that our clients purchase due to reductions in their headcount, payroll, properties, and the market values of assets, among other factors. Such reductions could also adversely impact future commission revenues when the carriers perform exposure audits if they lead to subsequent downward premium adjustments. We record the income effects of subsequent premium adjustments when the adjustments become known and, as a result, any improvement in our results of operations and financial condition may lag an improvement in the economy. In addition, some of our clients may cease operations completely in the event of a prolonged deterioration in the economy, or be acquired by other companies, which would have an adverse effect on our results of operations and financial condition.

We also have a significant amount of trade accounts receivable from some of the insurance companies with which we place insurance. If those insurance companies experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us, which could have a significant adverse impact on our consolidated financial condition and results of operations. In addition, if a significant insurer fails or withdraws from writing certain insurance coverages that we offer our clients, overall capacity in the industry could be negatively affected, which could reduce our placement of certain lines and types of insurance and, as a result, reduce our revenues and profitability. The failure of an insurer with whom we place business could also result in errors and omissions claims against us by our clients, which could adversely affect our results of operations and financial condition.

Despite a recent agreement by European Union officials on a system to wind down failed banks, continued concerns regarding the ability of certain European countries to service their outstanding debt have given rise to instability in the global credit and financial markets. A potential consequence may be stagnant growth, or even recession, in the Eurozone economies and beyond, which could adversely affect our results of operations. The market instability caused by the Eurozone debt crisis has led to questions regarding the future viability of the Euro as a single currency for the region. The dissolution of the Euro (in the extreme case) could lead to further contraction in the Eurozone economies, adversely affecting our results of operations. In addition, the value of our assets held in the Eurozone, including cash holdings, would decline if currencies in the region were devalued.

Volatility or declines in premiums or other adverse trends in the insurance industry may seriously undermine our profitability.

We derive much of our revenue from commissions and fees for our brokerage services. We do not determine the insurance premiums on which our commissions are generally based. Moreover, insurance premiums are cyclical in nature and may vary widely based on market conditions. For example, after three years of a "hard" market that began in late 2000 and was strengthened by the events of September 11th, 2001, in which premium rates were stable or increasing, in late 2003 the market experienced the return of flat or reduced premium rates (a "soft" market) in many lines and geographic areas. This put downward pressure on our commission revenues. In 2012 and 2013, the market began "firming" (as opposed to traditional "hardening") across many lines and geographic areas. In this environment, rates increased at a moderate pace, clients could still obtain coverage, businesses continued to stay in standard-line markets and there was adequate capacity in the market. It is not clear whether this firming is sustainable given the uncertainty of the current economic environment. Because of these market cycles for insurance product pricing, which we cannot predict or control, our brokerage revenues and profitability can be volatile or remain depressed for significant periods of time.

As traditional risk-bearing insurance companies continue to outsource the production of premium revenue to non-affiliated brokers or agents such as us, those insurance companies may seek to further minimize their expenses by reducing the commission rates payable to insurance agents or brokers. The reduction of these commission rates, along with general volatility and/or declines in premiums, may significantly affect our profitability. Because we do not determine the timing or extent of premium pricing changes, we cannot accurately forecast our commission revenues, including whether they will significantly decline. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in revenues, and any decreases in premium rates may adversely affect the results of our operations.

In addition, there have been and may continue to be various trends in the insurance industry toward alternative insurance markets including, among other things, greater levels of self-insurance, captives, rent-a-captives, risk retention groups and non-insurance capital markets-based solutions to traditional insurance. While, historically, we have been able to participate in certain of these activities on behalf of our customers and obtain fee revenue for such services, there can be no assurance that we will realize revenues and profitability as favorable as those realized from our traditional brokerage activities. Our ability to generate premium-based commission revenue may also be challenged by the growing desire of some clients to compensate brokers based upon flat fees rather than variable commission rates. This could negatively impact us because fees are generally not indexed for inflation and do not automatically increase with premium as does commission-based compensation.

We face significant competitive pressures in each of our businesses.

The insurance brokerage and service business is highly competitive and many insurance brokerage and service organizations, as well as individuals, actively compete with us in one or more areas of our business around the world. We compete with three firms in the global risk management and brokerage markets that have revenues significantly larger than ours. In addition, various other competing firms that operate nationally or that are strong in a particular country, region or locality may have, in that country, region or locality, an office with revenues as large as or larger than those of our corresponding local office. Our risk management operation also faces significant competition from stand-alone firms as well as divisions of larger firms.

We believe that the primary factors in determining our competitive position with other organizations in our industry are the quality of the services rendered and the overall costs to our clients. Losing business to competitors offering similar products at lower prices or having other competitive advantages would adversely affect our business.

In addition, any increase in competition due to new legislative or industry developments could adversely affect us. These developments include:

- Increased capital-raising by insurance underwriting companies, which could result in new capital in the industry, which in turn may lead to lower insurance premiums and commissions;
- Insurance companies selling insurance directly to insureds without the involvement of a broker or other intermediary;

- Changes in our business compensation model as a result of regulatory developments (for example, the 2010 Health Care Reform Legislation);
- Federal and state governments establishing programs to provide health insurance or, in certain cases, property insurance in catastrophe-prone areas or other alternative market types of coverage, that compete with, or completely replace, insurance products offered by insurance carriers; and
- Increased competition from new market participants such as banks, accounting firms and consulting firms offering risk management or insurance brokerage services.

New competition as a result of these or other competitive or industry developments could cause the demand for our products and services to decrease, which could in turn adversely affect our results of operations and financial condition.

We have historically acquired large numbers of insurance brokers, benefits consulting firms and risk management firms. We may not be able to continue such an acquisition strategy in the future and there are risks associated with such acquisitions, which could adversely affect our growth and results of operations.

Historically, we have acquired large numbers of insurance brokers, benefits consulting firms and risk management firms. Our acquisition program has been an important part of our historical growth and we believe that similar acquisition activity will be important to maintaining comparable growth in the future. Failure to successfully identify and complete acquisitions likely would result in us achieving slower growth. Continuing consolidation in our industry and growing interest in acquiring insurance brokers on the part of private equity firms and private equity-backed consolidators could make it more difficult for us to identify appropriate targets and could make them more expensive. Even if we are able to identify appropriate acquisition targets, we may not be able to execute transactions on favorable terms or integrate targets in a manner that allows us to realize the benefits we have historically experienced from acquisitions. Our ability to finance and integrate acquisitions may also decrease if we complete a greater number of large acquisitions than we have historically.

Post-acquisition risks include those relating to retention of personnel, entry into unfamiliar markets, unanticipated contingencies or liabilities (such as violations of sanctions laws or anti-corruption laws including the FCPA and U.K. Bribery Act) tax and accounting issues, and integration difficulties, relating to accounting, information technology, human resources, or organizational culture and fit, some or all of which could have an adverse effect on our results of operations and growth. Post-acquisition deterioration of targets could also result in lower or negative earnings contribution and/or goodwill impairment charges.

We own interests in firms where we do not exercise management control (such as Casanueva Perez S.A.P. de C.V. (Grupo CP) in Mexico) and are therefore unable to direct or manage the business to realize the anticipated benefits, including mitigation of risks, that could be achieved through full integration.

Our future success depends, in part, on our ability to attract and retain experienced and qualified personnel.

We believe that our future success depends, in part, on our ability to attract and retain experienced personnel, including our senior management, brokers and other key personnel. In addition, we could be adversely affected if we fail to adequately plan for the succession of members of our senior management team. The insurance brokerage industry has experienced intense competition for the services of leading brokers, and we have lost key brokers to competitors in the past. The loss of our chief executive officer or any of our other senior managers, brokers or other key personnel (including the key personnel that manage our interests in our IRC Section 45 investments), or our inability to identify, recruit and retain such personnel, could materially and adversely affect our business, operating results and financial condition.

Our growing international operations expose us to risks different than those we face in the U.S.

We conduct a growing portion of our operations outside the U.S., including in countries where the risk of political and economic uncertainty is relatively greater than that present in the U.S. and more stable countries. Adverse geopolitical or economic conditions may temporarily or permanently disrupt our operations in these countries. For example, we have operations in India to provide certain back-office services. To date, the dispute between India and Pakistan involving the Kashmir region, incidents of terrorism in India and general geopolitical uncertainties have not adversely affected our operations in India. However, such factors could potentially affect our operations there in the future. Should our access to these services be disrupted, our business, operating results and financial condition could be adversely affected.

Operating outside the U.S. may also present other risks that are different from, or greater than, the risks we face doing comparable business in the U.S. These include, among others, risks relating to:

- Maintaining awareness of and complying with a wide variety of labor practices and foreign laws, including those relating to export and import duties, environmental policies and privacy issues, as well as laws and regulations applicable to U.S. business operations abroad. These include rules relating to trade sanctions administered by the U.S. Office of Foreign Assets Control, the European Union and the United Nations, trade sanction laws such as the Iran Threat Reduction and Syria Human Rights Act of 2012, the requirements of the FCPA and other anti-bribery and corruption rules and requirements in the countries in which we operate (such as the U.K. Bribery Act), as well as unexpected changes in such regulatory requirements and laws;

- Difficulties in staffing and managing foreign operations;
- Less flexible employee relationships, which may limit our ability to prohibit employees from competing with us after their employment, and may make it more difficult and expensive to terminate their employment;
- Political and economic instability (including the potential dissolution of the Euro, acts of terrorism and outbreaks of war);
- Coordinating our communications and logistics across geographic distances and multiple time zones, including during times of crisis management;
- Adverse trade policies, and adverse changes to any of the policies of the U.S. or any of the foreign jurisdictions in which we operate;
- Adverse changes in tax rates or discriminatory or confiscatory taxation in foreign jurisdictions;
- Legal or political constraints on our ability to maintain or increase prices;
- Cash balances held in foreign banks and institutions where governments have not specifically enacted formal guarantee programs; and
- Governmental restrictions on the transfer of funds to us from our operations outside the U.S.

If any of these developments occur, our results of operations and financial condition could be adversely affected.

We face a variety of risks in our risk management operations that are distinct from those we face in our brokerage operations.

Our risk management operations face a variety of risks distinct from those faced by our brokerage operations, including the risk that:

- The favorable trend among both insurers and insureds toward outsourcing various types of claims administration and risk management services will reverse or slow, causing our revenues or revenue growth to decline;
- Concentration of large amounts of revenue with certain clients results in greater exposure to the potential negative effects of changes in management at such clients or changes in state government policies, in the case of our government-entity clients;
- Contracting terms will become less favorable or that the margins on our services will decrease due to increased competition, regulatory constraints or other developments;
- We will not be able to satisfy regulatory requirements related to third party administrators or that regulatory developments (including unanticipated regulatory developments relating to security and data privacy outside the United States) will impose additional burdens, costs or business restrictions that make our business less profitable;
- Continued economic weakness or a slow-down in economic activity could lead to a continued reduction in the number of claims we process;
- If we do not control our labor and technology costs, we may be unable to remain competitive in the marketplace and profitably fulfill our existing contracts (other than those that provide cost-plus or other margin protection);
- We may be unable to develop further efficiencies in our claims-handling business if we fail to make adequate improvements in technology or operations; and
- Insurance companies or certain insurance consumers may create in-house servicing capabilities that compete with our third party administration and other administration, servicing and risk management products.

If any of these developments occur, our results of operations and financial condition could be adversely affected.

Contingent and supplemental commissions we receive from insurance companies are less predictable than standard commissions, and any decrease in the amount of these kinds of commissions we receive could adversely affect our results of operations.

A portion of our revenues consists of contingent and supplemental commissions we receive from insurance companies. Contingent commissions are paid by insurance companies based upon the profitability, volume and/or growth of the business placed with such companies during the prior year. Supplemental commissions are commissions paid by insurance companies that are established annually in advance based on historical performance criteria. If, due to the current economic environment or for any other reason, we are unable to meet insurance companies' profitability, volume and/or growth thresholds, and/or insurance companies increase their estimate of loss reserves (over which we have no control), actual contingent commissions and/or supplemental commissions we receive could be less than anticipated, which could adversely affect our results of operations.

Sustained increases in the cost of employee benefits could reduce our profitability.

The cost of current employees' medical and other benefits, as well as pension retirement benefits and postretirement medical benefits under our legacy defined benefit plans, substantially affects our profitability. In the past, we have occasionally experienced significant increases in these costs as a result of macro-economic factors beyond our control, including increases in health care costs, declines in investment returns on pension assets and changes in discount rates used to calculate pension and related liabilities. A significant decrease in the value of our defined benefit pension plan assets or decreases in the interest rates used to discount the pension plans' liabilities could cause an increase in pension plan costs in future years. Although we have actively sought to control increases in these costs, we can make no assurance that we will succeed in limiting future cost increases, and continued upward pressure in these costs could reduce our profitability.

If we are unable to apply technology effectively in driving value for our clients through technology-based solutions or gain internal efficiencies and effective internal controls through the application of technology and related tools, our client relationships, growth strategy, compliance programs and operating results could be adversely affected.

Our future success depends, in part, on our ability to develop and implement technology solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards, client preferences and internal control standards. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses. For example, certain of our competitors have launched consulting operations that leverage global insurance placement data. If we cannot offer new technologies as quickly as our competitors, or if our competitors develop more cost-effective technologies or product offerings, we could experience a material adverse effect on our client relationships, growth strategy, compliance programs and operating results.

Our inability to recover successfully should we experience a disaster, material cybersecurity attack or other significant disruption to business continuity could have a material adverse effect on our operations.

Our ability to conduct business may be adversely affected, even in the short-term, by a disruption in the infrastructure that supports our business and the communities where we are located. For example, our risk management segment is highly dependent on the continued and efficient functioning of RISX-FACS®, our proprietary risk management information system, to provide clients with insurance claim settlement and administration services. Disruptions could be caused by, among other things, restricted physical site access, terrorist activities, disease pandemics, material cybersecurity attacks, or outages to electrical, communications or other services used by our company, our employees or third parties with whom we conduct business. We have certain disaster recovery procedures in place and insurance to protect against such contingencies. However, such procedures may not be effective and any insurance or recovery procedures may not continue to be available at reasonable prices and may not address all such losses or compensate us for the possible loss of clients or increase in claims and lawsuits directed against us because of any period during which we are unable to provide services. Our inability to successfully recover should we experience a disaster or other significant disruption to business continuity could have a material adverse effect on our operations.

Regulatory, Legal and Accounting Risks

We are subject to regulation worldwide. If we fail to comply with regulatory requirements or if regulations change in a way that adversely affects our operations, we may not be able to conduct our business or may be less profitable.

Many of our activities are subject to regulatory supervision, including insurance industry regulation, Federal and state employment regulation and regulations promulgated by regulatory bodies such as the Securities and Exchange Commission (SEC) and Department of Justice (DOJ) and Internal Revenue Service (IRS) in the U.S., and the Financial Services Authority (FSA) in the U.K. Such regulations could reduce our profitability or growth by increasing the costs of compliance, restricting the products or services we sell, the markets we enter, the methods by which we sell our products and services, or the prices we can charge for our services and the form of compensation we can accept from our clients, carriers and third parties. As our operations grow around the world, it is increasingly difficult to monitor and enforce regulatory compliance across the organization. A compliance failure by even one of our smallest branches could lead to litigation and/or disciplinary actions that may include compensating clients for loss, the imposition of penalties and the revocation of our authorization to operate. In all such cases, we would also likely incur significant internal investigation costs.

In addition, changes in legislation or regulations and actions by regulators, including changes in administration and enforcement policies, could from time to time require operational changes that could result in lost revenues or higher costs or hinder our ability to operate our business. For example, we offer captive design and management services and group captive development services, and expect to be able to continue offering such services. The National Association of Insurance Commissioners (NAIC) has established a subgroup to study the use of captives and special purpose vehicles to transfer insurance risk in relation to existing state laws and regulations. Any action by Federal, state or other regulators that adversely affects our ability to offer services in relation to captives, either retroactively or prospectively, could have an adverse effect on our results of operations. Additionally, the method by which insurance brokers are compensated has received substantial scrutiny in the past decade because of the potential for conflicts of interest. Adverse regulatory developments regarding the forms of compensation we can receive (for example, continent commissions), could adversely affect our results of operations and financial condition.

We could be adversely affected by violations or alleged violations of the FCPA, the U.K. Bribery Act or other anti-corruption laws.

The FCPA, U.K. Bribery Act and other anti-corruption laws generally prohibit companies and their intermediaries from making improper payments (to foreign officials and otherwise) and require companies to keep accurate books and records and maintain appropriate internal controls. Our training program and policies mandate compliance with such laws. We operate in some parts of the world that have experienced governmental corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. In recent years, two of the five publicly traded insurance brokerage firms were investigated in the U.K. by the FSA, and one was investigated in the U.S. by the SEC and DOJ, for improper payments to foreign officials. These firms paid significant settlements and undertook internal investigations. If we are alleged to have violated or found to be liable for violations of anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others, including employees of our third party partners or agents), we could be subject to civil and criminal penalties or other sanctions, incur significant internal investigation costs and suffer reputational harm.

Our business could be negatively impacted if we are unable to adapt our services to changes resulting from the 2010 Health Care Reform Legislation.

The 2010 Health Care Reform Legislation, among other things, increases the level of regulatory complexity for companies that offer health and welfare benefits to their employees, and continues to be amended through regulations issued by various government agencies. Many clients of our brokerage segment purchase health and welfare products for their employees and, therefore, are impacted by the 2010 Health Care Reform Legislation. We have made significant investments in product and knowledge development to assist clients as they navigate the complex requirements of this legislation. Depending on future changes to health legislation, these investments may not yield returns. In addition, if we are unable to adapt our services to changes resulting from this law and any subsequent regulations, our ability to grow our business or to provide effective services, particularly in our employee benefits consulting business, will be negatively impacted. In addition, if our clients reduce the role or extent of employer sponsored health care in response to this law, particularly the "employer mandate" scheduled to enter into effect in January 2015, our results of operations could be adversely impacted.

We are subject to a number of contingencies and legal proceedings which, if determined unfavorably to us, would adversely affect our financial results.

We are subject to numerous claims, tax assessments, lawsuits and proceedings that arise in the ordinary course of business. Such claims, lawsuits and other proceedings could, for example, include claims for damages based on allegations that our employees or sub-agents improperly failed to procure coverage, report claims on behalf of clients, provide insurance companies with complete and accurate information relating to the risks being insured, provide clients with appropriate consulting and claims handling services, or appropriately apply funds that we hold for our clients on a fiduciary basis. We have established provisions against these potential matters that we believe are adequate in light of current information and legal advice, and we adjust such provisions from time to time based on current material developments. The damages claimed in these matters are or may be substantial, including, in many instances, claims for punitive, treble or extraordinary damages. It is possible that, if the outcomes of these contingencies and legal proceedings were not favorable to us, it could materially adversely affect our future financial results. In addition, our results of operations, financial condition or liquidity may be adversely affected if, in the future, our insurance coverage proves to be inadequate or unavailable or we experience an increase in liabilities for which we self-insure. We have purchased errors and omissions insurance and other insurance to provide protection against losses that arise in such matters. Accruals for these items, net of insurance receivables, when applicable, have been provided to the extent that losses are deemed probable and are reasonably estimable. These accruals and receivables are adjusted from time to time as current developments warrant.

As more fully described in Note 13 to our consolidated financial statements, we are subject to a number of legal proceedings, regulatory actions and other contingencies. An adverse outcome in connection with one or more of these matters could have a material adverse effect on our business, results of operations or financial condition in any given quarterly or annual period. In addition, regardless of any eventual monetary costs, these matters could expose us to negative publicity, reputational damage, harm to our client or employee relationships, or diversion of personnel and management resources, which could adversely affect our ability to recruit quality brokers and other significant employees to our business, and otherwise adversely affect our results of operations.

If our clients are not satisfied with our services, we may face additional cost, loss of profit opportunities and damage to our professional reputation.

We depend, to a large extent, on our relationships with our clients and our reputation for high-quality brokerage and risk management services, so that we can understand our clients' needs and deliver solutions and services that are tailored to their needs. If a client is not satisfied with our services, it may be more damaging to our business than to other businesses and could cause us to incur additional costs and impair profitability. Many of our clients are businesses that band together in industry groups and/or trade associations and actively share information amongst themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact our relationships with multiple other clients.

The nature of much of our work, especially our actuarial services in our benefits consulting business, involves assumptions and estimates concerning future events, the actual outcome of which we cannot know with certainty in advance. Similarly, in our institutional investment consulting and our retirement services consulting businesses, we may be measured based on our track record regarding judgments and advice on investments that are susceptible to influences unknown at the time the advice was given. In addition, we could make computational, software programming or data entry or management errors. A client may nonetheless claim it suffered losses due to reliance on our consulting advice. In addition to the risks of liability exposure and increased costs of defense and insurance premiums, claims arising from our professional services may produce publicity that could hurt our reputation and business and adversely affect our ability to secure new business.

Improper disclosure of personal data could result in legal liability or harm our reputation.

One of our significant responsibilities is to maintain the security and privacy of our clients' confidential and proprietary information and the personal data of their employees and other benefit plan participants. We maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information from threats such as a cybersecurity attack. Nonetheless, we cannot entirely eliminate the risk of improper access to or disclosure of personally identifiable information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenue. In the past, we have experienced attempts to wrongfully access our computer and information systems, which, if successful, could have resulted in harm to our business. Our systems were successful in identifying the risk and preventing unauthorized access, and management is not aware of a cybersecurity incident that has had a material effect on our operations. However, there can be no assurance that cybersecurity incidents that could have a material impact on our business will not occur.

Data privacy is subject to frequently changing rules and regulations that sometimes conflict among the various jurisdictions and countries in which we provide services, and may be more stringent in some jurisdictions outside the U.S. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability, fines and penalties, and could damage our reputation.

Significant changes in foreign exchange rates may adversely affect our results of operations.

Some of our foreign subsidiaries receive revenues or incur obligations in currencies that differ from their functional currencies. We must also translate the financial results of our foreign subsidiaries into U.S. dollars. Although we have used foreign currency hedging strategies in the past and currently have some in place, such risks cannot be eliminated entirely, and significant changes in exchange rates may adversely affect our results of operations.

Changes in our accounting estimates and assumptions could negatively affect our financial position and operating results.

We prepare our financial statements in accordance with U.S. generally accepted accounting principles (which we refer to as GAAP). These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our consolidated financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions, including those relating to the valuation of goodwill and other intangible assets, investments (including our IRC Section 45 investments), income taxes, stock-based compensation, claims handling obligations, retirement plans, litigation and contingencies. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. Actual results could differ from these estimates. Additionally, changes in accounting standards could increase costs to the organization and could have an adverse impact on our future financial position and results of operations.

Risks Relating to our Investments, Debt and Common Stock

Our clean energy investments are subject to various risks and uncertainties.

We have invested in clean energy operations capable of producing refined coal that we believe qualify for tax credits under IRC Section 45.

See Note 12 to our consolidated financial statements for a description of these investments. Our ability to generate returns and avoid write-offs in connection with these investments is subject to various risks and uncertainties. These include, but are not limited to, the risks and uncertainties as set forth below.

- **Availability of the tax credits under IRC Section 45.** Our ability to claim tax credits under IRC Section 45 depends upon the operations in which we have invested satisfying certain ongoing conditions set forth in IRC Section 45. These include, among others, the emissions reduction, "qualifying technology", and "placed-in-service" requirements of IRC Section 45, as well as the requirement that at least one of the operations' owners qualifies as a "producer" of refined coal. While we have received some degree of confirmation from the IRS relating to our ability to claim these tax credits, the IRS could ultimately determine that the operations have not satisfied, or have not continued to satisfy, the conditions set forth in IRC Section 45. Additionally, Congress could modify or repeal IRC Section 45 and remove the tax credits retroactively.

- **Business risks.** We are working to negotiate and finalize arrangements with potential co-investors for the purchase of equity stakes in one or more of the operations that are not currently producing refined coal. If no satisfactory arrangements can be reached with these potential co-investors, or if in the future any one of our co-investors leaves a project, we could have difficulty finding replacements in a timely manner. We could also be exposed to risk due to our lack of control over the operations if future developments, for example a regulatory change affecting public and private companies differently, causes our interests and those of our co-investors to diverge. Finally, our partners responsible for operation and management could fail to run the operations in compliance with IRC Section 45. If any of these developments occur, our investment returns may be negatively impacted.
- **Operational risks.** Chem-Mod's multi-pollutant reduction technologies (The Chem-Mod™ Solution) require chemicals that may not be readily available in the marketplace at reasonable costs. Utilities that use the technologies could be idled for various reasons, including operational or environmental problems at the plants or in the boilers, disruptions in the supply or transportation of coal, revocation of their Chem-Mod technologies environmental permits, labor strikes, force majeure events such as hurricanes, or terrorist attacks, any of which could halt or impede the operations. Long-term operations using Chem-Mod's multi-pollutant reduction technologies could also lead to unforeseen technical or other problems not evident in the short- or medium-term. A serious injury or death of a worker connected with the production of refined coal using Chem-Mod's technologies could expose the operations to material liabilities, jeopardizing our investment, and could lead to reputational harm. In the event of any such operational problems, we may not be able to take full advantage of the tax credits.
- **Market demand for coal**. When the price of natural gas and/or oil declines relative to that of coal, some utilities may choose to burn natural gas or oil instead of coal. Market demand for coal may also decline as a result of an economic slowdown and a corresponding decline in the use of electricity. Sustained low natural gas prices may also cause utilities to phase out or close existing coal-fired power plants. If utilities burn less coal or eliminate coal in the production of electricity, the availability of the tax credits would also be reduced.
- **Incompatible coal.** If utilities purchase coal of a quality or type incompatible with their boilers and operations, treating such coal through a commercial refined coal plant could magnify the negative impacts of burning such coal. As a result, refined coal plants at such utilities may be removed from production until the incompatible coal has all been burned, which could cause us to be unable to take full advantage of the tax credits.
- **IRC Section 45 phase out provisions**. IRC Section 45 contains phase out provisions based upon the market price of coal, such that, if the price of coal rises to specified levels, we could lose some or all of the tax credits we expect to receive from these investments.
- **Environmental concerns regarding coal.** Environmental concerns about greenhouse gases, toxic wastewater discharges and the potential hazardous nature of coal combustion waste could lead to regulations that discourage the burning of coal. For example, such regulations could mandate that electric power generating companies purchase a minimum amount of power from renewable energy sources such as wind, hydroelectric, solar and geothermal. This could result in utilities burning less coal, which would reduce the generation of tax credits.
- **Moving a commercial refined coal plant.** Changes in circumstances, such as those described above, may cause a commercial refined coal plant to be moved to a different power generation facility, which could require us to invest additional capital.
- **Demand for commercial refined coal plants.** The implementation of environmental regulations regarding certain pollution control and permitting requirements has been delayed from time to time due to various lawsuits. The uncertainty created by litigation and reconsiderations of rule-making by the Environmental Protection Agency could negatively impact power generational facilities' demand for commercial refined coal plants, should we need to move them as described above.
- **Intellectual property risks.** Other companies may make claims of intellectual property infringement with respect to The Chem-Mod™ Solution. Such intellectual property claims, with or without merit, could require that Chem-Mod (or we and our investment and operational partners) obtain a license to use the intellectual property, which might not be obtainable on favorable terms, if at all. If Chem-Mod (or we and our investment and operational partners) cannot defend such claims or obtain necessary licenses on reasonable terms, the operations may be precluded from using The Chem-Mod™ Solution.
- **Strategic alternatives risk.** While we currently expect to continue to hold at least a portion of these refined coal investments, if for any reason in the future we decide to sell more of our interests, the discount rate on future cash flows could be excessive, and could result in an impairment on our investment.

The IRC Section 45 operations in which we have invested and the by-products from such operations may result in environmental and product liability claims and environmental compliance costs.

The construction and operation of the IRC Section 45 operations are subject to Federal, state and local laws, regulations and potential liabilities arising under or relating to the protection or preservation of the environment, natural resources and human health and safety. Such laws and regulations generally require the operations and/or the utilities at which the operations are located to obtain and comply with various environmental registrations, licenses, permits, inspections and other approvals. Such laws and regulations also impose liability, without regard to fault or the legality of a party's conduct, on certain entities that are considered to have contributed to, or are otherwise involved in, the release or threatened release of hazardous substances into the environment. Such hazardous substances could be released as a result of burning refined coal produced using The Chem-Mod™ Solution in a number of ways, including air emissions, waste water, and by-products such as fly ash. One party may, under certain circumstances, be required to bear more than its share or the entire share of investigation and cleanup costs at a site if payments or participation cannot be obtained from other responsible parties. By using The Chem-Mod™ Solution at locations owned and operated by others, we and our partners may be exposed to the risk of becoming liable for environmental damage we may have had little, if any, involvement in creating. Such risk remains even after production ceases at an operation to the extent the environmental damage can be traced to the types of chemicals or compounds used or operations conducted in connection with The Chem-Mod™ Solution. For example, we and our partners could face the risk of product and environmental liability claims related to concrete incorporating fly ash produced using The Chem-Mod™ Solution. No assurances can be given that contractual arrangements and precautions taken to ensure assumption of these risks by facility owners or operators will result in that facility owner or operator accepting full responsibility for any environmental damage. It is also not uncommon for private claims by third parties alleging contamination to also include claims for personal injury, property damage, diminution of property or similar claims. Furthermore, many environmental, health and safety laws authorize citizen suits, permitting third parties to make claims for violations of laws or permits and force compliance. Our insurance may not cover all environmental risk and costs or may not provide sufficient coverage in the event of an environmental claim. If significant uninsured losses arise from environmental damage or product liability claims, or if the costs of environmental compliance increase for any reason, our results of operations and financial condition could be adversely affected.

We have historically benefited from IRC Section 29 tax credits and that law expired on December 31, 2007. The disallowance of IRC Section 29 tax credits would likely cause a material loss.

The law permitting us to claim IRC Section 29 tax credits related to our synthetic coal operations expired on December 31, 2007. We believe our claim for IRC Section 29 tax credits in 2007 and prior years is in accordance with IRC Section 29 and four private letter rulings previously obtained by IRC Section 29-related limited liability companies in which we had an interest. We understand these private letter rulings are consistent with those issued to other taxpayers and have received no indication from the IRS that it will seek to revoke or modify them. However, while our synthetic coal operations are not currently under audit, the IRS could place those operations under audit and an adverse outcome may cause a material loss or cause us to be subject to liability under indemnification obligations related to prior sales of partnership interests in partnerships claiming IRC Section 29 tax credits. For additional information about the potential negative effects of adverse tax audits and related indemnification contingencies, see the discussion on IRC Section 29 tax credits included in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We are exposed to various risks relating to losses on investments held by our corporate segment.

Our corporate segment holds a variety of investments. These investments are subject to risk of loss due to a variety of causes, including general overall economic conditions, the effects of changes in interest rates, various regulatory issues, credit risk, potential litigation, tax audits and disputes, failure to monetize in an effective and/or cost-efficient manner and poor operating results. Any of these consequences may diminish the value of our invested assets and adversely affect our net worth and profitability. Additionally, our cash holdings, including cash held in our fiduciary capacity, are subject to the credit, liquidity and other risks faced by our financial institution counterparties.

The agreements and instruments governing our debt contain restrictions and limitations that could significantly impact our ability to operate our business.

The agreements governing our debt contain covenants that, among other things, restrict our ability to dispose of assets, incur additional debt, prepay other debt or amend other debt instruments, pay dividends, engage in certain asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in certain transactions with affiliates, change our business or make investments.

The restrictions in the agreements governing our debt may prevent us from taking actions that we believe would be in the best interest of our business and our stockholders and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional or more restrictive covenants that could affect our financial and operational flexibility, including our ability to pay dividends. We cannot make any assurances that we will be able to refinance our debt or obtain additional financing on terms acceptable to us, or at all.

A failure to comply with the restrictions under the agreements governing our debt could result in a default under the financing obligations or could require us to obtain waivers from our lenders for failure to comply with these restrictions. The occurrence of a default that remains uncured or the inability to secure a necessary consent or waiver could cause our obligations with respect to our debt to be accelerated and have a material adverse effect on our financial condition and results of operations.

In the event we issue common stock as consideration for certain acquisitions we may make, we could dilute share ownership.

We grow our business organically as well as through acquisitions. One method of acquiring companies or otherwise funding our corporate activities is through the issuance of additional equity securities. Should we issue additional equity securities, such issuances could have the effect of diluting our earnings per share as well as existing stockholders' individual ownership percentages in our company.

Volatility of the price of our common stock could adversely affect our stockholders.

The market price of our common stock could fluctuate significantly as a result of:

- General economic and political conditions such as recessions, economic downturns and acts of war or terrorism;
- Quarterly variations in our operating results;
- Seasonality of our business cycle;
- Changes in the market's expectations about our operating results;
- Our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- Changes in financial estimates and recommendations by securities analysts concerning us or the financial services industry in general;
- Operating and stock price performance of other companies that investors deem comparable to us;
- News reports relating to trends in our markets, including any expectations regarding an upcoming "hard" or "soft" market;
- Changes in laws and regulations affecting our business;
- Material announcements by us or our competitors;
- The impact or perceived impact of developments relating to our investments, including the possible perception by securities analysts or investors that such investments divert management attention from our core operations;
- Quarter-to-quarter volatility in the earnings impact of IRC Section 45 tax credits from our clean energy investments, due to the application of accounting standards applicable to the recognition of tax credits; and
- Sales of substantial amounts of common shares by our directors, executive officers or significant stockholders or the perception that such sales could occur.

Shareholder class action lawsuits may be instituted against us following a period of volatility in our stock price. Any such litigation could result in substantial cost and a diversion of management's attention and resources.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

The executive offices of our corporate segment and certain subsidiary and branch facilities of our brokerage and risk management segments are located at Two Pierce Place, Itasca, Illinois, where we lease approximately 306,000 square feet of space, or approximately 60% of the building. The lease commitment on this property expires on February 28, 2018.

Elsewhere, we generally operate in leased premises related to the facilities of our brokerage and risk management operations. We prefer to lease office space rather than own real estate. Certain of our office space leases have options permitting renewals for additional periods. In addition to minimum fixed rentals, a number of our leases contain annual escalation clauses generally related to increases in an inflation index. See Note 13 to our 2013 consolidated financial statements for information with respect to our lease commitments as of December 31, 2013.

Item 3. Legal Proceedings.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers

Our executive officers are as follows:

Name	Age	Position and Year First Elected
J. Patrick Gallagher, Jr.	61	Chairman since 2006, President since 1990, Chief Executive Officer since 1995
Walter D. Bay	50	Corporate Vice President, General Counsel, Secretary since 2007
Richard C. Cary	51	Controller since 1997, Chief Accounting Officer since 2001
James W. Durkin, Jr.	64	Corporate Vice President, President of our Employee Benefit Brokerage Operation since 1985
Thomas J. Gallagher	55	Corporate Vice President since 2001, Chairman of our International Brokerage Operation since 2010
James S. Gault	61	Corporate Vice President since 1992, President of our Retail Property/Casualty Brokerage Operation since 2002
Douglas K. Howell	52	Corporate Vice President, Chief Financial Officer since 2003
Scott R. Hudson	52	Corporate Vice President and President of our Risk Management Operation since 2010
Susan E. McGrath	46	Corporate Vice President, Chief Human Resource Officer since 2007
David E. McGurn, Jr.	59	Corporate Vice President since 1993, President of our Wholesale Brokerage Operation since 2001

With the exception of Mr. Hudson, we have employed each such person principally in management capacities for more than the past five years. All executive officers are appointed annually and serve at the pleasure of our board of directors.

Prior to joining us on January 25, 2010, Mr. Hudson was a Director in the Insurance Practice of Bridge Strategy Group LLC, a consulting firm he co-founded in 1998. Prior to that, Mr. Hudson worked as a business consultant specializing in the insurance and financial services industry at Andersen Consulting LLP (now known as Accenture), and in senior roles at Information Consulting Group, McKinsey & Co. and Renaissance Worldwide.

Part II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange, trading under the symbol "AJG." The following table sets forth information as to the price range of our common stock for the two-year period from January 1, 2012 through December 31, 2013 and the dividends declared per common share for such period. The table reflects the range of high and low sales prices per share as reported on the New York Stock Exchange composite listing.

Quarterly Periods	High	Low	Dividends Declared per Common Share
2013			
First	$ 41.31	$ 34.97	$ .35
Second	45.87	40.51	.35
Third	45.89	41.11	.35
Fourth	48.49	43.57	.35
2012			
First	$ 36.33	$ 32.01	$ .34
Second	38.24	33.75	.34
Third	37.56	34.46	.34
Fourth	36.99	34.20	.34

As of January 31, 2014, there were approximately 1,000 holders of record of our common stock.

(c) Issuer Purchases of Equity Securities

The following table shows the purchases of our common stock made by or on behalf of Gallagher or any "affiliated purchaser" (as such term is defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of Gallagher for each fiscal month in the three-month period ended December 31, 2013:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (3)
October 1 through October 31, 2013	44	$ 45.92	-	10,000,000
November 1 through November 30, 2013	50	47.09	-	10,000,000
December 1 through December 31, 2013	17,219	45.96	-	10,000,000
Total	17,313	$ 45.97	-	

(1) Amounts in this column represent shares of our common stock purchased by the trustees of rabbi trusts established under our Deferred Equity Participation Plan (which we refer to as the Age 62 Plan), our Deferred Cash Participation Plan (which we refer to as the DCPP) and our Supplemental Savings and Thrift Plan (which we refer to as the Supplemental Plan), respectively. The Age 62 Plan is an unfunded, non-qualified deferred compensation plan that generally provides for distributions to certain of our key executives when they reach age 62 or upon or after their actual retirement. See Note 9 to the consolidated financial statements in this report for more information regarding the Age 62 Plan. The DCPP is an unfunded, non-qualified deferred compensation plan for certain key employees, other than executive officers, that generally provides for distributions no sooner than five years from the date of awards. Under the terms of the Age 62 Plan and the DCPP, we may contribute cash to the rabbi trust and instruct the trustee to acquire a specified number of shares of our common stock on the open market or in privately negotiated transactions based on participant elections. In the fourth quarter of 2013, we instructed the rabbi trustee for the Age 62 Plan and the DCPP to reinvest dividends paid into the plans in our common stock. The Supplemental Plan is an unfunded, non-qualified deferred compensation plan that allows certain highly compensated employees to defer amounts, including company match amounts, on a before-tax basis. Under the terms of the Supplemental Plan, all cash deferrals and company match amounts may be deemed invested, at the employee's election, in a number of investment options that include various mutual funds, an annuity product and a fund representing our common stock. When an employee elects to deem his or her amounts under the Supplemental Plan invested in the fund representing our common stock, the trustee of the rabbi trust purchases the number of shares of our common stock equivalent to the amount deemed invested in the fund representing our common stock. We established the rabbi trusts for the Age 62 Plan, the DCPP and the Supplemental Plan to assist us in discharging our deferred compensation obligations under these plans. All assets of the rabbi trusts, including any shares of our common stock purchased by the trustees, remain, at all times, assets of the Company, subject to the claims of our creditors. The terms of the Age 62 Plan, the DCPP and the Supplemental Plan do not provide for a specified limit on the number of shares of common stock that may be purchased by the respective trustees of the rabbi trusts.

(2) The average price paid per share is calculated on a settlement basis and does not include commissions.

(3) We have a common stock repurchase plan that the board of directors adopted on May 10, 1988 and has periodically amended since that date to authorize additional shares for repurchase (the last amendment was on January 24, 2008). We did not repurchase any shares of our common stock under the repurchase plan during the fourth quarter of 2013. The repurchase plan has no expiration date and we are under no commitment or obligation to repurchase any particular amount of our common stock under the plan. At our discretion, we may suspend the repurchase plan at any time.

Item 6. Selected Financial Data.

The following selected consolidated financial data for each of the five years in the period ended December 31, 2013 have been derived from our consolidated financial statements. Such data should be read in conjunction with our consolidated financial statements and notes thereto in Item 8 of this annual report.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(In millions, except per share and employee data)				
Consolidated Statement of Earnings Data:					
Commissions	$ 1,553.1	$ 1,302.5	$ 1,127.4	$ 957.3	$ 912.9
Fees	1,059.5	971.7	870.2	735.0	733.8
Supplemental commissions	77.3	67.9	56.0	60.8	37.4
Contingent commissions	52.1	42.9	38.1	36.8	27.6
Investment income and other	437.6	135.3	43.0	74.3	17.6
Total revenues	3,179.6	2,520.3	2,134.7	1,864.2	1,729.3
Total expenses	2,905.1	2,275.0	1,926.9	1,661.2	1,518.2
Earnings before income taxes	274.5	245.3	207.8	203.0	211.1
Provision for income taxes	5.9	50.3	63.7	39.7	78.0
Earnings from continuing operations	268.6	195.0	144.1	163.3	133.1
Earnings (loss) from discontinued operations, net of income taxes	-	-	-	10.8	(4.5)
Net earnings	$ 268.6	$ 195.0	$ 144.1	$ 174.1	$ 128.6
Per Share Data:					
Diluted earnings from continuing operations per share (1)	$ 2.06	$ 1.59	$ 1.28	$ 1.56	$ 1.32
Diluted net earnings per share (1)	2.06	1.59	1.28	1.66	1.28
Dividends declared per common share (2)	1.40	1.36	1.32	1.28	1.28
Share Data:					
Shares outstanding at year end	133.6	125.6	114.7	108.4	102.5
Weighted average number of common shares outstanding	128.9	121.0	111.7	104.8	100.5
Weighted average number of common and common equivalent shares outstanding	130.5	122.5	112.5	105.1	100.6
Consolidated Balance Sheet Data:					
Total assets	$ 6,860.5	$ 5,352.3	$ 4,483.5	$ 3,596.0	$ 3,250.3
Long-term debt less current portion	825.0	725.0	675.0	550.0	550.0
Total stockholders' equity	2,085.5	1,658.6	1,243.6	1,106.7	892.9
Return on beginning stockholders' equity (3)	16%	16%	13%	20%	17%
Employee Data:					
Number of employees - continuing operations at year end	16,336	13,707	12,383	10,736	9,840

(1) Based on the weighted average number of common and common equivalent shares outstanding during the year.

(2) Based on the total dividends declared on a share of common stock outstanding during the entire year.

(3) Represents net earnings divided by total stockholders' equity, as of the beginning of the year.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes included in Item 8 of this annual report. In addition, please see "Information Regarding Non-GAAP Measures and Other" on page 26 for a reconciliation of the non-GAAP measures for adjusted total revenues, organic commission, fee and supplemental commission revenues and adjusted EBITDAC to the comparable GAAP measures, as well as other important information regarding these measures.

We are engaged in providing insurance brokerage and third-party property/casualty claims settlement and administration services to entities in the U.S. and abroad. We believe that one of our major strengths is our ability to deliver comprehensively structured insurance and risk management services to our clients. Our brokers, agents and administrators act as intermediaries between insurers and their customers and we do not assume underwriting risks. We are headquartered in Itasca, Illinois, have operations in 24 countries and offer client-service capabilities in more than 140 countries globally through a network of correspondent brokers and consultants. We generate approximately 77% of our revenues for the combined brokerage and risk management segments domestically, with the remaining 23% derived internationally, primarily in Australia, Bermuda, Canada, the Caribbean, Singapore, New Zealand and the U.K. Substantially all of the revenues of the corporate segment are generated in the United States. We have three reportable segments: brokerage, risk management and corporate, which contributed approximately 68%, 19% and 13%, respectively, to 2013 revenues. Our major sources of operating revenues are commissions, fees and supplemental and contingent commissions from brokerage operations and fees from risk management operations. Investment income is generated from our investment portfolio, which includes invested cash and fiduciary funds, as well as clean energy and other investments.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain statements relating to future results which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Please see "Information Concerning Forward-Looking Statements" in Part I of this annual report, for certain cautionary information regarding forward-looking statements and a list of factors that could cause our actual results to differ materially from those predicted in the forward-looking statements.

Overview and 2013 Financial Highlights

We have generated positive organic growth in the last twelve quarterly periods in both our brokerage and risk management segments. Based on our experience, we believe we are seeing continued evidence of moderate rate increases and our customers are increasingly optimistic about their business prospects. The first quarter 2013 Council of Insurance Agents & Brokers (which we refer to as the CIAB) survey indicated that rates were up, on average 5.2% across all sized accounts. The second quarter 2013 CIAB survey indicated that rates were up, on average 4.3% across all sized accounts. The third quarter 2013 CIAB survey indicated that rates were up, on average 3.4% across all sized accounts. The fourth quarter 2013 CIAB survey had not been published as of the filing date of this report, but we anticipate that the trends evident in the third quarter 2013 survey continued into the fourth quarter. Rates continued to rise throughout 2013 as insurance carriers tightened their underwriting standards and pressed for higher pricing and deductibles on renewals in critical areas such as property and workers compensation. In addition, insurance carriers are still trying to reduce their exposure to property risks with catastrophic-loss exposure on the eastern coast of the U.S. due to the on-going impact of "Superstorm Sandy." The third quarter 2013 survey also indicated that carriers have tightened terms and conditions and lowered limits for exposures, such as storm surge, flood and off-site power, among others. However, the overall firming market appears to have moderated during the second half of 2013. The CIAB represents the leading domestic and international insurance brokers, who write approximately 80% of the commercial property/casualty premiums in the U.S.

Our operating results improved in 2013 compared to 2012 in both our brokerage and risk management segments:

- In our brokerage segment, total revenues and adjusted total revenues were up 17% and 18%, respectively, base organic commission and fee revenues were up 5.6%, net earnings were up 31%, adjusted EBITDAC was up 23% and adjusted EBITDAC margins were up 110 basis points.
- In our risk management segment, total revenues and adjusted total revenues were up 7% and 8%, respectively, organic fees were up 9.3%, net earnings were up 9%, adjusted EBITDAC was up 6% and adjusted EBITDAC margins decreased by 20 basis points.
- In our combined brokerage and risk management segments, total revenues and adjusted total revenues were up 15% and 16%, respectively, organic commissions and fee revenues were up 6.5%, net earnings were up 27%, adjusted EBITDAC was up 20% and adjusted EBITDAC margins increased by 90 basis points.
- Our acquisition program finished strong and our integration efforts are on track. During the fourth quarter of 2013, the brokerage segment completed 13 acquisitions with annualized revenues of $193.5 million, bringing the total for 2013 to 30 acquisitions with annualized revenues of $369.9 million.

- The risk management segment also closed a claim portfolio transfer from an insurance company, and going forward we expect to be their preferred administrator for certain claims. This transaction should generate another $12 to $15 million of annualized revenues for the risk management segment.
- As a result of our acquisition program and subsequent centralization efforts, during the fourth quarter of 2013 we took actions to contract our management ranks and related support staff, mostly in our international operations. As a result, pretax charges in the brokerage and risk management segments totaled $6.6 million and $1.5 million, respectively and should generate annual workforce cost savings of $9.0 million and $2.3 million, respectively.
- In our corporate segment, earnings from our clean energy investments contributed $63.7 million to net earnings in 2013. We anticipate our clean energy investments to generate between $65.0 million and $80.0 million to net earnings in 2014. We expect to use these additional earnings to continue our mergers and acquisition strategy in our core brokerage and risk management operations.

The following provides non-GAAP information that management believes is helpful when comparing 2013 revenues, EBITDAC and diluted net earnings (loss) per share to 2012.

Year Ended December 31,	**Revenues**			**EBITDAC**			**Diluted Net Earnings (Loss) Per Share**		
Segment	**2013**	**2012**	**Chg**	**2013**	**2012**	**Chg**	**2013**	**2012**	**Chg**
	(in millions)			(in millions)					
Brokerage, as adjusted	$ 2,139.1	$ 1,816.2	18%	$ 510.7	$ 414.2	23%	$ 1.65	$ 1.43	15%
Gains on book sales	5.2	3.9		5.2	3.9		0.03	0.02	
Acquisition integration	-	-		(24.1)	(19.3)		(0.11)	(0.10)	
Workforce and lease termination	-	-		(7.8)	(14.4)		(0.04)	(0.07)	
Acquisition related adjustments	-	-		-	-		0.04	-	
Levelized foreign currency translation	-	7.5		-	(1.1)		-	(0.01)	
Brokerage, as reported	2,144.3	1,827.6		484.0	383.3		1.57	1.27	
Risk Management, as adjusted	609.5	563.1	8%	96.1	90.3	6%	0.36	0.36	0%
New Zealand earthquake claims administration	0.1	8.6		-	1.5		-	0.01	
Workforce and lease termination	-	-		(1.7)	(2.7)		(0.01)	(0.01)	
South Australia and claim portfolio transfer ramp up	1.4	-		0.1	(2.1)		-	(0.01)	
Risk Management, as reported	611.0	571.7		94.5	87.0		0.35	0.35	
Total Brokerage and Risk Management, as reported	2,755.3	2,399.3		578.5	470.3		1.92	1.62	
Corporate, as reported	424.3	121.0		(73.6)	(38.2)		0.14	(0.03)	
Total Company, as reported	$ 3,179.6	$ 2,520.3		$ 504.9	$ 432.1		$ 2.06	$ 1.59	

We achieved these results by, among other things, demonstrating expense discipline and headcount control, continuing to pursue our acquisition strategy and generating organic growth in our core businesses. In 2013, we continued to expand our international operations through both acquisitions and organic growth. By the end of 2013, 23% of our revenues were generated internationally in our combined brokerage and risk management segments, compared with 21% in 2012. We expect this international revenue trend to continue in 2014.

Insurance Market Overview

Fluctuations in premiums charged by property/casualty insurance carriers have a direct and potentially material impact on the insurance brokerage industry. Commission revenues are generally based on a percentage of the premiums paid by insureds and normally follow premium levels. Insurance premiums are cyclical in nature and may vary widely based on market conditions. Various factors, including competition for market share among insurance carriers, increased underwriting capacity and improved economies of scale following consolidations, can result in flat or reduced property/casualty premium rates (a "soft" market). A soft market tends to put downward pressure on commission revenues. Various countervailing factors, such as greater than anticipated loss experience and capital shortages, can result in increasing property/casualty premium rates (a "hard" market). A hard market tends to favorably impact commission revenues. Hard and soft markets may be broad-based or more narrowly focused across individual product lines or geographic areas.

As markets harden, certain insureds, who are the buyers of insurance (our brokerage clients), have historically resisted paying increased premiums and the higher commissions these premiums generate. Such resistance often causes some buyers to raise their deductibles and/or reduce the overall amount of insurance coverage they purchase. As the market softens, or costs decrease, these trends have historically reversed. During a hard market, buyers may switch to negotiated fee in lieu of commission arrangements to compensate us for placing their risks, or may consider the alternative insurance market, which includes self-insurance, captives, rent-a-captives, risk retention groups and capital market solutions to transfer risk. According to industry estimates, these mechanisms now account for 50% of the total U.S. commercial property/casualty market. Our brokerage units are very active in these markets as well. While increased use by insureds of these alternative markets historically has reduced commission revenue to us, such trends generally have been accompanied by new sales and renewal increases in the areas of risk management, claims management, captive insurance and self-insurance services and related growth in fee revenue.

Inflation tends to increase the levels of insured values and risk exposures, resulting in higher overall premiums and higher commissions. However, the impact of hard and soft market fluctuations has historically had a greater impact on changes in premium rates, and therefore on our revenues, than inflationary pressures.

Recent Events

In 2013, the insurance market continued to show signs of "firming" (as opposed to traditional "hardening") across many lines and geographic areas. In this environment, rates increased at a moderate pace, clients could still obtain coverage, businesses continued to stay in standard-line markets and there was adequate capacity in the insurance market. It is not clear whether this firming is sustainable given the uncertainty of the current economic environment. Despite the official end of the recession and recent signs of an economic recovery, the deterioration in the economy that began in the fall of 2008 continued to adversely impact us in 2013, and could continue to do so in future years as a result of potential reductions in the overall amount of insurance coverage that our clients may purchase due to reductions in, among other things, their headcount, payroll, properties and the market value of their assets. Such reductions could also adversely impact our commission revenues in future years if the property/casualty insurance carriers perform exposure audits that lead to subsequent downward premium adjustments. We record the income effects of subsequent premium adjustments when the adjustments become known and, as a result, any improvement in our results of operations and financial condition may lag an improvement in the economy.

Clean energy investments - In 2009 and 2011, we built a total of 29 commercial clean coal production plants to produce refined coal using Chem-Mod's (see below) proprietary technologies. In addition, on September 1, 2013, we purchased a 99% interest in a limited liability company that has ownership interests in four limited liability companies that own five clean coal production plants. We believe these operations produce refined coal that qualifies for tax credits under IRC Section 45. The law that provides for IRC Section 45 tax credits expires in December 2019 for the fourteen plants we built and placed in service in 2009 (2009 Era Plants) and in December 2021 for the fifteen plants we built and placed in service in 2011, plus the five plants we purchased interests in that were placed in service in 2011 (2011 Era Plants).

Twenty-eight plants are under long-term production contracts with several utilities. The remaining six plants are in various stages of engineering, negotiating, finalizing and signing long-term production contracts. Several of the remaining six plants could be in production starting in late 2014 with the balance expected to be in production in 2015.

We also own a 46.54% controlling interest in Chem-Mod, which has been marketing The Chem-Mod™ Solution proprietary technologies principally to refined fuel plants that sell refined fuel to coal-fired power plants owned by utility companies, including those plants in which we hold interests. Based on current production estimates provided by licensees, Chem-Mod could generate for us approximately $3.6 million of net after-tax earnings per quarter.

Our current estimate of the 2014 annual after-tax earnings that could be generated from all of our clean energy investments in 2014 is between $65.0 million to $80.0 million. If we continue to have success in entering additional long-term production contracts, we could generate more after-tax earnings in 2015 and beyond.

All estimates set forth above regarding the future results of our clean energy investments are subject to significant risks, including those set forth in the risk factors regarding our IRC Section 45 investments under Item 1A, "Risk Factors."

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (which we refer to as GAAP), which require management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We believe the following significant accounting policies may involve a higher degree of judgment and complexity. See Note 1 to our consolidated financial statements for other significant accounting policies.

Revenue Recognition - We recognize commission revenues at the later of the billing or the effective date of the related insurance policies, net of an allowance for estimated policy cancellations. We recognize commission revenues related to installment premiums as the installments are billed. We recognize supplemental commission revenues using internal data and information received from insurance carriers that allows us to reasonably estimate the supplemental commissions earned in the period. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid, is determined by the insurance carrier based on historical performance criteria and is established annually in advance of the contractual period. We recognize contingent commissions and commissions on premiums directly billed by insurance carriers as revenue when we have obtained the data necessary to reasonably determine such amounts. Typically, we cannot reasonably determine these types of commission revenues until we have received the cash or the related policy detail or other carrier specific information from the insurance carrier. A contingent commission is a commission paid by an insurance carrier based on the overall profit and/or volume of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period. Commissions on premiums billed directly by insurance carriers to the insureds generally relate to a large number of property/casualty insurance policy transactions, each with small premiums, and comprise a substantial portion of the revenues generated by our employee benefit brokerage operations. Under these direct bill arrangements, the insurance carrier controls the entire billing and policy issuance process. We record the income effects of subsequent premium adjustments when the adjustments become known. Fee revenues generated from the brokerage segment primarily relate to fees negotiated in lieu of commissions that we recognize in the same manner as commission revenues. Fee revenues generated from the risk management segment relate to third party claims administration, loss control and other risk management consulting services, that we provide over a period of time, typically one year. We recognize these fee revenues ratably as the services are rendered and record the income effects of subsequent fee adjustments when the adjustments become known.

Premiums and fees receivable in our consolidated balance sheet are net of allowances for estimated policy cancellations and doubtful accounts. We establish the allowance for estimated policy cancellations through a charge to revenues and the allowance for doubtful accounts through a charge to other operating expenses. Both of these allowances are based on estimates and assumptions using historical data to project future experience. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein. We periodically review the adequacy of these allowances and make adjustments as necessary.

Income Taxes - Our tax rate reflects the statutory tax rates applicable to our taxable earnings and tax planning in the various jurisdictions in which we operate. Significant judgment is required in determining the annual effective tax rate and in evaluating uncertain tax positions. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in our tax return. We evaluate our tax positions using a two-step process. The first step involves recognition. We determine whether it is more likely than not that a tax position will be sustained upon tax examination based solely on the technical merits of the position. The technical merits of a tax position are derived from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings and case law) and their applicability to the facts and circumstances of the position. If a tax position does not meet the "more likely than not" recognition threshold, we do not recognize the benefit of that position in the financial statements. The second step is measurement. A tax position that meets the "more likely than not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that has a likelihood of greater than 50% of being realized upon ultimate resolution with a taxing authority.

Uncertain tax positions are measured based upon the facts and circumstances that exist at each reporting period and involve significant management judgment. Subsequent changes in judgment based upon new information may lead to changes in recognition, derecognition and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue. We recognize interest and penalties, if any, related to unrecognized tax benefits in our provision for income taxes. See Note 14 to our consolidated financial statements for a discussion regarding the possibility that our gross unrecognized tax benefits balance may change within the next twelve months.

Tax law requires certain items to be included in our tax returns at different times than such items are reflected in the financial statements. As a result, the annual tax expense reflected in our consolidated statements of earnings is different than that reported in the tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense and amortization expense deductible for income tax purposes. Temporary differences create deferred tax assets and liabilities. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which a tax payment has been deferred, or expense which has been deducted in the tax return but has not yet been recognized in the financial statements. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which a benefit has already been recorded in the financial statements.

We establish or adjust valuation allowances for deferred tax assets when we estimate that it is more likely than not that future taxable income will be insufficient to fully use a deduction or credit in a specific jurisdiction. In assessing the need for the recognition of a valuation allowance for deferred tax assets, we consider whether it is more likely than not that some portion, or all, of the deferred tax assets will not be realized and adjust the valuation allowance accordingly. We evaluate all significant available positive and negative evidence as part of our analysis. Negative evidence includes the existence of losses in recent years. Positive evidence includes the forecast of future taxable income by jurisdiction, tax-planning strategies that would result in the realization of deferred tax assets and the presence of taxable income in prior carryback years. The underlying assumptions we use in forecasting future taxable income require significant judgment and take into account our recent performance. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which temporary differences are deductible or creditable.

Intangible Assets/Earnout Obligations - Intangible assets represent the excess of cost over the estimated fair value of net tangible assets of acquired businesses. Our primary intangible assets are classified as either goodwill, expiration lists, non-compete agreements or trade names. Expiration lists, non-compete agreements and trade names are amortized using the straight-line method over their estimated useful lives (three to fifteen years for expiration lists, three to five years for non-compete agreements and five to fifteen years for trade names), while goodwill is not subject to amortization. The establishment of goodwill, expiration lists, non-compete agreements and trade names and the determination of estimated useful lives are primarily based on valuations we receive from qualified independent appraisers. The calculations of these amounts are based on estimates and assumptions using historical and pro forma data and recognized valuation methods. Different estimates or assumptions could produce different results. We carry intangible assets at cost, less accumulated amortization in our consolidated balance sheet.

We review all of our intangible assets for impairment at least annually and whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. We perform these impairment reviews at the reporting unit level with respect to goodwill and at the business unit level for amortizable intangible assets. In reviewing intangible assets, if the fair value were less than the carrying amount of the respective (or underlying) asset, an indicator of impairment would exist and further analysis would be required to determine whether or not a loss would need to be charged against current period earnings. Based on the results of impairment reviews in 2013, 2012 and 2011, we wrote off $2.2 million, $3.5 million and $4.6 million, respectively, of amortizable intangible assets primarily related to prior year acquisitions of our brokerage segment. The determinations of impairment indicators and fair value are based on estimates and assumptions related to the amount and timing of future cash flows and future interest rates. Different estimates or assumptions could produce different results.

Current accounting guidance related to business combinations requires us to estimate and recognize the fair value of liabilities related to potential earnout obligations as of the acquisition dates for all of our acquisitions subject to earnout provisions. The maximum potential earnout payables disclosed in the notes to our consolidated financial statements represent the maximum amount of additional consideration that could be paid pursuant to the terms of the purchase agreement for the applicable acquisition. The amounts recorded as earnout payables, which are primarily based upon the estimated future operating results of the acquired entities over a two- to three-year period subsequent to the acquisition date, are measured at fair value as of the acquisition date and are included on that basis in the recorded purchase price consideration. We will record subsequent changes in these estimated earnout obligations, including the accretion of discount, in our consolidated statement of earnings when incurred.

The fair value of these earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, we estimate the acquired entity's future performance using financial projections that are developed by management for the acquired entity and market participant assumptions that are derived for revenue growth and/or profitability. We estimate future payments using the earnout formula and performance targets specified in each purchase agreement and these financial projections. We then discount these payments to present value using a risk-adjusted rate that takes into consideration market-based rates of return that reflect the ability of the acquired entity to achieve the targets. Changes in financial projections, market participant assumptions for revenue growth and/or profitability, or the risk-adjusted discount rate, would result in a change in the fair value of recorded earnout obligations. See Note 3 to our consolidated financial statements for additional discussion on our 2013 business combinations.

Business Combinations and Dispositions

See Note 3 to our consolidated financial statements for a discussion of our 2013 business combinations. We did not have any material dispositions in 2013, 2012 or 2011. Historically, we have used acquisitions to grow our brokerage segment's commission and fee revenues. Acquisitions allow us to expand into desirable geographic locations and further extend our presence in the retail and wholesale insurance brokerage services industries. We expect that our brokerage segment's commission and fee revenues will continue to grow as a result of acquisitions. We intend to continue to consider, from time to time, additional acquisitions for our brokerage and risk management segments on terms that we deem advantageous. At any particular time, we are generally engaged in discussions with multiple acquisition candidates. However, we can make no assurances that any additional acquisitions will be consummated, or, if consummated, that they will be advantageous to us.

Results of Operations

Information Regarding Non-GAAP Measures and Other

In the discussion and analysis of our results of operations that follows, in addition to reporting financial results in accordance with GAAP, we provide information regarding EBITDAC, EBITDAC margin, adjusted EBITDAC, adjusted EBITDAC margin, diluted net earnings per share (as adjusted) for the brokerage and risk management segments, adjusted revenues, adjusted compensation and operating expenses, adjusted compensation expense ratio, adjusted operating expense ratio and organic revenue measures for each operating segment. These measures are not in accordance with, or an alternative to, the GAAP information provided in this report. We believe that these presentations provide useful information to management, analysts and investors regarding financial and business trends relating to our results of operations and financial condition. Our industry peers may provide similar supplemental non-GAAP information related to organic revenues and EBITDAC, although they may not use the same or comparable terminology and may not make identical adjustments. The non-GAAP information we provide should be used in addition to, but not as a substitute for, the GAAP information provided. Certain reclassifications have been made to the prior-year amounts reported in this report in order to conform them to the current year presentation.

Adjusted presentation - We believe that the adjusted presentation of our 2013, 2012 and 2011 information, presented on the following pages, provides stockholders and other interested persons with useful information regarding certain financial metrics that may assist such persons in analyzing our operating results as they develop a future earnings outlook for us. The after-tax amounts related to the adjustments were computed using the normalized effective tax rate for each respective period.

- **Adjusted revenues and expenses** - We define these measures as revenues, compensation expense and operating expense, respectively, each adjusted to exclude net gains realized from sales of books of business, acquisition integration costs, New Zealand earthquake claims administration, South Australia and claim portfolio transfer ramp up fees/costs, workforce related charges, lease termination related charges, acquisition related adjustments, litigation settlements and the impact of foreign currency translation, as applicable. Integration costs include costs related to transactions not expected to occur on an ongoing basis in the future once we fully assimilate the applicable acquisition. These costs are typically associated with redundant workforce, extra lease space, duplicate services and external costs incurred to assimilate the acquisition with our IT related systems.
- **Adjusted ratios** - Adjusted compensation expense ratio and adjusted operating expense ratio are defined as adjusted compensation expense and adjusted operating expense, respectively, each divided by adjusted revenues.

Earnings Measures - We believe that the presentation of EBITDAC, EBITDAC margin, adjusted EBITDAC, adjusted EBITDAC margin and diluted net earnings per share (as adjusted) for the brokerage and risk management segment, each as defined below, provides a meaningful representation of our operating performance. We consider EBITDAC and EBITDAC margin as a way to measure financial performance on an ongoing basis. Adjusted EBITDAC, adjusted EBITDAC margin and diluted net earnings per share (as adjusted) for the brokerage and risk management segments are presented to improve the comparability of our results between periods by eliminating the impact of items that have a high degree of variability.

- **EBITDAC** - We define this measure as net earnings before interest, income taxes, depreciation, amortization and the change in estimated acquisition earnout payables.
- **EBITDAC margin** - We define this measure as EBITDAC divided by total revenues.
- **Adjusted EBITDAC** - We define this measure as EBITDAC adjusted to exclude net gains realized from sales of books of business, acquisition integration costs, workforce related charges, lease termination related charges, New Zealand earthquake claims administration costs, South Australia and claim portfolio transfer ramp up fees/costs, acquisition related adjustments and the period-over-period impact of foreign currency translation, as applicable.
- **Adjusted EBITDAC margin** - We define this measure as adjusted EBITDAC divided by total adjusted revenues (defined above).
- **Diluted net earnings per share (as adjusted)** - We define this measure as net earnings adjusted to exclude the after-tax impact of net gains realized from sales of books of business, acquisition integration costs, New Zealand earthquake claims administration, South Australia and claim portfolio transfer ramp up fees/costs, workforce related charges, lease termination related charges, acquisition related adjustments the period-over-period impact of foreign currency translation, as applicable, divided by diluted weighted average shares outstanding.

Organic Revenues - For the brokerage segment, organic change in base commission and fee revenues excludes the first twelve months of net commission and fee revenues generated from acquisitions accounted for as purchases and the net commission and fee revenues related to operations disposed of in each year presented. These commissions and fees are excluded from organic revenues in order to help interested persons analyze the revenue growth associated with the operations that were a part of our business in both the current and prior year. In addition, change in organic growth excludes the impact of supplemental and contingent commission revenues and the period-over-period impact of foreign currency translation and disposed of operations. The amounts excluded with respect to foreign currency translation are calculated by applying current year foreign exchange rates to the same prior year periods. For the risk management segment, organic change in fee revenues excludes the first twelve months of fee revenues generated from acquisitions accounted for as purchases and the fee revenues related to operations disposed of in each year presented. In addition, change in organic growth excludes the impact of South Australian ramp up fees, New Zealand earthquake claims administration and the period-over-period impact of foreign currency translation to improve the comparability of our results between periods by eliminating the impact of the items that have a high degree of variability or due to the limited-time nature of these revenue sources.

These revenue items are excluded from organic revenues in order to determine a comparable measurement of revenue growth that is associated with the revenue sources that are expected to continue in 2014 and beyond. We have historically viewed organic revenue growth as an important indicator when assessing and evaluating the performance of our brokerage and risk management segments. We also believe that using this measure allows financial statement users to measure, analyze and compare the growth from our brokerage and risk management segments in a meaningful and consistent manner.

Reconciliation of Non-GAAP Information Presented to GAAP Measures - This report includes tabular reconciliations to the most comparable GAAP measures for adjusted revenues, adjusted compensation expense and adjusted operating expense, EBITDAC, EBITDAC margin, adjusted EBITDAC, adjusted EBITDAC margin, diluted net earnings per share (as adjusted) and organic revenue measures.

Other Information

Allocations of investment income and certain expenses are based on reasonable assumptions and estimates primarily using revenue, headcount and other information. We allocate the provision for income taxes to the brokerage and risk management segments as if those segments were computing income tax provisions on a separate company basis. As a result, the provision for income taxes for the corporate segment reflects the entire benefit to us of the IRC Section 45 credits generated, because that is the segment which produced the credits. The law that provides for IRC Section 45 tax credits substantially expires in December 2019 for our fourteen 2009 Era Plants and in December 2021 for our twenty 2011 Era Plants. We anticipate reporting an effective tax rate of approximately 37.0% to 39.0% in both our brokerage segment and our risk management segment for the foreseeable future. Reported operating results by segment would change if different allocation methods were applied.

In the discussion that follows regarding our results of operations, we also provide the following ratios with respect to our operating results: pretax profit margin, compensation expense ratio and operating expense ratio. Pretax profit margin represents pretax net earnings divided by total revenues. The compensation expense ratio is compensation expense divided by total revenues. The operating expense ratio is operating expense divided by total revenues.

Brokerage Segment

The brokerage segment accounted for 68% of our revenue in 2013. Our brokerage segment is primarily comprised of retail and wholesale brokerage operations. Our retail brokerage operations negotiate and place property/casualty, employer-provided health and welfare insurance and retirement solutions, principally for middle-market commercial, industrial, public entity, religious and not-for-profit entities. Many of our retail brokerage customers choose to place their insurance with insurance underwriters, while others choose to use alternative vehicles such as self-insurance pools, risk retention groups or captive insurance companies. Our wholesale brokerage operations assist our brokers and other unaffiliated brokers and agents in the placement of specialized, unique and hard-to-place insurance programs.

Our primary sources of compensation for our retail brokerage services are commissions paid by insurance companies, which are usually based upon a percentage of the premium paid by insureds, and brokerage and advisory fees paid directly by our clients. For wholesale brokerage services, we generally receive a share of the commission paid to the retail broker from the insurer. Commission rates are dependent on a number of factors, including the type of insurance, the particular insurance company underwriting the policy and whether we act as a retail or wholesale broker. Advisory fees are dependent on the extent and value of services we provide. In addition, under certain circumstances, both retail brokerage and wholesale brokerage services receive supplemental and contingent commissions. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid, is determined by the insurance carrier and is established annually in advance of the contractual period based on historical performance criteria. A contingent commission is a commission paid by an insurance carrier based on the overall profit and/or volume of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period.

Financial information relating to our brokerage segment results for 2013, 2012 and 2011 (in millions, except per share, percentages and workforce data):

Statement of Earnings	**2013**	**2012**	**Change**	**2012**	**2011**	**Change**
Commissions	$ 1,553.1	$ 1,302.5	$ 250.6	$ 1,302.5	$ 1,127.4	$ 175.1
Fees	450.5	403.2	47.3	403.2	324.1	79.1
Supplemental commissions	77.3	67.9	9.4	67.9	56.0	11.9
Contingent commissions	52.1	42.9	9.2	42.9	38.1	4.8
Investment income	6.1	7.2	(1.1)	7.2	5.4	1.8
Gains realized on books of business sales	5.2	3.9	1.3	3.9	5.5	(1.6)
Total revenues	2,144.3	1,827.6	316.7	1,827.6	1,556.5	271.1
Compensation	1,290.4	1,131.6	158.8	1,131.6	968.4	163.2
Operating	369.9	312.7	57.2	312.7	267.3	45.4
Depreciation	31.1	24.7	6.4	24.7	21.2	3.5
Amortization	122.7	96.2	26.5	96.2	77.0	19.2
Change in estimated acquisition earnout payables	2.6	3.6	(1.0)	3.6	(6.2)	9.8
Total expenses	1,816.7	1,568.8	247.9	1,568.8	1,327.7	241.1
Earnings before income taxes	327.6	258.8	68.8	258.8	228.8	30.0
Provision for income taxes	122.8	103.0	19.8	103.0	88.6	14.4
Net earnings	$ 204.8	$ 155.8	$ 49.0	$ 155.8	$ 140.2	$ 15.6
Diluted net earnings per share	$ 1.57	$ 1.27	$ 0.30	$ 1.27	$ 1.25	$ 0.02
Other Information						
Change in diluted net earnings per share	24%	2%		2%	(3%)	
Growth in revenues	17%	17%		17%	16%	
Organic change in commissions and fees	6%	4%		4%	3%	
Compensation expense ratio	60%	62%		62%	62%	
Operating expense ratio	17%	17%		17%	17%	
Effective income tax rate	37%	40%		40%	39%	
Workforce at end of period (includes acquisitions)	11,193	9,002		9,002	7,868	
Identifiable assets at December 31	$ 5,522.7	$ 4,196.8		$ 4,196.8	$ 3,346.6	
EBITDAC						
Net earnings	$ 204.8	$ 155.8	$ 49.0	$ 155.8	$ 140.2	$ 15.6
Provision for income taxes	122.8	103.0	19.8	103.0	88.6	14.4
Depreciation	31.1	24.7	6.4	24.7	21.2	3.5
Amortization	122.7	96.2	26.5	96.2	77.0	19.2
Change in estimated acquisition earnout payables	2.6	3.6	- (1.0)	3.6	(6.2)	- 9.8
EBITDAC	$ 484.0	$ 383.3	$ 100.7	$ 383.3	$ 320.8	$ 62.5
EBITDAC margin	23%	21%		21%	21%	
EBITDAC growth	26%	19%		19%	7%	

The following provides non-GAAP information that management believes is helpful when comparing 2013 EBITDAC and adjusted EBITDAC to 2012, and 2012 EBITDAC and adjusted EBITDAC to 2011 (in millions):

	2013	2012	2011
Total EBITDAC - see computation above	$ 484.0	$ 383.3	$ 320.8
Net gains from books of business sales	(5.2)	(3.9)	(5.5)
Acquisition integration	24.1	19.3	16.0
Earnout related compensation charge	-	-	7.0
Workforce and lease termination related charges	7.8	14.4	2.6
Levelized foreign currency translation	-	1.1	0.8
Adjusted EBITDAC	$ 510.7	$ 414.2	$ 341.7
Adjusted EBITDAC change	23.3%	21.2%	17.7%
Adjusted EBITDAC margin - see page 22	23.9%	22.8%	22.0%

Effective May 12, 2011, we acquired HLG Holdings, Ltd. (Heath Lambert) for cash, net of cash received, of £99.7 million ($164.0 million as of the acquisition date). Prior to our acquisition of Heath Lambert, it sold nearly all lines of property/casualty and employee benefit insurance products through 1,200 professionals in 16 offices throughout the U.K. Acquisition integration costs include costs related to our May 12, 2011 acquisition of Heath Lambert, our August 12, 2013 acquisition of Bollinger and our November 14, 2013 acquisition of Giles that are not expected to occur on an ongoing basis in the future once we fully assimilate these acquisitions. These costs relate to redundant workforce, extra lease space, duplicate services and external costs incurred to assimilate the acquired businesses with our IT related systems. The Heath Lambert integration costs in 2013 totaled $7.7 million and were primarily related to the consolidation of offices in London. The Bollinger integration costs in 2013 totaled $5.7 million and were primarily related to technology costs, the onboarding of over 500 employees and incentive compensation. The Giles integration costs in 2013 totaled $2.7 million and were primarily related to technology costs, the onboarding of over 1,100 employees and incentive compensation. The prior period integration costs relate to the Heath Lambert acquisition only. The full integration of the Heath Lambert operations into our existing operations was completed in the third quarter of 2013. Integration costs related to the Bollinger acquisition are expected to range between $2.0 million to $3.0 million per quarter through 2014. Integration costs related to the Giles acquisition are expected to range between $2.5 million to $4.0 million per quarter through 2014.

Commissions and fees - The aggregate increase in commissions and fees for 2013 was principally due to revenues associated with acquisitions that were made during 2013 ($216.8 million). Commissions and fees in 2013 included new business production and renewal rate increases of $246.8 million, which was offset by lost business of $165.7 million. The aggregate increase in commissions and fees for 2012 was principally due to revenues associated with acquisitions that were made during 2012 ($200.1 million). Commissions and fees in 2012 included new business production and renewal rate increases of $205.7 million, which was offset by lost business of $151.6 million. The organic change in base commission and fee revenues was 6% in 2013, 4% in 2012 and 3% in 2011. Commission revenues increased 19% and fee revenues increased 12% in 2013 compared to 2012. Commission revenues increased 16% and fee revenues increased 24% in 2012 compared to 2011.

Items excluded from organic revenue computations yet impacting revenue comparisons for 2013, 2012 and 2011 include the following (in millions):

	2013 Organic Revenue		2012 Organic Revenue		2011 Organic Revenue	
	2013	2012	2012	2011	2011	2010
Commissions and Fees						
Commission revenues as reported	$ 1,553.1	$ 1,302.5	$ 1,302.5	$ 1,127.4	$ 1,127.4	$ 957.3
Fee revenues as reported	450.5	403.2	403.2	324.1	324.1	274.9
Less commission and fee revenues from acquisitions	(216.8)	-	(200.1)	-	(184.4)	-
Less disposed of operations	-	(6.2)	-	(8.1)	-	(4.6)
Levelized foreign currency translation	-	(6.7)	-	(1.5)	-	5.5
Organic base commission and fee revenues	$ 1,786.8	$ 1,692.8	$ 1,505.6	$ 1,441.9	$ 1,267.1	$ 1,233.1
Organic change in base commission and fee revenues	5.6%		4.4%		2.8%	

	2013 Organic Revenue		2012 Organic Revenue		2011 Organic Revenue	
	2013	2012	2012	2011	2011	2010
Supplemental Commissions						
Supplemental commissions as reported	$ 77.3	$ 67.9	$ 67.9	$ 56.0	$ 56.0	$ 60.8
Less supplemental commissions from acquisitions	(5.4)	-	(10.7)	-	(4.0)	-
Net supplemental commission timing	-	-	-	(0.6)	-	(14.7)
Organic supplemental commissions	$ 71.9	$ 67.9	$ 57.2	$ 55.4	$ 52.0	$ 46.1
Organic change in supplemental commissions	5.9%		3.3%		12.8%	
Contingent Commissions						
Contingent commissions as reported	$ 52.1	$ 42.9	$ 42.9	$ 38.1	$ 38.1	$ 36.8
Less contingent commissions from acquisitions	(8.8)	-	(5.2)	-	(3.6)	-
Organic contingent commissions	$ 43.3	$ 42.9	$ 37.7	$ 38.1	$ 34.5	$ 36.8
Organic change in contingent commissions	0.9%		(1.1%)		(6.3%)	
Combination Calculations						
Organic change in commissions and fees and supplemental commissions	5.6%		4.4%		3.1%	

Supplemental and contingent commissions - Reported supplemental and contingent commission revenues recognized in 2013, 2012 and 2011 by quarter are as follows (in millions):

	Q1	Q2	Q3	Q4	Full Year
2013					
Reported supplemental commissions	$ 17.3	$ 18.3	$ 17.8	$ 23.9	$ 77.3
Reported contingent commissions	22.5	14.5	6.5	8.6	52.1
Reported supplemental and contingent commissions	$ 39.8	$ 32.8	$ 24.3	$ 32.5	$ 129.4
2012					
Reported supplemental commissions	$ 17.1	$ 16.6	$ 16.6	$ 17.6	$ 67.9
Reported contingent commissions	19.0	10.3	7.7	5.9	42.9
Reported supplemental and contingent commissions	$ 36.1	$ 26.9	$ 24.3	$ 23.5	$ 110.8
2011					
Reported supplemental commissions	$ 13.5	$ 14.0	$ 14.5	$ 14.0	$ 56.0
Reported contingent commissions	16.8	7.9	9.9	3.5	38.1
Reported supplemental and contingent commissions	$ 30.3	$ 21.9	$ 24.4	$ 17.5	$ 94.1

Investment income and gains realized on books of business sales - This primarily represents interest income earned on cash, cash equivalents and restricted funds and one-time gains related to sales of books of business, which were $5.2 million, $3.9 million and $5.5 million in 2013, 2012 and 2011, respectively. Offsetting the one-time gains related to sales of books of business in 2012 was a non-cash loss of $3.5 million we recognized related to our acquisition of an additional 41.5% equity interest in CGM Gallagher Group Limited (which we refer to as CGM), which increased our ownership in CGM to 80%. The loss represents the decrease in fair value of our initial 38.5% equity interest in CGM based on the purchase price paid to acquire the additional 41.5% equity interest in CGM. Investment income in 2013 decreased compared to 2012 primarily due to lower levels of invested assets in 2013. Investment income in 2012 increased compared to 2011 primarily due to higher levels of invested assets in 2012.

Compensation expense - The following provides non-GAAP information that management believes is helpful when comparing 2013 compensation expense to 2012 and 2012 compensation expense to 2011 (in millions):

	2013	2012	2011
Reported compensation expense	$ 1,290.4	$ 1,131.6	$ 968.4
Acqusition integration	(10.9)	(13.2)	(9.2)
Earnout related compensation charge	-	-	(7.0)
Workforce and lease termination related charges	(7.7)	(13.7)	(2.5)
Levelized foreign currency translation	-	(5.4)	(0.8)
Adjusted compensation expense	$ 1,271.8	$ 1,099.3	$ 948.9
Adjusted revenues - see page 22	$ 2,139.1	$ 1,816.2	$ 1,549.3
Adjusted compensation expense ratio	59.5%	60.5%	61.3%

The increase in compensation expense in 2013 compared to 2012 was primarily due to an increase in the average number of employees, salary increases, one-time compensation payments and increases in incentive compensation linked to our overall operating results ($132.1 million in the aggregate), increases in employee benefits expense ($21.7 million), deferred compensation ($8.4 million), stock compensation expense ($1.6 million) and temporary staffing ($0.9 million) offset by a decrease in severance related costs ($5.9 million). The increase in employee headcount in 2013 compared to 2012 primarily relates to the addition of employees associated with the acquisitions that we completed in 2013 and new production hires.

The increase in compensation expense in 2012 compared to 2011 was primarily due to an increase in the average number of employees, salary increases, one-time compensation payments and increases in incentive compensation linked to our overall operating results ($127.6 million in the aggregate), increases in employee benefits expense ($24.9 million), severance related costs ($11.1 million), stock compensation expense ($1.8 million) and temporary staffing ($1.2 million), offset by a decrease in deferred compensation ($3.4 million). These increases were partially offset by a decrease in the earnout compensation charge $7.0 million discussed below. The increase in employee headcount in 2012 compared to 2011 primarily relates to the addition of employees associated with the acquisitions that we completed in 2012 and new production hires.

During 2011, we recognized $7.0 million of compensation expense for an earnout obligation related to a prior year acquisition. Pursuant to ASC Subtopic 805-10-55-25 (formerly EITF 95-8), the portion of the earnout obligation that will be paid to our existing employees by the sellers once the earnout is settled, must be recorded as compensation expense in our consolidated statement of earnings.

Operating expense - The following provides non-GAAP information that management believes is helpful when comparing 2013 operating expense to 2012 and 2012 operating expense to 2011 (in millions):

	2013	2012	2011
Reported operating expense	$ 369.9	$ 312.7	$ 267.3
Acquisition integration	(13.2)	(6.1)	(6.8)
Workforce and lease termination related charges	(0.1)	(0.7)	(0.1)
Levelized foreign currency translation	-	(3.2)	(0.5)
Adjusted operating expense	$ 356.6	$ 302.7	$ 259.9
Adjusted revenues - see page 22	$ 2,139.1	$ 1,816.2	$ 1,549.3
Adjusted operating expense ratio	16.7%	16.7%	16.8%

The increase in operating expense in 2013 compared to 2012 was due primarily to increases in technology expenses ($12.6 million), professional and banking fees ($8.7 million), outside consulting fees ($7.5 million), real estate expenses ($7.9 million), meeting and client entertainment expenses ($6.0 million), employee expense ($4.0 million), licenses and fees ($3.6 million), office supplies ($3.3 million), business insurance ($2.8 million), outside services expense ($2.4 million), bad debt expense ($1.6 million), slightly offset by a favorable foreign currency translation ($2.1 million), lease termination charges ($0.6 million), interest expense ($0.4 million) and other expense ($0.1 million). Also contributing to the increase in operating expense in 2013 were increased expenses associated with the acquisitions completed in 2013.

The increase in operating expense in 2012 compared to 2011 was due primarily to a unfavorable foreign currency translation ($1.6 million) and increases in technology expenses ($12.2 million), professional and banking fees ($6.8 million), meeting and client entertainment expenses ($6.6 million), outside consulting fees ($5.1 million), real estate expenses ($4.3 million), office supplies ($4.2 million), licenses and fees ($3.2 million), employee expense ($2.4 million), outside services expense ($1.4 million), bad debt expense ($0.8 million) and lease termination charges ($0.6 million), offset by decreases in business insurance ($3.3 million) and other expense ($0.3 million), offset. Also contributing to the increase in operating expense in 2013 were increased expenses associated with the acquisitions completed in 2013.

Depreciation - The increases in depreciation expense in 2013 compared to 2012 and in 2012 compared to 2011 were due primarily to the purchases of furniture, equipment and leasehold improvements related to office expansions and moves, and expenditures related to upgrading computer systems. Also contributing to the increases in depreciation expense in 2013, 2012 and 2011 were the depreciation expenses associated with acquisitions completed during these years.

Amortization - The increases in amortization in 2013 compared to 2012 and in 2012 compared to 2011 were due primarily to amortization expense of intangible assets associated with acquisitions completed during these years. Expiration lists, non-compete agreements and trade names are amortized using the straight-line method over their estimated useful lives (three to fifteen years for expiration lists and three to five years for non-compete agreements and five to fifteen years for trade names). Based on the results of impairment reviews in 2013, 2012 and 2011, we wrote off $2.2 million, $3.4 million and $4.6 million of amortizable intangible assets related to the brokerage segment acquisitions.

Change in estimated acquisition earnout payables - The change in the expense in 2013 compared to 2012 and 2012 compared to 2011 was due primarily to adjustments made to the estimated fair value of earnout obligations related to revised projections of future performance. During 2013, 2012 and 2011, we recognized $11.9 million, $9.3 million and $8.3 million, respectively, of expense related to the accretion of the discount recorded for earnout obligations in connection with our 2013, 2012 and 2011 acquisitions. During 2013, 2012 and 2011, we recognized $9.3 million, $5.7 million and $14.5 million of income, respectively, related to net adjustments in the estimated fair market values of earnout obligations in connection with revised projections of future performance for 77, 45 and 22 acquisitions, respectively.

The amounts initially recorded as earnout payables for our 2011 to 2013 acquisitions were measured at fair value as of the acquisition date and are primarily based upon the estimated future operating results of the acquired entities over a two- to three-year period subsequent to the acquisition date. The fair value of these earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, we estimate the acquired entity's future performance using financial projections developed by management for the acquired entity and market participant assumptions that are derived for revenue growth and/or profitability. We estimate future earnout payments using the earnout formula and performance targets specified in each purchase agreement and these financial projections. Subsequent changes in the underlying financial projections or assumptions will cause the estimated earnout obligations to change and such adjustments are recorded in our consolidated statement of earnings when incurred. Increases in the earnout payable obligations will result in the recognition of expense and decreases in the earnout payable obligations will result in the recognition of income.

The income generated from the net adjustments in the estimated fair value of earnout obligations in 2011, was primarily related to our acquisition of the policy renewal rights from Liberty Mutual and the Wausau Signature Agency (which we refer to as Liberty Mutual) in February 2009. As part of this transaction we acquired over 250 producers, account managers and service staff from Liberty Mutual. Due to the underlying market conditions existing in early 2009 at the date of the transaction (a deteriorating economy and uncertainty of when it would recover) and the significant uncertainties related to this transaction that could affect the performance of the Liberty Mutual business (we purchased the policy renewal rights related to Liberty Mutual's middle-market commercial P/C business located in their Midwest and Southeast regions as opposed to buying a stand-alone brokerage agency; a portion of the Liberty business was co-brokered, the extent of which was not known by Liberty Mutual at the time of the acquisition; and the risks associated with moving captive agents to an open brokerage environment), we structured this acquisition such that approximately 70% of the maximum purchase price was based on a three year earn-out period. We paid approximately $45.0 million as of the acquisition date, with a potential maximum earnout payable of up to $120.0 million, to be paid in second quarter 2012. As of the acquisition date, we initially estimated and recorded an earnout payable of approximately $64.0 million based on financial projections that incorporated assumptions to address the risks noted above. We monitored and updated the financial projections for this business using actual results during the earnout period and made adjustments to the recorded earnout payable, when applicable. During 2011 and 2012, we had seen some deterioration in client retention related to this business (primarily due to co-brokered business) and had been rationalizing staffing levels, which resulted in downward adjustments to our estimated financial projections and a decrease in the recorded earnout payable in both 2011 and 2012. In August 2012, we paid out $32.4 million ($24.8 million in our common stock and $7.6 million in cash) to Liberty Mutual related to this earnout obligation.

Provision for income taxes - The brokerage segment's effective tax rate in 2013, 2012 and 2011 was 37.5%, 39.8% and 38.7%, respectively. We anticipate reporting an effective tax rate of approximately 37.0% to 39.0% in our brokerage segment for the foreseeable future.

Risk Management Segment

The risk management segment accounted for 19% of our revenue in 2013. The risk management segment provides contract claim settlement and administration services for enterprises that choose to self-insure some or all of their property/casualty coverages and for insurance companies that choose to outsource some or all of their property/casualty claims departments. In addition, this segment generates revenues from integrated disability management programs, information services, risk control consulting (loss control) services and appraisal services, either individually or in combination with arising claims. Revenues for risk management services are substantially in the form of fees that are generally negotiated in advance on a per-claim or per-service basis, depending upon the type and estimated volume of the services to be performed.

Financial information relating to our risk management segment results for 2013, 2012 and 2011 (in millions, except per share, percentages and workforce data):

Statement of Earnings	2013	2012	Change	2012	2011	Change
Fees	$ 609.0	$ 568.5	$ 40.5	$ 568.5	$ 546.1	$ 22.4
Investment income	2.0	3.2	(1.2)	3.2	2.7	0.5
Total revenues	611.0	571.7	39.3	571.7	548.8	22.9
Compensation	370.5	347.0	23.5	347.0	344.1	2.9
Operating	146.0	137.7	8.3	137.7	135.8	1.9
Depreciation	19.4	16.0	3.4	16.0	14.2	1.8
Amortization	2.5	2.8	(0.3)	2.8	2.3	0.5
Change in estimated acquisition earnout payables	(0.9)	(0.2)	(0.7)	(0.2)	-	(0.2)
Total expenses	537.5	503.3	34.2	503.3	496.4	6.9
Earnings before income taxes	73.5	68.4	5.1	68.4	52.4	16.0
Provision for income taxes	27.3	25.9	1.4	25.9	19.1	6.8
Net earnings	$ 46.2	$ 42.5	$ 3.7	$ 42.5	$ 33.3	$ 9.2
Diluted earnings per share	$ 0.35	$ 0.35	$ -	$ 0.35	$ 0.29	$ 0.06
Other information						
Change in diluted earnings per share	0%	21%		21%	(3%)	
Growth in revenues	7%	4%		4%	19%	
Organic change in fees	9%	6%		6%	6%	
Compensation expense ratio	61%	61%		61%	63%	
Operating expense ratio	24%	24%		24%	25%	
Effective income tax rate	37%	38%		38%	36%	
Workforce at end of period (includes acquisitions)	4,806	4,390		4,390	4,264	
Identifiable assets at December 31	$ 544.7	$ 498.6		$ 498.6	$ 529.1	
EBITDAC						
Net earnings	$ 46.2	$ 42.5	$ 3.7	$ 42.5	$ 33.3	$ 9.2
Provision for income taxes	27.3	25.9	1.4	25.9	19.1	6.8
Depreciation	19.4	16.0	3.4	16.0	14.2	1.8
Amortization	2.5	2.8	(0.3)	2.8	2.3	0.5
Change in estimated acquisition estimated payables	(0.9)	(0.2)	(0.7)	(0.2)	-	(0.2)
EBITDAC	$ 94.5	$ 87.0	$ 7.5	$ 87.0	$ 68.9	$ 18.1
EBITDAC margin	15%	15%		15%	13%	
EBITDAC growth	9%	26%		26%	6%	

The following provides non-GAAP information that management believes is helpful when comparing 2013 EBITDAC and adjusted EBITDAC to 2012, and 2012 EBITDAC and adjusted EBITDAC to 2011 (in millions):

	2013	2012	2011
Total EBITDAC - see computation above	$ 94.5	$ 87.0	$ 68.9
New Zealand earthquake claims administration	-	(1.5)	(6.1)
GAB Robins integration	-	-	13.0
South Australia and claim portfolio transfer ramp up costs	(0.1)	2.1	-
Workforce and lease termination related charges	1.7	2.7	5.6
Adjusted EBITDAC	$ 96.1	$ 90.3	$ 81.4
Adjusted EBITDAC change	6.4%	10.9%	15.3%
Adjusted EBITDAC margin - see page 22	15.8%	16.0%	15.4%

Fees - The increase in fees for 2013 compared to 2012 was primarily due to new business and the impact of increased claim counts (total of $63.3 million), which were partially offset by lost business of $22.8 million in 2013. The increase in fees for 2012 compared to 2011 was primarily due to new business and the impact of increased claim counts (total of $38.8 million), which were partially offset by lost business of $16.4 million in 2012. Organic change in fee revenues was 9% in 2013, 6% in 2012 and 6% in 2011.

Items excluded from organic fee computations yet impacting revenue comparisons in 2013, 2012 and 2011 include the following (in millions):

	2013 Organic Revenue		2012 Organic Revenue		2011 Organic Revenue	
	2013	2012	2012	2011	2011	2010
Fees	$ 589.0	$ 550.3	$ 550.3	$ 532.5	$ 532.5	$ 450.2
International performance bonus fees	20.0	18.2	18.2	13.6	13.6	9.9
Fees as reported	609.0	568.5	568.5	546.1	546.1	460.1
Less fees from acquisitions	(2.7)	-	(2.2)	-	(34.1)	-
Less South Australia ramp up fees	(1.4)	-	-	-	-	-
New Zealand earthquake claims administration	(0.1)	(8.6)	(8.6)	(21.8)	(21.8)	(3.6)
Levelized foreign currency translation	-	(6.3)	-	(0.1)	-	7.8
Organic fees	$ 604.8	$ 553.6	$ 557.7	$ 524.2	$ 490.2	$ 464.3
Organic change in fees	9.3%		6.4%		5.6%	
Organic change in base domestic and international fees only	12.0%		6.8%		19.2%	

Investment income - Investment income primarily represents interest income earned on our cash and cash equivalents. Investment income in 2013 decreased compared to 2012 primarily due to lower levels of invested assets in 2013. Investment income in 2012 remained relatively unchanged compared to 2011.

Compensation expense - The following provides non-GAAP information that management believes is helpful when comparing 2013 compensation expense to 2012 and comparing 2012 compensation expense to 2011 (in millions):

	2013	2012	2011
Reported compensation expense	$ 370.5	$ 347.0	$ 344.1
New Zealand earthquake claims administration	-	(5.5)	(13.1)
GAB Robins integration	-	-	(9.2)
South Australia and claim portfolio transfer ramp up costs	(1.2)	(1.5)	-
Workforce and lease termination related charges	(1.7)	(2.5)	(3.9)
Adjusted compensation expense	$ 367.6	$ 337.5	$ 317.9
Adjusted revenues - see page 22	$ 609.5	$ 563.1	$ 527.0
Adjusted compensation expense ratio	60.3%	59.9%	60.3%

The increase in compensation expense in 2013 compared to 2012 was primarily due to increased headcount and increases in salaries ($30.0 million), employee benefits ($4.2 million), deferred compensation ($0.8 million), and stock compensation ($0.4 million), offset by a favorable foreign currency translation ($4.2 million), decreases in New Zealand earthquake claims administration ($5.5 million), temporary-staffing expense ($1.1 million), severance related costs ($0.8 million) and South Australia and claim portfolio transfer ramp up costs ($0.3 million).

The increase in compensation expense in 2012 compared to 2011 was primarily due to increased headcount, unfavorable foreign currency translation ($0.3 million), increases in salaries ($19.3 million), increases in employee benefits ($3.7 million), South Australia ramp up costs ($1.5 million) and stock compensation ($0.3 million), offset by decreases in GAB Robins integration costs ($9.2 million), New Zealand earthquake claims administration ($7.6 million), temporary-staffing expense ($3.5 million) and severance related costs ($1.4 million) and deferred compensation ($0.5 million).

Operating expense - The following provides non-GAAP information that management believes is helpful when comparing 2013 operating expense to 2012 and comparing 2012 operating expense to 2011 (in millions):

	2013		2012		2011	
Reported operating expense	$	146.0	$	137.7	$	135.8
New Zealand earthquake claims administration		(0.1)		(1.6)		(2.6)
GAB Robins integration		-		-		(3.8)
South Australia and claim portfolio transfer ramp up costs		(0.1)		(0.6)		-
Workforce and lease termination related charges		-		(0.2)		(1.7)
Adjusted operating expense	$	145.8	$	135.3	$	127.7
Adjusted revenues - see page 22	$	609.5	$	563.1	$	527.0
Adjusted operating expense ratio		23.9%		24.0%		24.2%

The increase in operating expense in 2013 compared to 2012 was primarily due to increases in outside consulting fees ($4.4 million), professional and banking fees ($3.5 million), technology expenses ($2.4 million), meeting and client entertainment expense ($1.7 million), licenses and fees ($0.8 million), office supplies ($0.3 million), employee expense ($0.1 million) and bad debt expense ($0.1 million), offset by decreases in real estate expenses ($1.8 million), New Zealand earthquake claims administration ($1.5 million), other expense ($0.5 million), interest expense ($0.5 million), business insurance ($0.3 million), lease termination charges ($0.2 million) and outside services ($0.1 million).

The increase in operating expense in 2012 compared to 2011 was primarily due to increases in professional and banking fees ($5.7 million), real estate expenses ($2.1 million), meeting and client entertainment expense ($0.7 million), office supplies ($0.6 million), employee expense ($0.5 million), outside services ($0.5 million) and bad debt expense ($0.3 million), offset by decreases in GAB Robins integration costs ($3.8 million), lease termination charges ($1.5 million), business insurance ($1.0 million), New Zealand earthquake claims administration ($1.0 million), other expense ($0.6 million), outside consulting fees ($0.5 million) and licenses and fees ($0.3 million).

Depreciation - Depreciation expense increased in 2013 compared to 2012 and in 2012 compared to 2011, which reflects the impact of purchases of furniture, equipment and leasehold improvements related to office expansions and moves and expenditures related to upgrading computer systems.

Amortization - Amortization expense remained relatively the same in 2013 compared to 2012 and in 2012 compared to 2011. Historically, the risk management segment has made few acquisitions. We made no material acquisitions in this segment in 2013 or 2012. Based on the results of impairment reviews in 2012, we wrote off $0.1 million of amortizable intangible assets related to the risk management segment acquisitions. No indicators of impairment were noted in 2013 or 2011.

Change in estimated acquisition earnout payables - The increase in income from the change in estimated acquisition earnout payables in 2013 compared to 2012 was due primarily to an adjustment made in 2013 to the estimated fair value of an earnout obligation related to a revised projection of future performance for two acquisitions. During 2013, we recognized $0.9 million of income related to net adjustments in the estimated fair value of earnout obligations related to revised projections of future performance for two acquisitions. The increase in income from the change in estimated acquisition earnout payables in 2012 compared to 2011 was due primarily to an adjustment made in 2012 to the estimated fair value of an earnout obligation related to a revised projection of future performance for one acquisition.

Provision for income taxes - The risk management segment's effective tax rate in 2013, 2012 and 2011 was 37.1%, 37.9% and 36.5%, respectively. We anticipate reporting an effective tax rate of approximately 37.0% to 39.0% in our risk management segment for the foreseeable future.

Corporate Segment

The corporate segment reports the financial information related to our clean energy and other investments, our debt, and certain corporate and acquisition-related activities. See Note 12 to our consolidated financial statements for a summary of our investments at December 31, 2013 and 2012 and a detailed discussion of the nature of these investments. See Note 6 to our consolidated financial statements for a summary of our debt at December 31, 2013 and 2012.

Financial information relating to our corporate segment results for 2013, 2012 and 2011 (in millions, except per share and percentages):

Statement of Earnings	2013	2012	Change	2012	2011	Change
Revenues from consolidated clean coal production plants	$ 387.1	$ 98.0	$ 289.1	$ 98.0	$ 27.3	$ 70.7
Royalty income from clean coal licenses	32.0	27.6	4.4	27.6	4.5	23.1
Loss from unconsolidated clean coal production plants	(6.6)	(6.0)	(0.6)	(6.0)	(2.6)	(3.4)
Other net revenues	11.8	1.4	10.4	1.4	0.2	1.2
Total revenues	424.3	121.0	303.3	121.0	29.4	91.6
Cost of revenues from consolidated clean coal production plants	437.3	111.6	325.7	111.6	32.0	79.6
Compensation	24.1	14.8	9.3	14.8	13.6	1.2
Operating	36.5	32.8	3.7	32.8	15.9	16.9
Interest	50.1	43.0	7.1	43.0	40.8	2.2
Depreciation	2.9	0.7	2.2	0.7	0.5	0.2
Total expenses	550.9	202.9	348.0	202.9	102.8	100.1
Loss before income taxes	(126.6)	(81.9)	(44.7)	(81.9)	(73.4)	(8.5)
Benefit for income taxes	(144.2)	(78.6)	(65.6)	(78.6)	(44.0)	(34.6)
Net income (loss)	$ 17.6	$ (3.3)	$ 20.9	$ (3.3)	$ (29.4)	$ 26.1
Diluted net earnings (loss) per share	$ 0.14	$ (0.03)	$ 0.17	$ (0.03)	$ (0.26)	$ 0.23
Identifiable assets at December 31	$ 793.1	$ 656.9		$ 656.9	$ 607.8	
EBITDAC						
Net income (loss)	$ 17.6	$ (3.3)	$ 20.9	$ (3.3)	$ (29.4)	$ 26.1
Benefit for income taxes	(144.2)	(78.6)	(65.6)	(78.6)	(44.0)	(34.6)
Interest	50.1	43.0	7.1	43.0	40.8	2.2
Depreciation	2.9	0.7	2.2	0.7	0.5	0.2
EBITDAC	$ (73.6)	$ (38.2)	$ (35.4)	$ (38.2)	$ (32.1)	$ (6.1)

Revenues - Revenues in the corporate segment consist of the following:

- Revenues from consolidated clean coal production plants represents revenues from the consolidated IRC Section 45 facilities that we operate and control under lease arrangements, and the investments in which we have a majority ownership position and maintain control over the operations of the related plants, including those that are currently not operating. When we relinquish control in connection with the sale of majority ownership interests in our investments, we deconsolidate these operations.

  The increase in 2013 is due to increased production at both the leased facilities and facilities in which we have a majority ownership position. The increase in 2012 is due primarily to increased production from the leased facilities.

- Royalty income from clean coal licenses represents revenues related to Chem-Mod. We had a 42% controlling interest in Chem-Mod through October 31, 2012. On November 1, 2012, we purchased an additional 4.54% ownership interest, and now own 46.54%. Further, as Chem-Mod's manager, we are required to consolidate its operations.

  The increases in royalty income in 2013 and 2012 were due to increases in the production of refined coal by Chem-Mod's licensees.

Expenses related to royalty income of Chem-Mod were \$21.2 million, \$16.5 million and \$3.2 million in 2013, 2012 and 2011, respectively, which include non-controlling interest of \$19.2 million, \$14.6 million and \$1.7 million, respectively.

- Loss from unconsolidated clean coal production plants represents our equity portion of the pretax operating results from the unconsolidated clean coal production plants, partially offset by the production based income from majority investors. The production of refined coal generates pretax operating losses.

  The increased pretax loss in 2013 compared to 2012 was due primarily to increased production which generates increased pretax operating losses. The increased pretax loss in 2012 compared to 2011 was due primarily to increased production which generates increased pretax operating losses.

- In 2013, other net revenues primarily consisted of a gain of \$9.6 million that we recognized in connection with the acquisition of an additional ownership interest in twelve of the 2009 Era Plants from one of the co-investors. See Note 12 to the consolidated financial statements for additional discussion of this acquisition transaction. We have consolidated the operations of the limited liability company that owns these plants effective March 1, 2013. In 2013, other net revenues also includes a gain of \$2.6 million related to three foreign currency derivative investment contracts that Gallagher executed in September 2013 in connection with the signing of an agreement to acquire The Giles Group of Companies, headquartered in London, England. These contracts were designed to hedge a portion of the GBP denominated purchase price consideration of this acquisition. The derivative investment contracts were exercised on October 31, 2013 and the Giles transaction closed in early November 2013. In 2012, other net revenues of \$1.4 million consisted of equity income from our venture capital fund investments. In 2011, \$0.5 million of equity income from our venture capital fund investments was offset by the net \$0.3 million impairment write-down of our investment in a biomass energy venture.

Cost of revenues - Cost of revenues from consolidated clean coal production plants in 2013, 2012 and 2011 consists of the expenses incurred by the clean coal production plants to generate the consolidated revenues discussed above, including the costs to run the leased facilities.

Compensation expense - Compensation expense for 2013, 2012 and 2011, respectively, includes salary and benefit expenses of \$11.4 million, \$9.8 million and \$6.2 million and incentive compensation of \$12.7 million, \$5.0 million and \$7.4 million, respectively.

The increase in salary and benefit expenses in 2013 compared to 2012 was primarily due to additional headcount and salary and benefits expense increases. The increase in salary and benefit expenses in 2012 compared to 2011 was primarily due to a \$2.4 million increase in pension expense and additional headcount and salary and benefits expense increases.

The increase in incentive compensation in 2013 compared to 2012 was due to the increased compensation in 2013 related to the sales and operations of the facilities in 2013 that qualify for tax credits under IRC Section 45 and the efforts made on corporate related matters including the three 2013 debt transactions and the level of acquisition activity in 2013. The decrease in incentive compensation in 2012 compared to 2011 was due to the higher compensation in 2011 related to the sales and operations of the facilities that qualify for tax credits under IRC Section 45.

Operating expense - Operating expense for 2013 includes banking and related fees of \$3.0 million, external professional fees and other due diligence costs related to 2013 acquisitions of \$7.5 million, operating expenses, professional fees and non-controlling interest related to royalty income of \$21.2 million and other corporate and clean energy related expenses of \$1.0 million and a biannual company-wide meeting (\$3.8 million).

Operating expense for 2012 includes banking and related fees of \$3.1 million, external professional fees and other due diligence costs related to 2012 acquisitions of \$7.1 million, operating expenses, professional fees and non-controlling interest related to royalty income of \$16.5 million and other corporate and clean energy related expenses of \$6.1 million.

Operating expense for 2011 includes banking and related fees of \$3.1 million, company-wide award and sales meeting expense of \$0.7 million, external professional fees and other due diligence costs related to 2011 acquisitions of \$4.6 million, operating expenses, professional fees and non-controlling interest related to royalty income of \$3.2 million and other corporate and clean energy related expenses of \$4.3 million.

Interest expense - The increase in interest expense in 2013 compared to 2012 is due to interest on the \$200.0 million note purchase agreement entered into on September 19, 2013 (\$4.0 million), interest on the \$50.0 million note purchase agreement entered into on July 10, 2012 (\$1.1 million) and increased interest on borrowings from our Credit Agreement (\$2.0 million). The increase in interest expense in 2012 compared to 2011 is primarily due to interest on the \$125.0 million and \$50.0 million note purchase agreements entered into on February 10, 2011 and July 10, 2012, respectively (\$1.7 million), and increased interest on borrowings from our Credit Agreement (\$0.5 million).

Depreciation - The depreciation expense in 2013 increased significantly compared to 2012, and primarily relates to the assets of the additional ownership interests in the twelve 2009 Era Plants that we acquired from a co-investor in first quarter 2013. The depreciation expense in 2012 and 2011 were relatively unchanged and primarily relate to corporate-related office build outs and expenditures related to upgrading computer systems.

Benefit for income taxes - Our consolidated effective tax rate was 2.2%, 20.5% and 30.6% for 2013, 2012 and 2011, respectively. The tax rates for 2013 and 2012 were lower than the statutory rate primarily due to the amount of IRC Section 45 tax credits recognized during the year. There were $93.7 million, $43.8 million and $13.2 million of tax credits generated and recognized in 2013, 2012 and 2011, respectively.

The following provides non-GAAP information that we believe is helpful when comparing 2013 operating results for the corporate segment with 2012 and 2011 (in millions):

	2013			2012			2011		
Description	Pretax Loss	Income Tax Benefit	Net Earnings (Loss)	Pretax Loss	Income Tax Benefit	Net Earnings (Loss)	Pretax Loss	Income Tax Benefit	Net Earnings (Loss)
Interest and banking costs	$ (53.0)	$ 21.2	$ (31.8)	$ (46.1)	$ 18.4	$ (27.7)	$ (43.8)	$ 17.5	$ (26.3)
Clean energy investments	(49.3)	113.0	63.7	(17.3)	50.0	32.7	(14.8)	18.7	3.9
Acquisition costs	(5.6)	0.2	(5.4)	(7.1)	0.7	(6.4)	(4.7)	0.6	(4.1)
Corporate	(18.7)	9.8	(8.9)	(11.4)	9.5	(1.9)	(9.8)	5.5	(4.3)
Legacy investments	-	-	-	-	-	-	(0.3)	1.7	1.4
Total	$ (126.6)	$ 144.2	$ 17.6	$ (81.9)	$ 78.6	$ (3.3)	$ (73.4)	$ 44.0	$ (29.4)

Interest and banking primarily includes expenses related to our debt. Clean energy investments include the operating results related to our investments in clean coal production and Chem-Mod. Acquisition costs include professional fees, due diligence and other costs incurred related to our acquisitions. In 2013, acquisition costs include a gain of $2.6 million on the derivative investment contract discussed above. Corporate consists of overhead allocations mostly related to corporate staff compensation and, in 2013 and 2011, costs related to a biannual company-wide award, cross-selling and motivational meeting for our production staff and field management. Legacy investments include the operating results related to the wind-down of our legacy investment portfolio.

Clean energy investments - We have investments in limited liability companies that own 29 clean coal production plants developed by us and five clean coal production plants we purchased from a third party on September 1, 2013. All 34 plants produce refined coal using propriety technologies owned by Chem-Mod. We believe that the production and sale of refined coal at these plants are qualified to receive refined coal tax credits under IRC Section 45. The fourteen plants which were placed in service prior to December 31, 2009 (which we refer to as the 2009 Era Plants) can receive tax credits through 2019 and the twenty plants which were placed in service prior to December 31, 2011 (which we refer to as the 2011 Era Plants) can receive tax credits through 2021.

The following table provides a summary of our clean coal plant investments as of December 31, 2013 (in millions):

		Our Portion of Estimated	
	Our Tax-Effected Book Value At December 31, 2013	Additional Required Tax-Effected Capital Investment	Ultimate Annual After-tax Earnings
Investments that own 2009 Era Plants			
12 Under long-term production contracts	$ 10.3	$ 2.0	$ 23.0
2 In negotiations for long-term production contracts	0.7	Not Estimable	Not Estimable
Investments that own 2011 Era Plants			
16 Under long-term production contracts	34.8	1.6	73.5
4 In negotiations for long-term production contracts	1.4	Not Estimable	Not Estimable

The information in the table above under the caption Our Portion of Estimated Ultimate Annual After-Tax Earnings reflects management's current best estimate of the ultimate future annual after-tax earnings based on production estimates from the host utilities. However, host utilities do not consistently utilize the refined coal plants at ultimate production levels due to seasonal electricity demand, as well as many operational, regulatory and environmental compliance reasons.

Our investment in Chem-Mod generates royalty income from refined coal plants owned by those limited liability companies in which we invest as well as refined coal plants owned by other unrelated parties. Based on current production estimates provided by licensees, Chem-Mod could potentially generate for us approximately $3.6 million of net after-tax earnings per quarter.

There is a provision in IRC Section 45 that phases out the tax credits if the coal reference price per ton, based on market prices, reaches certain levels as follows:

Calendar Year	IRS Reference Price per Ton	IRS Beginning Phase Out Price	IRS 100% Phase Out Price	Conclusion
2005	$36.36	$67.94	$76.69	No phase out
2006	42.78	70.40	79.15	No phase out
2007	48.35	72.85	81.60	No phase out
2008	45.56	75.13	83.88	No phase out
2009	39.72	76.84	85.59	No phase out
2010	54.74	77.78	86.53	No phase out
2011	55.66	78.41	87.16	No phase out
2012	58.49	80.25	89.00	No phase out
2013	58.23	81.69	90.44	No phase out
2014	(1)	(1)	(1)	(1)

(1) The IRS will not release the factors for 2014 until April 2014. Based on our analysis of the factors used in the IRS' phase out calculations, it is our belief that there will be no phase out in 2014.

See the risk factors regarding our IRC Section 45 investments under Item 1A, "Risk Factors." for a more detailed discussion of these and other factors could impact the information above. See Note 12 to the consolidated financial statements for more information regarding risks and uncertainties related to these investments.

Financial Condition and Liquidity

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations. The insurance brokerage industry is not capital intensive. Historically, our capital requirements have primarily included dividend payments on our common stock, repurchases of our common stock, funding of our investments, acquisitions of brokerage and risk management operations and capital expenditures.

Cash Flows From Operating Activities

Historically, we have depended on our ability to generate positive cash flow from operations to meet our cash requirements. We believe that our cash flows from operations and borrowings under our Credit Agreement will provide us with adequate resources to meet our liquidity needs in the foreseeable future. To fund acquisitions made during 2013 and 2012, we relied to a large extent on proceeds from borrowings under our Credit Agreement. In addition, for acquisitions made in 2013, we used proceeds from the $200.0 million note purchase agreement we entered into on September 19, 2013 and for acquisitions made in 2012, we used proceeds from the $50.0 million note purchase agreement we entered into on July 10, 2012.

Cash provided by operating activities was $349.9 million, $343.0 million and $284.0 million for 2013, 2012 and 2011, respectively. The increase in cash provided by operating activities in 2013 compared to 2012 was primarily due to favorable timing differences in the payment of accrued liabilities and an increased amount of non-cash charges in 2013 compared to 2012, partially offset by cash used in 2013 in the production and sale of refined coal at the plants qualified to receive refined coal tax credits under IRC Section 45. The increase in cash provided by operating activities in 2012 compared to 2011 was primarily due to favorable timing differences in the payment of accrued liabilities and the realization of other current assets, and an increased amount of non-cash charges in 2012 compared to 2011. Our cash flows from operating activities are primarily derived from our earnings from operations, as adjusted for realized gains and losses, and our non-cash expenses, which include depreciation, amortization, change in estimated acquisition earnout payables, deferred compensation, restricted stock, and stock-based and other non-cash compensation expenses. Cash provided by operating activities can be unfavorably impacted by the amount of IRC Section 45 tax credits recognized compared to the amount of tax credits actually used during the respective periods. Excess tax credits generated during the period result in an increase to our deferred tax assets, which is a net use of cash related to operating activities.

When assessing our overall liquidity, we believe that the focus should be on net earnings as reported in our consolidated statement of earnings, adjusted for non-cash items (i.e., EBITDAC), and cash provided by operating activities in our consolidated statement of cash flows. Consolidated EBITDAC was $504.9 million and $432.1 million for 2013 and 2012, respectively. We believe that EBITDAC items are indicators of trends in liquidity. From a balance sheet perspective, we believe the focus should not be on premium and fees receivable, premiums payable or restricted cash for trends in liquidity. Net cash flows provided by operations will vary substantially from quarter to quarter and year to year because of the variability in the timing of premiums and fees receivable and premiums payable. We believe that in order to consider these items in assessing our trends in liquidity, they should be looked at in a combined manner, because changes in these balances are interrelated and are based on the timing of premium payments, both to and from us. In addition, funds legally restricted as to our use relating to premiums and clients' claim funds held by us in a fiduciary capacity are presented in our consolidated balance sheet as "Restricted Cash" and have not been included in determining our overall liquidity.

Our policy for funding our defined benefit pension plan is to contribute amounts at least sufficient to meet the minimum funding requirements under the IRC. The Employee Retirement Security Act of 1974, as amended (which we refer to as ERISA), could impose a minimum funding requirement for our plan. We were not required to make any minimum contributions to the plan for the 2013 and 2012 plan years. The minimum funding requirement under the IRC was $0.3 million in 2011. This level of required funding is based on the plan being frozen and the aggregate amount of our historical funding. The plan's actuaries determine contribution rates based on our funding practices and requirements. Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the assets and/or liabilities of the plan. In addition, amounts funded in the future, to the extent not due under regulatory requirements, may be affected by alternative uses of our cash flows, including dividends, acquisitions and common stock repurchases. During 2013, 2012 and 2011, we made discretionary contributions to the plan of $6.3 million, $7.2 million and $7.2 million, respectively. We are considering making additional discretionary contributions to the plan in 2014 and may be required to make significantly larger minimum contributions to the plan in future periods. See Note 11 to our consolidated financial statements for additional information required to be disclosed relating to our defined benefit postretirement plans. We are required to recognize an accrued benefit plan liability for our underfunded defined benefit pension and unfunded retiree medical plans (which we refer to together as the Plans). The offsetting adjustment to the liabilities required to be recognized for the Plans is recorded in "Accumulated Other Comprehensive Earnings (Loss)," net of tax, in our consolidated balance sheet. We will recognize subsequent changes in the funded status of the Plans through the income statement and as a component of comprehensive earnings, as appropriate, in the year in which they occur. Numerous items may lead to a change in funded status of the Plans, including actual results differing from prior estimates and assumptions, as well as changes in assumptions to reflect information available at the respective measurement dates. In 2013, the funded status of the Plans was significantly impacted by an increase in the discount rates used in the measurement of the pension liabilities at December 31, 2013 (resulting in a $19.5 million decrease in the benefit obligation at December 31, 2013). In addition, also favorably impacting the funded status were favorable returns on the plan's assets in 2013, which, combined with the $6.3 million of discretionary contributions made to the plan in 2013, resulted in an increase in the plan's invested assets of $27.5 million at December 31, 2013. The net change in the funded status of the Plan in 2013 resulted in a decrease in noncurrent liabilities in 2013 of $47.0 million. While the change in funded status of the Plans had no direct impact on our cash flows from operations in 2013, 2012 and 2011, potential changes in the pension regulatory environment and investment losses in our pension plan have an effect on our capital position and could require us to make significant contributions to our defined benefit pension plan and increase our pension expense in future periods.

Cash Flows From Investing Activities

Capital Expenditures - Net capital expenditures were $93.6 million, $51.0 million and $45.9 million for 2013, 2012 and 2011, respectively. In 2014, we expect total expenditures for capital improvements to be approximately $90.0 million, primarily related to office moves and expansions and updating computer systems and equipment. The increase in net capital expenditures in 2013 from 2012 and in 2012 from 2011 primarily related to capitalized costs associated with the implementation of new accounting and financial reporting systems and several other system initiatives that occurred in 2013 and 2012, respectively.

Acquisitions - Cash paid for acquisitions, net of cash acquired, was $727.7 million, $344.1 million and $264.8 million in 2013, 2012 and 2011, respectively. The increased use of cash for acquisitions made in 2013 compared to 2012 was primarily due to two large acquisitions that occurred in 2013. The increased use of cash for acquisitions made in 2012 compared to 2011 was primarily due to the increase in the number of acquisition that occurred in 2012. In addition, during 2013, 2012 and 2011 we issued 5.1 million shares ($223.1 million), 6.0 million shares ($203.6 million) and 3.2 million shares ($90.6 million), respectively, of our common stock as consideration paid for acquisitions. We completed 31, 60 and 32 acquisitions in 2013, 2012 and 2011, respectively. Annualized revenues of entities acquired in 2013, 2012 and 2011 totaled approximately $383.9 million, $231.7 million and $277.0 million, respectively. In 2014, we expect to fund our acquisitions using debt and cash from operations and our common stock on occasion (for example, to effect a tax-free exchange, or if our overall acquisition activity warrants it).

During 2012, we issued 425,000 shares of our common stock and paid $3.5 million in cash related to earnout obligations of five acquisitions made prior to 2009 and recorded additional goodwill of $0.1 million. During 2011, we issued 245,000 shares of our common stock, paid $8.2 million in cash and accrued $18.3 million in liabilities related to earnout obligations of 19 acquisitions made prior to 2009 and recorded additional goodwill of $30.0 million.

Dispositions - During 2013, 2012 and 2011, we sold several books of business and recognized one-time gains of $5.2 million, $3.9 million and $5.5 million, respectively. We received cash proceeds of $5.5 million, $11.4 million and $14.0 million, respectively, related to these transactions. Offsetting the one-time gains related to sales of books of business in 2012, was a non-cash loss of $3.5 million recognized in second quarter 2012 related to our acquisition of an additional 41.5% equity interest in CGM Gallagher Group Limited (which we refer to as CGM), which increased our ownership in CGM to 80%. The loss represents the decrease in fair value of our initial 38.5% equity interest in CGM based on the purchase price paid to acquire the additional 41.5% equity interest in CGM.

Clean Energy Investments - During the period from 2009 through 2013, we made significant investments in clean energy operations capable of producing refined coal that we believe qualifies for tax credits under IRC Section 45. Our current estimate of the 2014 annual after-tax earnings, including IRC Section 45 tax credits, that will be generated from all of our clean energy investments in 2014 is $65.0 million to $80.0 million. The IRC Section 45 tax credits generate positive cash flow by reducing the amount of Federal income taxes we pay, which is offset by capital expenditures related to the redeployment, and in some cases relocation of refined coal plants. We anticipate positive net cash flow related to IRC Section 45 activity in 2014. With the expected increased earnings from the IRC Section 45 investments in 2015 through 2021, and the anticipated minimal capital expenditures during that same period, we anticipate that the annual positive net cash flow during those years will continue to increase. We anticipate that this favorable impact on the amount we will pay the IRS in 2014 and in future years from IRC Section 45 investments will allow us to use these positive cash flows to fund acquisitions. Please see "Clean energy investments" beginning on page 38 for a more detailed description of these investments (including the reference therein to risks and uncertainties).

Cash Flows From Financing Activities

On September 19, 2013 we entered into an unsecured multicurrency credit agreement (which we refer to as the Credit Agreement), which expires on September 19, 2018, with a group of fifteen financial institutions. The Credit Agreement replaced a $500.0 million unsecured revolving credit facility (that was scheduled to expire on July 14, 2014), which was terminated upon the execution of the Credit Agreement. All indebtedness, liabilities and obligations outstanding under the previous facility were fully paid and satisfied, except for outstanding letters of credit which became letters of credit under the Credit Agreement.

Our Credit Agreement provides for a revolving credit commitment of up to $600.0 million, of which up to $75.0 million may be used for issuances of standby or commercial letters of credit and up to $50.0 million may be used for the making of swing loans as defined in the Credit Agreement. We may from time to time request, subject to certain conditions, an increase in the revolving credit commitment up to a maximum aggregate revolving credit commitment of $850.0 million.

In 2007, 2009, 2011, 2012 and 2013, we entered into separate note purchase agreements, with certain accredited institutional investors, pursuant to which we issued and sold to the investors $400.0 million, $150.0 million, $125.0 million, $50.0 million and $200.0 million in aggregate debt, respectively, totaling $925.0 million which was outstanding at December 31, 2013, and a cash and cash equivalent balance of $298.1 million. We also use our Credit Agreement from time to time to borrow funds to supplement operating cash flows. See Note 6 to our consolidated financial statements for a discussion of the terms of the note purchase agreements and the Credit Agreement. There were $530.5 million of borrowings outstanding under the Credit Agreement at December 31, 2013. Due to the outstanding borrowing and letters of credit, $53.5 million remained available for potential borrowings under the Credit Agreement at December 31, 2013.

On December 20, 2013, we entered into a note purchase agreement for a private placement of $600.0 million of senior unsecured notes. Under the agreement, funding is expected to occur on February 27, 2014. We intend to use the proceeds of the debt transaction primarily to pay down our line of credit facility.

During 2013, we borrowed an aggregate of $890.5 million and repaid $489.0 million under our Credit Agreement. Principal uses of the 2013 borrowings under the Credit Agreement were to fund acquisitions, earnout payments related to acquisitions and general corporate purposes. During 2012, we borrowed $303.0 million and repaid $184.0 million under our Credit Agreement. Principal uses of the 2012 borrowings under the Credit Agreement were to fund acquisitions, earnout payments related to acquisitions and general corporate purposes. During 2011, we borrowed $151.0 million and repaid $141.0 million under the Credit Agreement. Principal uses of the 2011 borrowings under the Credit Agreement were to fund acquisitions, earnout payments related to acquisitions and general corporate purposes.

The note purchase agreements and the Credit Agreement contain various financial covenants that require us to maintain specified levels of net worth and financial leverage ratios. We were in compliance with these covenants as of December 31, 2013.

Dividends - Our board of directors determines our dividend policy. Our board of directors declares dividends on a quarterly basis after considering our available cash from earnings, our anticipated cash needs and current conditions in the economy and financial markets.

In 2013, we declared $182.6 million in cash dividends on our common stock, or $1.40 per common share. On December 20, 2013, we paid a fourth quarter dividend of $.35 per common share to shareholders of record as of December 4, 2013. On January 23, 2014, we announced a quarterly dividend for first quarter 2014 of $.36 per common share. If the dividend is maintained at $.36 per common share throughout 2014, this dividend level would result in an annualized net cash used by financing activities in 2014 of approximately $190.9 million (based on the outstanding shares as of December 31, 2013), or an anticipated increase in cash used of approximately $8.3 million. We can make no assurances regarding the amount of any future dividend payments.

Common Stock Repurchases - We have in place a common stock repurchase plan approved by our board of directors. We did not repurchase any shares in 2013, 2012 and 2011. We generally hold repurchased shares for reissuance in connection with our equity compensation and stock option plans. Under the provisions of the repurchase plan, we were authorized to repurchase approximately 10,000,000 additional shares at December 31, 2013. The plan authorizes the repurchase of our common stock at such times and prices as we may deem advantageous, in transactions on the open market or in privately negotiated transactions. We are under no commitment or obligation to repurchase any particular amount of common stock, and the share repurchase plan can be suspended at any time at our discretion. Funding for share repurchases may come from a variety of sources, including cash from operations, short-term or long-term borrowings under our Credit Agreement or other sources. There were no common stock repurchases made in 2013 that impacted our consolidated financial statements. The common stock repurchases reported in our consolidated statement of cash flows for 2012 and 2011 include 82,000 shares (at a cost of $1.5 million) and 41,000 shares (at a cost of $1.2 million), respectively, that we repurchased from our employees to cover their income tax withholding obligations in connection with restricted stock distributions in each of those years. Under these circumstances, we withhold the proceeds from the repurchases and remit them to the taxing authorities on the employees' behalf to cover their income tax withholding obligations.

At-the-Market Equity Program - On November 20, 2013, we entered into an Equity Distribution Agreement with Morgan Stanley & Co. LLC, pursuant to which we may offer and sell, from time to time, up to $200 million of our common stock through Morgan Stanley as sales agent. Pursuant to the agreement, shares may be sold by means of ordinary brokers' transactions, including on the New York Stock Exchange, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, or at negotiated prices, in block transactions, or as otherwise agreed upon by us and Morgan Stanley.

During the quarter ended December 31, 2013, we sold 91,572 shares of our common stock under the program at a weighted average price of $47.41 per share, resulting in net proceeds, after sales commissions of approximately $43,000 to Morgan Stanley, of approximately $4.3 million.

Shelf Registration Statement - On November 20, 2013, we filed a shelf registration statement on Form S-3 with the SEC, registering the offer and sale from time to time of an indeterminate amount of our common stock. We have used this registration statement, and expect to continue using this registration statement, to register shares sold under our at-the-market equity program referred to above. The availability of the potential liquidity under this shelf registration statement depends on investor demand, market conditions and other factors. We can make no assurances regarding when, or if, we will issue any additional shares under this registration statement.

Common Stock Issuances - Another source of liquidity to us is the issuance of our common stock pursuant to our stock option and employee stock purchase plans. Proceeds from the issuance of common stock under these plans were $76.2 million in 2013, $82.3 million in 2012 and $73.9 million in 2011. Prior to 2009, we issued stock options under four stock option-based employee compensation plans. The options were primarily granted at the fair value of the underlying shares at the date of grant and generally become exercisable at the rate of 10% per year beginning the calendar year after the date of grant. In May 2008, all of these plans expired. On May 10, 2011, our stockholders approved the 2011 Long-Term Incentive Plan (which we refer to as the LTIP), which replaced our previous stockholder-approved 2009 Long-Term Incentive Plan. All of our officers, employees and non-employee directors are eligible to receive awards under the LTIP. Awards which may be granted under the LTIP include non-qualified and incentive stock options, stock appreciation rights, restricted stock units and performance units any or all of which may be made contingent upon the achievement of performance criteria. Stock options with respect to 8.0 million shares (less any shares of restricted stock issued under the LTIP - 0.5 million shares of our common stock were available for this purpose) were available for grant under the LTIP at December 31, 2013. In addition, we have an employee stock purchase plan which allows our employees to purchase our common stock at 95% of its fair market value. Proceeds from the issuance of our common stock related to these plans have contributed favorably to net cash provided by financing activities in 2013 and we believe this favorable trend will continue in the foreseeable future.

Outlook - We believe that we have sufficient capital to meet our short- and long-term cash flow needs. Except for 2008 and 2005, our earnings before income taxes, adjusted for non-cash items (i.e., EBITDAC), have increased year over year since 1991. In 2008, earnings before income taxes were adversely impacted by charges related to real estate lease terminations, severance, litigation, impairments of intangible assets and the adverse impact of foreign currency translation. In 2005, earnings before income taxes were adversely impacted by charges incurred for litigation and retail contingent commission related matters and claims handling obligations. We expect the historically favorable trend in earnings before income taxes, adjusted for non-cash items, to continue in the foreseeable future because we intend to continue to expand our business through organic growth from existing operations and growth through acquisitions. Additionally, we anticipate a favorable impact on the amount we will pay the IRS in 2014 and in future years based on anticipated tax credits from IRC Section 45 investments. We also anticipate that we will continue to use cash flows from operations and, if needed, borrowings under the Credit Agreement and private placement debt (described above under "Cash Flows From Financing Activities") and our common stock to fund acquisitions. In addition, we may from time to time consider other alternatives for longer-term funding sources. Such alternatives could include raising additional capital through public or private debt offerings, equity markets, or restructuring our operations in the event that cash flows from operations are reduced dramatically due to lost business or if our acquisition program continues at, or increases from the same level as 2013.

Contractual Obligations and Commitments

In connection with our investing and operating activities, we have entered into certain contractual obligations and commitments. See Notes 6, 12 and 13 to our consolidated financial statements for additional discussion of these obligations and commitments. Our future minimum cash payments, including interest, associated with our contractual obligations pursuant to our note purchase agreements and Credit Agreement, operating leases and purchase commitments as of December 31, 2013 are as follows (in millions):

	Payments Due by Period						
Contractual Obligations	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Note Purchase Agreements	$ 100.0	$ -	$ 50.0	$ 300.0	$ 50.0	$ 425.0	$ 925.0
Credit Agreement	530.5	-	-	-	-	-	530.5
Interest expense on debt	51.1	44.1	44.1	41.2	21.9	54.7	257.1
Total debt obligations	681.6	44.1	94.1	341.2	71.9	479.7	1,712.6
Operating lease obligations	74.0	65.7	53.4	42.0	28.3	86.9	350.3
Less sublease arrangements	(1.8)	(0.8)	(0.1)	-	-	-	(2.7)
Outstanding purchase obligations	22.6	15.4	9.3	0.9	0.3	-	48.5
Total contractual obligations	$ 776.4	$ 124.4	$ 156.7	$ 384.1	$ 100.5	$ 566.6	$ 2,108.7

The amounts presented in the table above may not necessarily reflect our actual future cash funding requirements, because the actual timing of the future payments made may vary from the stated contractual obligation. In addition, due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at December 31, 2013, we are unable to make reasonably reliable estimates of the period in which cash settlements may be made with the respective taxing authorities. Therefore, $9.2 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See Note 14 to our consolidated financial statements for a discussion on income taxes.

Note Purchase Agreements - On August 3, 2007, we entered into a note purchase agreement, as amended and restated on December 19, 2007, with certain accredited institutional investors, pursuant to which we issued and sold $100.0 million in aggregate principal amount of our 6.26% Senior Notes, Series A, due August 3, 2014 and $300.0 million in aggregate principal amount of our 6.44% Senior Notes, Series B, due August 3, 2017, in a private placement.

On November 30, 2009, we entered into a note purchase agreement, with certain accredited institutional investors, pursuant to which we issued and sold $150.0 million in aggregate principal amount of our 5.85% Senior Notes, Series C, due in three equal installments on November 30, 2016, November 30, 2018 and November 30, 2019, in a private placement.

On February 10, 2011, we entered into a note purchase agreement, with certain accredited institutional investors, pursuant to which we issued and sold $75.0 million in aggregate principal amount of our 5.18% Senior Notes, Series D, due February 10, 2021 and $50.0 million in aggregate principal amount of our 5.49% Senior Notes, Series E, due February 10, 2023, in a private placement.

On July 10, 2012, we entered into a note purchase agreement, with certain accredited institutional investors, pursuant to which we issued and sold $50.0 million in aggregate principal amount of our 3.99% Senior Notes, Series F, due July 10, 2020, in a private placement.

On June 14, 2013, we entered into a note purchase agreement, with certain accredited institutional investors, pursuant to which we issued and sold $200.0 million in aggregate principal amount of our 3.69% Senior Notes, Series G, due June 14, 2022, in a private placement.

On December 20, 2013, we entered into a note purchase agreement for a private placement of $600.0 million of Senior Notes. The agreement provides for three series of notes: Series H is $325 million at 4.58% due in 2024, Series I is $175 million at 4.73% due in 2026 and Series J is $100 million at 4.98% due 2029. Under the agreement, funding is expected to occur on February 27, 2014.

See Note 6 to our consolidated financial statements for a discussion of the terms of the note purchase agreements

Credit Agreement - On September 19, 2013, we entered into a $600.0 million unsecured multicurrency credit agreement (which we refer to as the Credit Agreement), which expires on September 19, 2018, with a group of fifteen financial investors. The Credit Agreement replaced a $500.0 million unsecured revolving credit facility, (that was scheduled to expire on July 14, 2014), which was terminated upon the execution of the Credit Agreement. All indebtedness, liabilities and obligations outstanding under the previous facility were fully paid and satisfied, except for outstanding letters of credit which became letters of credit under the Credit Agreement.

We use the Credit Agreement to post letters of credit and to borrow funds to supplement our operating cash flows from time to time. At December 31, 2013, $16.0 million of letters of credit (see below under Off-Balance Sheet Debt) were outstanding under the Credit Agreement. There were $530.5 million of borrowings outstanding under the Credit Agreement at December 31, 2013. Accordingly, at December 31, 2013, $53.5 million remained available for potential borrowings, of which $53.5 million may be in the form of additional letters of credit. We are under no obligation to use the Credit Agreement in performing our normal business operations. See Note 6 to our consolidated financial statements for a discussion of the terms of the Credit Agreement.

Operating Lease Obligations - We generally operate in leased premises at our other locations. Certain of these leases have options permitting renewals for additional periods. In addition to minimum fixed rentals, a number of leases contain annual escalation clauses which are generally related to increases in an inflation index.

We have leased certain office space to several non-affiliated tenants under operating sublease arrangements. In the normal course of business, we expect that the leases will not be renewed or replaced. We adjust charges for real estate taxes and common area maintenance annually based on actual expenses, and we recognize the related revenues in the year in which the expenses are incurred. These amounts are not included in the minimum future rentals to be received in the contractual obligations table above.

Outstanding Purchase Obligations - As a service company, we typically do not have a material amount of outstanding purchase obligations at any point in time. The amount disclosed in the contractual obligations table above represents the aggregate amount of unrecorded purchase obligations that we have outstanding as of December 31, 2013. These obligations represent agreements to purchase goods or services that were executed in the normal course of business.

Off-Balance Sheet Arrangements

Off-Balance Sheet Commitments - Our total unrecorded commitments associated with outstanding letters of credit, financial guarantees and funding commitments as of December 31, 2013 are as follows (in millions):

	Amount of Commitment Expiration by Period						Total Amounts
Off-Balance Sheet Commitments	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Committed**
Letters of credit	$ -	$ -	$ -	$ -	$ -	$ 16.0	$ 16.0
Financial guarantees	-	-	-	-	-	9.1	9.1
Funding commitments	8.5	-	-	-	-	2.9	11.4
Total commitments	$ 8.5	$ -	$ -	$ -	$ -	$ 28.0	$ 36.5

Since commitments may expire unused, the amounts presented in the table above do not necessarily reflect our actual future cash funding requirements. See Note 13 to our consolidated financial statements for a discussion of our funding commitments related to our corporate segment and the Off-Balance Sheet Debt section below for a discussion of other letters of credit. All of the letters of credit represent multiple year commitments that have annual, automatic renewing provisions and are classified by the latest commitment date.

Since January 1, 2002, we have acquired 279 companies, all of which were accounted for using the acquisition method for recording business combinations. Substantially all of the purchase agreements related to these acquisitions contain provisions for potential earnout obligations. For all of our 2011 to 2013 acquisitions that contain potential earnout obligations, such obligations are measured at fair value as of the acquisition date and are included on that basis in the recorded purchase price consideration for the respective acquisition. The amounts recorded as earnout payables are primarily based upon estimated future operating results of the acquired entities over a two- to three-year period subsequent to the acquisition date. The aggregate amount of the maximum potential earnout obligations related to these acquisitions was $462.3 million, of which $162.7 million was recorded in our consolidated balance sheet as of December 31, 2013 based on the estimated fair value of the expected future payments to be made.

Off-Balance Sheet Debt - Our unconsolidated investment portfolio includes investments in enterprises where our ownership interest is between 1% and 50%, in which management has determined that our level of influence and economic interest is not sufficient to require consolidation. As a result, these investments are accounted for under the equity method. None of these unconsolidated investments had any outstanding debt at December 31, 2013 and 2012 that was recourse to us.

At December 31, 2013, we had posted two letters of credit totaling $9.8 million, in the aggregate, related to our self-insurance deductibles, for which we have recorded a liability of $9.0 million. At December 31, 2013, we had posted five letters of credit totaling $6.2 million to allow certain of our captive operations to meet minimum statutory surplus requirements and for additional collateral related to premium and claim funds held in a fiduciary capacity. These letters of credit have never been drawn upon.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to various market risks in our day to day operations. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest and foreign currency exchange rates and equity prices. The following analyses present the hypothetical loss in fair value of the financial instruments held by us at December 31, 2013 that are sensitive to changes in interest rates. The range of changes in interest rates used in the analyses reflects our view of changes that are reasonably possible over a one-year period. This discussion of market risks related to our consolidated balance sheet includes estimates of future economic environments caused by changes in market risks. The effect of actual changes in these market risk factors may differ materially from our estimates. In the ordinary course of business, we also face risks that are either nonfinancial or unquantifiable, including credit risk and legal risk. These risks are not included in the following analyses.

Our invested assets are primarily held as cash and cash equivalents, which are subject to various market risk exposures such as interest rate risk. The fair value of our portfolio of cash and our cash equivalents as of December 31, 2013 approximated its carrying value due to its short-term duration. We estimated market risk as the potential decrease in fair value resulting from a hypothetical one-percentage point increase in interest rates for the instruments contained in the cash and cash equivalents investment portfolio. The resulting fair values were not materially different from their carrying values at December 31, 2013.

We have other investments that have valuations that are indirectly influenced by equity market and general economic conditions, which can change rapidly. In addition, some investments require direct and active financial and operational support from us. A future material adverse effect may result from changes in market conditions or if we elect to withdraw financial or operational support.

As of December 31, 2013, we had $925.0 million of borrowings outstanding under our various note purchase agreements. The aggregate estimated fair value of these borrowings at December 31, 2013 was $979.4 million due to the long-term duration and fixed interest rates associated with these debt obligations. No active or observable market exists for our private placement long-term debt. Therefore, the estimated fair value of this debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities. To estimate an all-in interest rate for discounting, we obtained market quotes for notes with the same terms as ours, which we have deemed to be the closest approximation of current market rates. We have not adjusted this rate for risk profile changes, covenant issues or credit rating changes. We estimated market risk as the potential impact on the value of the debt recorded in our consolidated balance sheet resulting from a hypothetical one-percentage point decrease in our weighted average borrowing rate as of December 31, 2013 and the resulting fair values would be $42.3 million higher than their carrying value (or $967.3 million).

As of December 31, 2013, we had $530.5 million of borrowings outstanding under our Credit Agreement. The fair value of these borrowings approximate their carrying value due to their short-term duration and variable interest rates associated with these debt obligations. Market risk is estimated as the potential increase in fair value resulting from a hypothetical one-percentage point decrease in our weighted average short-term borrowing rate at December 31, 2013 and the resulting fair value is not be materially different from their carrying value.

We are subject to foreign currency exchange rate risk primarily from one of our larger U.K. based brokerage subsidiaries that incurs expenses denominated primarily in British pounds while receiving a substantial portion of its revenues in U.S. dollars. In addition, we are subject to foreign currency exchange rate risk from our Australian, Canadian, Indian, Singaporean, Jamaican, and various Caribbean operations because we transact business in their local denominated currencies. Foreign currency gains (losses) related to this market risk are recorded in earnings before income taxes as transactions occur. Assuming a hypothetical adverse change of 10% in the average foreign currency exchange rate for 2013 (a weakening of the U.S. dollar), earnings before income taxes would decrease by approximately $4.1 million. Assuming a hypothetical favorable change of 10% in the average foreign currency exchange rate for 2013 (a strengthening of the U.S. dollar), earnings before income taxes would increase by approximately $4.3 million. We are also subject to foreign currency exchange rate risk associated with the translation of local currencies of our foreign subsidiaries into U.S. dollars. However, it is management's opinion that this foreign currency exchange risk is not material to our consolidated operating results or financial position. We manage the balance sheets of our foreign subsidiaries, where practical, such that foreign liabilities are matched with equal foreign assets, maintaining a "balanced book" which minimizes the effects of currency fluctuations. Historically, we have not entered into derivatives or other similar financial instruments for trading or speculative purposes. However, with respect to managing foreign currency exchange rate risk in the U.K., we have periodically purchased financial instruments when market opportunities arose to minimize our exposure to this risk. During 2013, 2012 and 2011, we had several monthly put/call options in place with an external financial institution that are designed to hedge a significant portion of our future U.K. currency revenues (in 2013) and disbursements (in 2012) through various future payment dates. In addition, during 2013, we had several monthly put/call options in place with an external financial institution that were designed to hedge a significant portion of our future Indian currency disbursements through various future payment dates. These hedging strategies were designed to protect us against significant U.K. and India currency exchange rate movements, but we are still exposed to some foreign currency exchange rate risk for the portion of the payments and currency exchange rate that are unhedged. The impact of these hedging strategies was not material to our consolidated financial statements for 2013, 2012 and 2011. See Note 15 to our consolidated financial statements for the changes in fair value of these derivative instruments reflected in comprehensive earnings in 2013, 2012 and 2011. In the third quarter of 2013, we entered into three foreign currency derivative investment contracts in connection with the signing of an agreement to acquire The Giles Group of Companies headquartered in London, England. These contracts were designed to hedge a portion of the GBP denominated purchase price consideration of this acquisition. The derivative investment contracts were exercised on October 31, 2013 and the Giles transaction closed in early November 2013. In 2013, we recorded a pretax gain of $2.6 million related to these derivative investment contracts.

Item 8. Financial Statements and Supplementary Data.

Arthur J. Gallagher & Co.

Consolidated Statement of Earnings
(In millions, except per share data)

	Year Ended December 31,		
	2013	2012	2011
Commissions	$ 1,553.1	$ 1,302.5	$ 1,127.4
Fees	1,059.5	971.7	870.2
Supplemental commissions	77.3	67.9	56.0
Contingent commissions	52.1	42.9	38.1
Investment income	8.1	10.4	8.1
Net gains on books of business sales	5.2	3.9	5.5
Revenues from clean coal activities	412.5	119.6	29.2
Other net revenues	11.8	1.4	0.2
Total revenues	3,179.6	2,520.3	2,134.7
Compensation	1,685.0	1,493.4	1,326.1
Operating	552.4	483.2	419.0
Cost of revenues from clean coal activities	437.3	111.6	32.0
Interest	50.1	43.0	40.8
Depreciation	53.4	41.4	35.9
Amortization	125.2	99.0	79.3
Change in estimated acquisition earnout payables	1.7	3.4	(6.2)
Total expenses	2,905.1	2,275.0	1,926.9
Earnings before income taxes	274.5	245.3	207.8
Provision for income taxes	5.9	50.3	63.7
Net earnings	$ 268.6	$ 195.0	$ 144.1
Basic net earnings per share:	$ 2.08	$ 1.61	$ 1.29
Diluted net earnings per share:	2.06	1.59	1.28
Dividends declared per common share	1.40	1.36	1.32

See notes to consolidated financial statements.

Arthur J. Gallagher & Co.

Consolidated Statement of Comprehensive Earnings
(In millions)

	Year Ended December 31,		
	2013	2012	2011
Net earnings	$ 268.6	$ 195.0	$ 144.1
Change in pension liability, net of taxes	26.8	(3.4)	(30.6)
Foreign currency translation	1.6	16.1	(16.1)
Change in fair value of derivative instruments, net of taxes	1.8	1.7	(2.7)
Comprehensive earnings	$ 298.8	$ 209.4	$ 94.7

See notes to consolidated financial statements

Arthur J. Gallagher & Co.

Consolidated Balance Sheet
(In millions)

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 298.1	$ 302.1
Restricted cash	1,027.4	851.6
Premiums and fees receivable	1,288.8	1,096.1
Other current assets	261.3	179.7
Total current assets	2,875.6	2,429.5
Fixed assets - net	160.4	105.4
Deferred income taxes	279.8	251.8
Other noncurrent assets	320.7	283.3
Goodwill - net	2,145.2	1,472.7
Amortizable intangible assets - net	1,078.8	809.6
Total assets	$ 6,860.5	$ 5,352.3
Premiums payable to insurance and reinsurance companies	$ 2,154.7	$ 1,819.7
Accrued compensation and other accrued liabilities	370.6	306.7
Unearned fees	84.5	70.6
Other current liabilities	44.5	36.9
Corporate related borrowings - current	630.5	129.0
Total current liabilities	3,284.8	2,362.9
Corporate related borrowings - noncurrent	825.0	725.0
Other noncurrent liabilities	665.2	605.8
Total liabilities	4,775.0	3,693.7
Stockholders' equity:		
Common stock - authorized 400.0 shares; issued and outstanding 133.6 shares in 2013 and 125.6 shares in 2012	133.6	125.6
Capital in excess of par value	1,358.1	1,055.4
Retained earnings	596.4	510.4
Accumulated other comprehensive loss	(2.6)	(32.8)
Total stockholders' equity	2,085.5	1,658.6
Total liabilities and stockholders' equity	$ 6,860.5	$ 5,352.3

See notes to consolidated financial statements.

Arthur J. Gallagher & Co.

Consolidated Statement of Cash Flows
(In millions)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net earnings	$ 268.6	$ 195.0	$ 144.1
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Net gain on investments and other	(17.1)	(3.9)	(5.5)
Depreciation and amortization	178.6	140.4	115.2
Change in estimated acquisition earnout payables	1.7	3.4	(6.2)
Amortization of deferred compensation and restricted stock	19.0	8.3	6.8
Stock-based and other noncash compensation expense	7.7	7.5	14.3
Effect of exchange rate changes	(0.2)	1.9	0.3
Net change in restricted cash	(58.6)	(90.2)	31.9
Net change in premiums receivable	(85.4)	11.5	52.1
Net change in premiums payable	114.3	33.3	(55.8)
Net change in other current assets	(57.4)	52.4	(8.1)
Net change in accrued compensation and other accrued liabilities	36.3	19.2	12.8
Net change in fees receivable/unearned fees	(5.9)	4.3	(4.1)
Net change in income taxes payable	4.3	14.0	(10.4)
Net change in deferred income taxes	(53.8)	(20.4)	21.5
Net change in other noncurrent assets and liabilities	(2.2)	(33.7)	(24.9)
Net cash provided by operating activities	349.9	343.0	284.0
Cash flows from investing activities:			
Net additions to fixed assets	(93.6)	(51.0)	(45.9)
Cash paid for acquisitions, net of cash acquired	(727.7)	(344.1)	(264.8)
Net proceeds from sales of operations	5.5	11.4	14.0
Net proceeds (funding) of investment transactions	(35.9)	1.5	(14.5)
Net cash used by investing activities	(851.7)	(382.2)	(311.2)
Cash flows from financing activities:			
Proceeds from issuance of common stock	76.2	82.3	73.9
Tax impact from issuance of common stock	7.5	0.5	3.7
Repurchases of common stock	-	(1.5)	(1.2)
Dividends paid	(182.6)	(204.4)	(145.8)
Borrowings on line of credit facilities	890.5	303.0	151.0
Repayments on line of credit facilities	(489.0)	(184.0)	(141.0)
Borrowings of corporate related long-term debt	200.0	50.0	125.0
Net cash provided by financing activities	502.6	45.9	65.6
Effect of exchange rate changes on cash and cash equivalents	(4.8)	4.2	3.0
Net (decrease) increase in cash and cash equivalents	(4.0)	10.9	41.4
Cash and cash equivalents at beginning of year	302.1	291.2	249.8
Cash and cash equivalents at end of year	$ 298.1	$ 302.1	$ 291.2
Supplemental disclosures of cash flow information:			
Interest paid	$ 49.2	$ 42.2	$ 38.4
Income taxes paid	49.2	47.5	32.0

See notes to consolidated financial statements.

Arthur J. Gallagher & Co.
Consolidated Statement of Stockholders' Equity
(In millions)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total
Balance at December 31, 2010	108.4	$108.4	$ 507.8	$ 488.3	$ 2.2	$ 1,106.7
Net earnings	-	-	-	144.1	-	144.1
Net change in pension asset/liability, net of taxes of ($20.4) million	-	-	-	-	(30.6)	(30.6)
Foreign currency translation	-	-	-	-	(16.1)	(16.1)
Change in fair value of derivative instruments, net of taxes of ($1.8 million)	-	-	-	-	(2.7)	(2.7)
Compensation expense related to stock option plan grants	-	-	7.1	-	-	7.1
Tax impact from issuance of common stock	-	-	3.7	-	-	3.7
Common stock issued in:						
Twenty-four purchase transactions	3.4	3.4	98.9	-	-	102.3
Stock option plans	2.6	2.6	64.1	-	-	66.7
Employee stock purchase plan	0.3	0.3	6.9	-	-	7.2
Deferred compensation/restricted stock	-	-	5.9	-	-	5.9
Common stock repurchases	-	-	(1.2)	-	-	(1.2)
Cash dividends declared on common stock	-	-	-	(149.5)	-	(149.5)
Balance at December 31, 2011	114.7	114.7	693.2	482.9	(47.2)	1,243.6
Net earnings	-	-	-	195.0	-	195.0
Net change in pension asset/liability, net of taxes of ($0.2 million)	-	-	-	-	(3.4)	(3.4)
Foreign currency translation	-	-	-	-	16.1	16.1
Change in fair value of derivative instruments, net of taxes of $1.1 million	-	-	-	-	1.7	1.7
Compensation expense related to stock option plan grants	-	-	7.2	-	-	7.2
Tax impact from issuance of common stock	-	-	0.5	-	-	0.5
Common stock issued in:						
Forty purchase transactions	7.8	7.8	268.5	-	-	276.3
Stock option plans	2.8	2.8	71.1	-	-	73.9
Employee stock purchase plan	0.3	0.3	8.1	-	-	8.4
Deferred compensation/restricted stock	0.1	0.1	7.9	-	-	8.0
Other compensation expense	-	-	0.3	-	-	0.3
Common stock repurchases	(0.1)	(0.1)	(1.4)	-	-	(1.5)
Cash dividends declared on common stock	-	-	-	(167.5)	-	(167.5)
Balance at December 31, 2012	125.6	125.6	1,055.4	510.4	(32.8)	1,658.6
Net earnings	-	-	-	268.6	-	268.6
Net change in pension asset/liability, net of taxes of $17.9 million	-	-	-	-	26.8	26.8
Foreign currency translation	-	-	-	-	1.6	1.6
Change in fair value of derivative instruments, net of taxes of $1.3 million	-	-	-	-	1.8	1.8
Compensation expense related to stock option plan grants	-	-	7.7	-	-	7.7
Tax impact from issuance of common stock	-	-	7.5	-	-	7.5
Common stock issued in:						
Thirteen purchase transactions	5.2	5.2	227.0	-	-	232.2
Stock option plans	2.3	2.3	59.5	-	-	61.8
Employee stock purchase plan	0.3	0.3	9.9	-	-	10.2
Deferred compensation/restricted stock	0.1	0.1	(13.1)	-	-	(13.0)
Stock issuance under dribble-out program	0.1	0.1	4.2	-	-	4.3
Common stock repurchases	-	-	-	-	-	-
Cash dividends declared on common stock	-	-	-	(182.6)	-	(182.6)
Balance at December 31, 2013	133.6	$133.6	$ 1,358.1	$ 596.4	$ (2.6)	$ 2,085.5

See notes to consolidated financial statements.

Arthur J. Gallagher & Co.

Notes to Consolidated Financial Statements

December 31, 2013

1. Summary of Significant Accounting Policies

Nature of Operations - Arthur J. Gallagher & Co. and its subsidiaries, collectively referred to herein as we, our or us or the company, provide insurance brokerage and risk management services to a wide variety of commercial, industrial, institutional and governmental organizations through three reportable operating segments. Commission and fee revenue generated by the brokerage segment is primarily related to the negotiation and placement of insurance for our clients. Fee revenue generated by the risk management segment is primarily related to claims management, information management, risk control consulting (loss control) services and appraisals in the property/casualty market. Investment income and other revenue are generated from our investment portfolio, which includes invested cash and restricted funds, as well as clean energy and other investments. We are headquartered in Itasca, Illinois, have operations in 24 countries and offer client-service capabilities in more than 140 countries globally through a network of correspondent insurance brokers and consultants.

Basis of Presentation - The accompanying consolidated financial statements include our accounts and all of our majority-owned subsidiaries (50% or greater ownership). Substantially all of our investments in partially owned entities in which our ownership is less than 50% are accounted for using the equity method based on the legal form of our ownership interest and the applicable ownership percentage of the entity. However, in situations where a less than 50%-owned investment has been determined to be a variable interest entity (which we refer to as a VIE) and we are deemed to be the primary beneficiary in accordance with the variable interest model of consolidation, we will consolidate the investment into our consolidated financial statements. For partially owned entities accounted for using the equity method, our share of the net earnings of these entities is included in consolidated net earnings. All material intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to the amounts reported in prior years' consolidated financial statements in order to conform to the current year presentation.

In the preparation of our consolidated financial statements as of December 31, 2013, management evaluated all material subsequent events or transactions that occurred after the balance sheet date through the date on which the financial statements were issued for potential recognition in our consolidated financial statements and/or disclosure in the notes thereto.

Use of Estimates - The preparation of our consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Revenue Recognition - Our revenues are derived from commissions, fees and investment income.

We recognize commission revenues at the later of the billing or the effective date of the related insurance policies, net of an allowance for estimated policy cancellations. We recognize commission revenues related to installment premiums as the installments are billed. We recognize supplemental commission revenues using internal data and information received from insurance carriers that allows us to reasonably estimate the supplemental commissions earned in the period. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid, is determined by the insurance carrier, and is established annually in advance of the contractual period based on historical performance criteria. We recognize contingent commissions and commissions on premiums directly billed by insurance carriers as revenue when we have obtained the data necessary to reasonably determine such amounts. Typically, we cannot reasonably determine these types of commission revenues until we have received the cash or the related policy detail or other carrier specific information from the insurance carrier. A contingent commission is a commission paid by an insurance carrier based on the overall profit and/or volume of the business placed with that insurance carrier during a particular calendar year and is determined after the contractual period. Commissions on premiums billed directly by insurance carriers to the insureds generally relate to a large number of property/casualty insurance policy transactions, each with small premiums, and comprise a substantial portion of the revenues generated by our employee benefit brokerage operations. Under these direct bill arrangements, the insurance carrier controls the entire billing and policy issuance process. We record the income effects of subsequent premium adjustments when the adjustments become known.

Fee revenues generated from the brokerage segment primarily relate to fees negotiated in lieu of commissions that we recognize in the same manner as commission revenues. Fee revenues generated from the risk management segment relate to third party claims administration, loss control and other risk management consulting services, which we provide over a period of time, typically one year. We recognize these fee revenues ratably as the services are rendered, and record the income effects of subsequent fee adjustments when the adjustments become known.

We deduct brokerage expense from gross revenues in our determination of our total revenues. Brokerage expense represents commissions paid to sub-brokers related to the placement of certain business by our brokerage segment. We recognize this expense in the same manner as commission revenues.

Premiums and fees receivable in the accompanying consolidated balance sheet are net of allowances for estimated policy cancellations and doubtful accounts. The allowance for estimated policy cancellations was $4.2 million and $4.0 million at December 31, 2013 and 2012, respectively, which represents a reserve for future reversals in commission and fee revenues related to the potential cancellation of client insurance policies that were in force as of each year end. The allowance for doubtful accounts was $6.7 million and $6.6 million at December 31, 2013 and 2012, respectively. We establish the allowance for estimated policy cancellations through a charge to revenues and the allowance for doubtful accounts through a charge to operating expenses. Both of these allowances are based on estimates and assumptions using historical data to project future experience. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein. We periodically review the adequacy of these allowances and make adjustments as necessary.

Investment income primarily includes interest and dividend income, which is accrued as it is earned. Gains on books of business sales represent one-time gains related to sales of brokerage related businesses, which are primarily recognized on a cash received basis. Revenues from clean coal activities include revenues from consolidated clean coal production plants, royalty income from clean coal licenses and income (loss) related to unconsolidated clean coal production plants, all of which are recognized as earned. Revenues from consolidated clean coal production plants represent sales of refined coal. Royalty income from clean coal licenses represents fee income related to the use of clean coal technologies. Income (loss) from unconsolidated clean coal production plants includes income (losses) related to our equity portion of the pretax results of the clean coal production plants and production based installment sale income from majority investors. Other net revenues primarily consist of our equity portions of the earnings from our investments in venture capital funds.

Claims Handling Obligations - We are obligated under certain circumstances to provide future claims handling and certain administrative services for our former global risks brokerage clients in the U.K. Our obligation is the result of following the industry practice of insurance brokers providing future claims handling and administrative services to former clients. In addition, under certain circumstances, our risk management segment operations are contractually obligated to provide contract claim settlement and administration services to our former clients. Accordingly, we record a liability for these deferred run-off obligations based on the estimated costs to provide these future services to former clients. This liability is based on estimates and assumptions using historical data to project future experience. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein. We periodically review (at least annually) the adequacy of this liability and will make adjustments as necessary.

Earnings per Share - Basic net earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding during the reporting period. Diluted net earnings per share is computed by dividing net earnings by the weighted average number of common and common equivalent shares outstanding during the reporting period. Common equivalent shares include incremental shares from dilutive stock options, which are calculated from the date of grant under the treasury stock method using the average market price for the period.

Cash and Cash Equivalents - Short-term investments, consisting principally of cash and money market accounts that have average maturities of 90 days or less, are considered cash equivalents.

Restricted Cash - In our capacity as an insurance broker, we collect premiums from insureds and, after deducting our commissions and/or fees, remit these premiums to insurance carriers. We hold unremitted insurance premiums in a fiduciary capacity until we disburse them, and the use of such funds is restricted by laws in certain states and foreign jurisdictions in which our subsidiaries operate. Various state and foreign agencies regulate insurance brokers and provide specific requirements that limit the type of investments that may be made with such funds. Accordingly, we invest these funds in cash and U.S. Treasury fund accounts. We can earn interest income on these unremitted funds, which is included in investment income in the accompanying consolidated statement of earnings. These unremitted amounts are reported as restricted cash in the accompanying consolidated balance sheet, with the related liability reported as premiums payable to insurance and reinsurance companies. Additionally, several of our foreign subsidiaries are required by various foreign agencies to meet certain liquidity and solvency requirements. We were in compliance with these requirements at December 31, 2013.

Related to our third party administration business, we are responsible for client claim funds that we hold in a fiduciary capacity. We do not earn any interest income on the funds held. These client funds have been included in restricted cash, along with a corresponding liability in premiums payable to insurance and reinsurance companies in the accompanying consolidated balance sheet.

Derivative Instruments - In the normal course of business, we are exposed to the impact of foreign currency fluctuations that impact our results of operations and cash flows. We utilize a foreign currency risk management program involving foreign currency derivatives that consist of several monthly put/call options designed to hedge a significant portion of our future foreign currency disbursements through various future payment dates. To mitigate the counterparty credit risk we only enter into contracts with carefully selected major financial institutions based upon their credit ratings and other factors. These derivative instrument contracts are cash flow hedges that qualify for hedge accounting and primarily hedge against fluctuations between changes in the British Pound Sterling and Indian Rupee versus the U.S. Dollar. Changes in fair value of the derivative instruments are reflected in other comprehensive earnings in the accompanying consolidated balance sheet. The impact of the hedge at maturity is recognized in the income statement as a component of compensation and operating expenses. These derivative instrument contracts are periodically monitored for hedge ineffectiveness, the amount of which has not been material to the accompanying consolidated financial statements. We do not use derivatives for trading or speculative purposes. In 2013, other net revenues also includes a gain of $2.6 million related to three foreign currency derivative investment contracts that we executed in September 2013 in connection with the signing of an agreement to acquire The Giles Group of Companies, headquartered in London, England. These contracts were designed to hedge a portion of the GBP denominated purchase price consideration of this acquisition. The derivative investment contracts were exercised on October 31, 2013 and the Giles transaction closed in early November 2013.

Investments - We have a management investment committee that meets four to six times per year to review the valuation of our investments. For investments that do not have quoted market prices, we use various valuation techniques to estimate fair value and look for indicators of impairment. Factors that may indicate that an impairment could exist include, but are not limited to, reductions or changes to dividend payments, sustained operating losses or a trend of poor operating performance, recent refinancings or recapitalizations, unfavorable press reports, significant customer or revenue loss, litigation, losses by other companies in a similar industry, overall economic conditions, management changes and significant changes in strategy. In addition, in cases where the ultimate value of an investment is directly dependent on us for future financial support, we assess our willingness and intent to provide future funding in determining impairment.

If an indicator of impairment exists, we compare the investment's carrying value to an estimate of its fair value. To estimate the fair value of our equity-method investments, we compare values established in recent recapitalizations or appraisals conducted by third parties. In some cases, no such recapitalizations or appraisals exist and we must perform our own valuations. This also requires us to exercise significant judgment. Even if impairment indicators exist, no impairment may be required if the estimated fair value is not less than the current carrying value or the decline in value is determined to be temporary and we have no intent to sell the investment, and it is more likely than not that we will not be required to sell the investment prior to a recovery in value. When we determine that an impairment is required, we record the impairment as a realized loss against current period earnings.

Both the process to review for indicators of impairment and, if such indicators exist, the method to compute the amount of impairment incorporates quantitative data and qualitative criteria including the receipt of new information that can significantly change the decision about the valuation of an investment in a short period of time. The determination of whether an impairment is required is necessarily a matter of subjective judgment. The timing and amount of realized losses reported in earnings could vary if management's conclusions were different.

Because of the inherent risk of investments, we can make no assurances that there will not be impairments in the future should economic and other conditions change.

Premium Financing - Four subsidiaries of the brokerage segment make short-term loans (generally with terms of twelve months or less) to our clients to finance premiums. These premium financing contracts are structured to minimize potential bad debt expense to us. Such receivables are considered delinquent after seven days of the payment due date. Generally, insurance policies are cancelled within one month of the contractual payment due date if the payment remains delinquent. We recognize interest income as it is earned over the life of the contract using the interest "level-yield" method. Unearned interest related to contracts receivable is included in the receivable balance in the accompanying consolidated balance sheet. The outstanding contracts receivable balance was $2.3 million and $2.2 million at December 31, 2013 and 2012, respectively.

Fixed Assets - We carry fixed assets at cost, less accumulated depreciation, in the accompanying consolidated balance sheet. We periodically review long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Under those circumstances, if the fair value were less than the carrying amount of the asset, we would recognize a loss for the difference. Depreciation for fixed assets is computed using the straight-line method over the following estimated useful lives:

	Useful Life
Computer equipment	Three to five years
Furniture and fixtures	Three to ten years
Office equipment	Three to ten years
Software	Three to five years
Leasehold improvements	Shorter of the lease term or useful life of the asset

Intangible Assets - Intangible assets represent the excess of cost over the estimated fair value of net tangible assets of acquired businesses. Our primary intangible assets are classified as either goodwill, expiration lists, non-compete agreements or trade names. Expiration lists, non-compete agreements and trade names are amortized using the straight-line method over their estimated useful lives (three to fifteen years for expiration lists, three to five years for non-compete agreements and five to fifteen years for trade names), while goodwill is not subject to amortization. The establishment of goodwill, expiration lists, non-compete agreements and trade names and the determination of estimated useful lives are primarily based on valuations we receive from qualified independent appraisers. The calculations of these amounts are based on estimates and assumptions using historical and projected financial information and recognized valuation methods. Different estimates or assumptions could produce different results. We carry intangible assets at cost, less accumulated amortization, in the accompanying consolidated balance sheet.

We review all of our intangible assets for impairment periodically (at least annually for goodwill) and whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. We perform such impairment reviews at the division (i.e., reporting unit) level with respect to goodwill and at the business unit level for amortizable intangible assets. In reviewing intangible assets, if the fair value were less than the carrying amount of the respective (or underlying) asset, an indicator of impairment would exist and further analysis would be required to determine whether or not a loss would need to be charged against current period earnings as a component of amortization expense. Based on the results of impairment reviews in 2013, 2012 and 2011, we wrote off $2.2 million, $3.5 million and $4.6 million, respectively, of amortizable intangible assets primarily related to prior year acquisitions of our brokerage segment, which is included in amortization expense in the accompanying consolidated statement of earnings. The determinations of impairment indicators and fair value are based on estimates and assumptions related to the amount and timing of future cash flows and future interest rates. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

Income Taxes - Our tax rate reflects the statutory tax rates applicable to our taxable earnings and tax planning in the various jurisdictions in which we operate. Significant judgment is required in determining the annual effective tax rate and in evaluating uncertain tax positions. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in our tax return. We evaluate our tax positions using a two-step process. The first step involves recognition. We determine whether it is more likely than not that a tax position will be sustained upon tax examination based solely on the technical merits of the position. The technical merits of a tax position are derived from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings and case law) and their applicability to the facts and circumstances of the position. If a tax position does not meet the "more likely than not" recognition threshold, we do not recognize the benefit of that position in the financial statements. The second step is measurement. A tax position that meets the "more likely than not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that has a likelihood of greater than 50% of being realized upon ultimate resolution with a taxing authority.

Uncertain tax positions are measured based upon the facts and circumstances that exist at each reporting period and involve significant management judgment. Subsequent changes in judgment based upon new information may lead to changes in recognition, derecognition and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue. We recognize interest and penalties, if any, related to unrecognized tax benefits in our provision for income taxes.

Tax law requires certain items to be included in our tax returns at different times than such items are reflected in the financial statements. As a result, the annual tax expense reflected in our consolidated statements of earnings is different than that reported in our tax returns. Some of these differences are permanent, such as expenses that are not deductible in our tax returns, and some differences are temporary and reverse over time, such as depreciation expense and amortization expense deductible for income tax purposes. Temporary differences create deferred tax assets and liabilities. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which a tax payment has been deferred, or expense which has been deducted in the tax return but has not yet been recognized in the financial statements. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which a benefit has already been recorded in the financial statements.

We establish or adjust valuation allowances for deferred tax assets when we estimate that it is more likely than not that future taxable income will be insufficient to fully use a deduction or credit in a specific jurisdiction. In assessing the need for the recognition of a valuation allowance for deferred tax assets, we consider whether it is more likely than not that some portion, or all, of the deferred tax assets will not be realized and adjust the valuation allowance accordingly. We evaluate all significant available positive and negative evidence as part of our analysis. Negative evidence includes the existence of losses in recent years. Positive evidence includes the forecast of future taxable income by jurisdiction, tax-planning strategies that would result in the realization of deferred tax assets and the presence of taxable income in prior carryback years. The underlying assumptions we use in forecasting future taxable income require significant judgment and take into account our recent performance. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which temporary differences are deductible or creditable.

Fair Value of Financial Instruments - Fair value accounting establishes a framework for measuring fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). This framework includes a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value.

The classification of a financial instrument within the valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels of the hierarchy in order of priority of inputs to the valuation technique are defined as follows:

- Level 1 - Valuations are based on unadjusted quoted prices in active markets for identical financial instruments;
- Level 2 - Valuations are based on quoted market prices, other than quoted prices included in Level 1, in markets that are not active or on inputs that are observable either directly or indirectly for the full term of the financial instrument; and
- Level 3 - Valuations are based on pricing or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement of the financial instrument. Such inputs may reflect management's own assumptions about the assumptions a market participant would use in pricing the financial instrument.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

The carrying amounts of financial assets and liabilities reported in the accompanying consolidated balance sheet for cash and cash equivalents, restricted cash, premiums and fees receivable, premiums payable to insurance carriers, accrued salaries and bonuses, accounts payable and other accrued liabilities, unearned fees and income taxes payable, at December 31, 2013 and 2012, approximate fair value because of the short-term duration of these instruments. See Note 3 to our consolidated financial statements for the fair values related to the establishment of intangible assets and the establishment and adjustment of earnout payables. See Note 6 to our consolidated financial statements for the fair values related to borrowings outstanding at December 31, 2013 and 2012 under our debt agreements. See Note 11 to our consolidated financial statements for the fair values related to investments at December 31, 2013 and 2012 under our defined benefit pension plan.

Litigation - We are the defendant in various legal actions related to claims, lawsuits and proceedings incident to the nature of our business. We record liabilities for loss contingencies, including legal costs (such as fees and expenses of external lawyers and other service providers) to be incurred, when it is probable that a liability has been incurred on or before the balance sheet date and the amount of the liability can be reasonably estimated. We do not discount such contingent liabilities. To the extent recovery of such losses and legal costs is probable under our insurance programs, we record estimated recoveries concurrently with the losses recognized. Significant management judgment is required to estimate the amounts of such contingent liabilities and the related insurance recoveries. In order to assess our potential liability, we analyze our litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters. As these liabilities are uncertain by their nature, the recorded amounts may change due to a variety of different factors, including new developments in, or changes in approach, such as changing the settlement strategy as applicable to each matter.

Stock-Based Compensation - We have several employee equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments to employees include grants of stock options and restricted stock units and are measured based on estimated grant date fair value. We have elected to use the Black-Scholes option pricing model to determine the fair value of stock options on the dates of grant. Restricted stock units are measured based on the fair market values of the underlying stock on the dates of grant. Shares are issued on the vesting dates net of the minimum statutory tax withholding requirements, as applicable, to be paid by us on behalf of our employees. As a result, the actual number of shares issued will be fewer than the actual number of restricted stock units outstanding. Furthermore, we record the liability for withholding amounts to be paid by us as a reduction to additional paid-in capital when paid.

Cash-settled share-based payments to employees include grants of performance units and stock appreciation rights. The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognized as compensation expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date. Any changes in fair value of the liability are recognized as compensation expense.

We recognize share-based compensation expense over the requisite service period for awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs from original estimates.

Employee Stock Purchase Plan - We have an employee stock purchase plan (which we refer to as the ESPP), under which the sale of 4.0 million shares of our common stock has been authorized. Eligible employees may contribute up to 15% of their compensation towards the quarterly purchase of our common stock at a purchase price equal to 95% of the lesser of the fair market value of our common stock on the first business day or the last business day of the quarterly offering period. Eligible employees may annually purchase shares of our common stock with an aggregate fair market value of up to $25,000 (measured as of the first day of each quarterly offering period of each calendar year), provided that no employee may purchase more than 2,000 shares of our common stock under the ESPP during any calendar year. At December 31, 2013, 0.5 million shares of our common stock are reserved for future issuance under the ESPP.

Defined Benefit Pension and Other Postretirement Plans - We recognize in our consolidated balance sheet, an asset for our defined benefit postretirement plans' overfunded status or a liability for our plans' underfunded status. We recognize changes in the funded status of our defined benefit postretirement plans in comprehensive earnings in the year in which the changes occur. We use December 31 as the measurement date for our plans' assets and benefit obligations. See Note 11 to our consolidated financial statements for additional information required to be disclosed related to our defined benefit postretirement plans.

2. Effect of New Accounting Pronouncements

Presentation of Unrecognized Tax Benefits

In July 2013, the Financial Accounting Standards Board (which we refer to as the FASB) issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," which provides explicit guidance on the presentation of certain unrecognized tax benefits in the financial statements that did not previously exist. The ASU provides that a liability related to an unrecognized tax benefit would be offset against a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In that case, the liability associated with the unrecognized tax benefit is presented in the financial statements as a reduction to the related deferred tax asset. In situations in which a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the tax law of the jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit will be presented in the financial statements as a liability and will not be combined with deferred tax assets. This new guidance is effective for annual and interim periods beginning after December 15, 2013. Early adoption is permitted. Management has decided not to adopt this guidance early and has determined that the impact of the new guidance upon adoption, will not be material to the consolidated financial statements.

Other Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220), "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income," which requires significant items reclassified out of accumulated other comprehensive income (which we refer to as AOCI) to net income in their entirety in the same reporting period, to be reported to show the effect of the reclassifications on the respective line items of the statement where net income is presented. These reclassifications can be presented either on the face of the statement where net income is presented or in the notes to the financial statements. For items that are not reclassified to net income in their entirety in the same reporting period, a cross reference to other disclosures currently required under U.S. GAAP is required in the notes to the consolidated financial statements. The new guidance also requires companies to report changes in the accumulated balances of each component of AOCI. This new guidance was effective for annual and interim periods beginning after December 15, 2012. We adopted the new guidance effective January 1, 2013. The adoption affected the disclosures made in our consolidated financial statements and notes thereto, but did not have any impact on our results of operations or financial position.

3. Business Combinations

During 2013, we acquired substantially all of the net assets of the following firms in exchange for our common stock and/or cash. These acquisitions have been accounted for using the acquisition method for recording business combinations (in millions except share data):

Name and Effective Date of Acquisition	Common Shares Issued (000s)	Common Share Value	Cash Paid	Accrued Liability	Escrow Deposited	Recorded Earnout Payable	Total Recorded Purchase Price	Maximum Potential Earnout Payable
Metzler Brothers Insurance February 1, 2013	-	$ -	$ 3.4	$ -	$ 0.4	$ 0.7	$ 4.5	$ 1.4
Advanced Benefit Advisors, Inc. April 1, 2013	-	-	10.9	-	0.1	1.8	12.8	7.0
Property & Commercial Limited (PCL) April 1, 2013	-	-	62.0	-	3.1	-	65.1	-
Garza Long Group, LLC May 1, 2013	-	-	4.3	-	0.1	0.5	4.9	6.7
Bollinger, Inc. (BOL) August 1, 2013	3,177	140.0	157.6	-	22.0	-	319.6	-
Dickinson & Associates, Inc. August 1, 2013	-	-	10.9	-	0.1	-	11.0	4.8
Belmont International (BEL) September 1, 2013	-	-	21.7	-	2.5	2.9	27.1	3.2
R.W. Scobie, Inc. September 1, 2013	223	8.0	4.4	-	1.5	2.5	16.4	5.0
Jeffrey Haber & Michael Fischman September 20, 2013	-	-	7.0	-	-	8.5	15.5	10.3
G.S. Levine Insurance Services, Inc. (GSL) October 1, 2013	413	16.8	5.5	-	2.7	3.8	28.8	8.0
R.J. Dutton Incorporated October 1, 2013	112	5.2	1.8	-	0.1	1.2	8.3	4.9
Employee Benefits Analysis Corporation November 1, 2013	148	6.9	-	-	0.1	0.6	7.6	5.0
Parks Johnson Agency, LLC November 1, 2013	-	-	5.4	-	0.1	0.6	6.1	5.2
Giles Group of Companies (GGC) November 14, 2013	-	-	387.9	-	3.8	-	391.7	-
Barmore Insurance Agency, Inc. December 1, 2013	95	4.4	1.1	-	0.3	1.6	7.4	3.5
Bergvall Marine A.S. (BMA) December 1, 2013	-	-	11.3	-	1.2	9.2	21.7	11.9

Name and Effective Date of Acquisition	Common Shares Issued	Common Share Value	Cash Paid	Accrued Liability	Escrow Deposited	Recorded Earnout Payable	Total Recorded Purchase Price	Maximum Potential Earnout Payable
	(000s)							
Cleaveland Insurance Group, Inc. December 1, 2013	101	4.1	1.5	-	0.6	1.2	7.4	2.7
The Jenkins Group, Inc. December 1, 2013	-	-	1.2	3.8	-	1.0	6.0	4.0
Longfellow Financial, LLC (LGF) December 1, 2013	461	20.5	7.0	-	0.5	3.4	31.4	17.0
McIntyre Risk Management, LLC (MRM) December 1, 2013	296	13.6	4.3	-	0.2	2.2	20.3	5.5
Eleven other acquisitions completed in 2013	77	3.6	10.4	-	0.4	8.6	23.0	13.1
	5,103	$ 223.1	$ 719.6	$ 3.8	$ 39.8	$ 50.3	$ 1,036.6	$ 119.2

Effective November 14, 2013 we acquired the Giles Group of Companies (which we refer to as Giles) headquartered in London, England. Under the agreement, we purchased all of the outstanding shares of Giles for net cash consideration of approximately £233.0 million. Giles was the fifth largest independent retail insurance broker in the United Kingdom with over 1,100 employees operating out of 43 offices in England, Scotland, Wales, Northern Ireland, Isle of Man and the Channel Islands. In 2013, we recognized a pretax gain of $2.6 million resulting from three foreign currency derivative investment contracts that we executed in September 2013 and exercised on October 31, 2013 in connection with the signing of the agreement to acquire Giles. This gain was included in other net revenues in the consolidated statement of earnings.

Common shares issued in connection with acquisitions are valued at closing market prices as of the effective date of the applicable acquisition. We record escrow deposits that are returned to us as a result of adjustments to net assets acquired as reductions of goodwill when the escrows are settled. The maximum potential earnout payables disclosed in the foregoing table represent the maximum amount of additional consideration that could be paid pursuant to the terms of the purchase agreement for the applicable acquisition. The amounts recorded as earnout payables, which are primarily based upon the estimated future operating results of the acquired entities over a two- to three-year period subsequent to the acquisition date, are measured at fair value as of the acquisition date and are included on that basis in the recorded purchase price consideration in the foregoing table. We will record subsequent changes in these estimated earnout obligations, including the accretion of discount, in our consolidated statement of earnings when incurred.

The fair value of these earnout obligations is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements, which is a Level 3 fair value measurement. In determining fair value, we estimated the acquired entity's future performance using financial projections developed by management for the acquired entity and market participant assumptions that were derived for revenue growth and/or profitability. Revenue growth rates generally ranged from 2.0% to 12.0% for our 2013 acquisitions. We estimated future payments using the earnout formula and performance targets specified in each purchase agreement and these financial projections. We then discounted these payments to present value using a risk-adjusted rate that takes into consideration market-based rates of return that reflect the ability of the acquired entity to achieve the targets. These discount rates generally ranged from 8.0% to 9.0% for our 2013 acquisitions. Changes in financial projections, market participant assumptions for revenue growth and/or profitability, or the risk-adjusted discount rate, would result in a change in the fair value of recorded earnout obligations.

During 2013, 2012 and 2011, we recognized $11.9 million, $9.3 million and $8.3 million, respectively, of expense in our consolidated statement of earnings related to the accretion of the discount recorded for earnout obligations in connection with our acquisitions. In addition, during 2013, 2012 and 2011 we recognized $10.2 million, $5.9 million and $14.5 million of income, respectively, related to net adjustments in the estimated fair value of the liability for earnout obligations in connection with revised projections of future performance for 79, 46 and 22 acquisitions, respectively. The aggregate amount of maximum earnout obligations related to acquisitions made in 2010 and subsequent years was $462.3 million as of December 31, 2013, of which $162.7 million was recorded in the consolidated balance sheet as of that date based on the estimated fair value of the expected future payments to be made. The aggregate amount of maximum earnout obligations related to acquisitions made in 2009 and subsequent years was $384.8 million as of December 31, 2012, of which $139.8 million was recorded in the consolidated balance sheet as of that date.

The following is a summary of the estimated fair values of the net assets acquired at the date of each acquisition made in 2013 (in millions):

	PCL	BOL	BEL	GSL	GGC	BMA	LGF	MRM	Twenty-three Other Acquisitions	Total
Cash	$ 2.4	$ 7.6	$ 5.3	$ 0.4	$ 25.9	$ 0.8	$ -	$ -	$ 7.9	$ 50.3
Other current assets	32.9	39.5	19.1	1.1	135.7	16.2	0.2	4.0	12.7	261.4
Fixed assets	2.2	2.4	0.4	0.3	4.1	0.1	-	0.2	0.8	10.5
Noncurrent assets	0.4	2.3	-	0.9	-	-	-	-	-	3.6
Goodwill	45.1	200.2	11.4	8.0	301.5	13.4	12.9	10.7	61.8	665.0
Expiration lists	25.6	132.5	14.4	20.1	89.8	8.8	17.5	9.8	75.7	394.2
Non-compete agreements	-	0.4	-	0.1	3.7	0.2	0.8	0.1	1.8	7.1
Trade names	0.1	1.7	-	-	-	-	-	-	-	1.8
Total assets acquired	108.7	386.6	50.6	30.9	560.7	39.5	31.4	24.8	160.7	1,393.9
Current liabilities	35.5	51.1	20.6	2.1	149.1	15.3	-	4.5	24.0	302.2
Noncurrent liabilities	8.1	15.9	2.9	-	19.9	2.5	-	-	5.8	55.1
Total liabilities assumed	43.6	67.0	23.5	2.1	169.0	17.8	-	4.5	29.8	357.3
Total net assets acquired	$65.1	$319.6	$27.1	$28.8	$391.7	$21.7	$31.4	$20.3	$ 130.9	$ 1,036.6

Among other things, these acquisitions allow us to expand into desirable geographic locations, further extend our presence in the retail and wholesale insurance brokerage services and risk management industries and increase the volume of general services currently provided. The excess of the purchase price over the estimated fair value of the tangible net assets acquired at the acquisition date was allocated to goodwill, trade names, expiration lists and non-compete agreements in the amounts of $664.1 million, $1.8 million, $392.6 million and $7.1 million, respectively, within the brokerage segment and allocated to goodwill and expiration lists in the amounts of $0.9 million and $1.6 million, respectively, within the risk management segment.

Provisional estimates of fair value are established at the time of the acquisition and are subsequently reviewed within the first year of operations subsequent to the acquisition date to determine the necessity for adjustments. The fair value of the tangible assets and liabilities for each applicable acquisition at the acquisition date approximated their carrying values. The fair value of expiration lists was established using the excess earnings method, which is an income approach based on estimated financial projections developed by management for each acquired entity using market participant assumptions. Revenue growth and attrition rates generally ranged from 2.0% to 10.0% and 5.0% to 15.0% for our 2013 acquisitions, respectively, for which a valuation was performed. We estimate the fair value as the present value of the benefits anticipated from ownership of the subject customer list in excess of returns required on the investment in contributory assets necessary to realize those benefits. The rate used to discount the net benefits was based on a risk-adjusted rate that takes into consideration market-based rates of return and reflects the risk of the asset relative to the acquired business. These discount rates generally ranged from 10.5% to 14.5% for our 2013 acquisitions, for which a valuation was performed. The fair value of non-compete agreements was established using the profit differential method, which is an income approach based on estimated financial projections developed by management for the acquired company using market participant assumptions and various non-compete scenarios.

Of the $1.8 million of trade names, $394.2 million of expiration lists and $7.1 million of non-compete agreements related to the 2013 acquisitions, $1.8 million, $287.7 million and $4.6 million, respectively, is not expected to be deductible for income tax purposes. Accordingly, we recorded a deferred tax liability of $48.4 million, and a corresponding amount of goodwill, in 2013 related to the nondeductible amortizable intangible assets.

During 2012, we issued 425,000 shares of our common stock and paid $3.5 million in cash related to earnout obligations of five acquisitions made prior to 2009, and recorded additional goodwill of $0.1 million. During 2011, we issued 245,000 shares of our common stock, paid $8.2 million in cash and accrued $18.3 million in liabilities related to earnout obligations of 19 acquisitions made prior to 2009, and recorded additional goodwill of $30.0 million.

Our consolidated financial statements for the year ended December 31, 2013 include the operations of the acquired entities from their respective acquisition dates. The following is a summary of the unaudited pro forma historical results, as if these entities had been acquired at January 1, 2012 (in millions, except per share data):

	Year Ended December 31,	
	2013	2012
Total revenues	$ 3,461.2	$ 2,903.6
Net earnings	286.3	212.9
Basic earnings per share	2.17	1.69
Diluted earnings per share	2.14	1.67

The unaudited pro forma results above have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had these acquisitions occurred at January 1, 2012, nor are they necessarily indicative of future operating results. Annualized revenues of entities acquired in 2013 totaled approximately $383.9 million. Total revenues and net earnings recorded in our consolidated statement of earnings for 2013 related to the 2013 acquisitions in the aggregate were $107.4 million and $2.1 million, respectively.

4. Fixed Assets

Major classes of fixed assets consist of the following (in millions):

	December 31,	
	2013	2012
Office equipment	$ 16.3	$ 15.1
Furniture and fixtures	78.3	74.2
Computer equipment	117.2	116.7
Leasehold improvements	77.9	52.2
Software	147.6	102.7
Other	8.5	2.9
	445.8	363.8
Accumulated depreciation	(285.4)	(258.4)
Net fixed assets	$ 160.4	$ 105.4

5. Intangible Assets

The carrying amount of goodwill at December 31, 2013 and 2012 allocated by domestic and foreign operations is as follows (in millions):

	Brokerage	Risk Management	Corporate	Total
At December 31, 2013				
United States	$ 1,449.6	$ 20.2	$ -	$ 1,469.8
United Kingdom	595.1	2.1	-	597.2
Other foreign, principally Australia and Canada	78.2	-	-	78.2
Total goodwill - net	$ 2,122.9	$ 22.3	$ -	$ 2,145.2
At December 31, 2012				
United States	$ 1,158.1	$ 19.2	$ -	$ 1,177.3
United Kingdom	223.9	2.1	-	226.0
Other foreign, principally Australia and Canada	69.4	-	-	69.4
Total goodwill - net	$ 1,451.4	$ 21.3	$ -	$ 1,472.7

The changes in the carrying amount of goodwill for 2013 and 2012 are as follows (in millions):

	Brokerage	Risk Management	Corporate	Total
Balance as of January 1, 2012	$ 1,136.6	$ 18.7	$ -	$ 1,155.3
Goodwill acquired during the year	308.1	0.7	-	308.8
Goodwill related to earnouts recognized during the year	0.1	-	-	0.1
Goodwill adjustments related to appraisals and other acquisition adjustments	(0.6)	(0.2)	-	(0.8)
Goodwill related to transfers of operations between segments	(2.0)	2.0	-	-
Foreign currency translation adjustments during the year	9.2	0.1	-	9.3
Balance as of December 31, 2012	1,451.4	21.3	-	1,472.7
Goodwill acquired during the year	664.1	0.9	-	665.0
Goodwill adjustments related to appraisals and other acquisition adjustments	3.3	-	-	3.3
Foreign currency translation adjustments during the year	4.1	0.1	-	4.2
Balance as of December 31, 2013	$ 2,122.9	$ 22.3	$ -	$ 2,145.2

Major classes of amortizable intangible assets consist of the following (in millions):

	December 31, 2013	December 31, 2012
Expiration lists	$ 1,563.5	$ 1,175.0
Accumulated amortization - expiration lists	(511.3)	(390.8)
	1,052.2	784.2
Non-compete agreements	37.3	30.9
Accumulated amortization - non-compete agreements	(25.9)	(23.3)
	11.4	7.6
Trade names	22.1	23.0
Accumulated amortization - trade names	(6.9)	(5.2)
	15.2	17.8
Net amortizable assets	$ 1,078.8	$ 809.6

Estimated aggregate amortization expense for each of the next five years is as follows (in millions):

2014	$ 146.3
2015	141.1
2016	135.5
2017	126.3
2018	115.0
Total	$ 664.2

6. Credit and Other Debt Agreements

Note Purchase Agreement - We are a party to an amended and restated note purchase agreement dated December 19, 2007, with certain accredited institutional investors, pursuant to which we issued and sold $100.0 million in aggregate principal amount of our 6.26% Senior Notes, Series A, due August 3, 2014 and $300.0 million in aggregate principal amount of our 6.44% Senior Notes, Series B, due August 3, 2017, in a private placement. These notes require semi-annual payments of interest that are due in February and August of each year.

We are a party to a note purchase agreement dated November 30, 2009, with certain accredited institutional investors, pursuant to which we issued and sold $150.0 million in aggregate principal amount of our 5.85% Senior Notes, Series C, due in three equal installments on November 30, 2016, November 30, 2018 and November 30, 2019, in a private placement. These notes require semi-annual payments of interest that are due in May and November of each year.

We are a party to a note purchase agreement dated February 10, 2011, with certain accredited institutional investors, pursuant to which we issued and sold $75.0 million in aggregate principal amount of our 5.18% Senior Notes, Series D, due February 10, 2021 and $50.0 million in aggregate principal amount of our 5.49% Senior Notes, Series E, due February 10, 2023, in a private placement. These notes require semi-annual payments of interest that are due in February and August of each year.

We are a party to a note purchase agreement dated July 10, 2012, with certain accredited institutional investors, pursuant to which we issued and sold $50.0 million in aggregate principal amount of our 3.99% Senior Notes, Series F, due July 10, 2020, in a private placement. These notes require semi-annual payments of interest that are due in January and July of each year.

We are a party to a note purchase agreement dated June 14, 2013, with certain accredited institutional investors, pursuant to which we issued and sold $200.0 million in aggregate principal amount of our 3.69% Senior Notes, Series G, due June 14, 2022, in a private placement. These notes require semi-annual payments of interest that are due in June and December of each year.

On December 20, 2013, we entered into a note purchase agreement with certain accredited investors, for a private placement of $600.0 million of Senior Notes. The agreement provides for three series of notes: Series H is $325.0 million at 4.58% due in 2024, Series I is $175.0 million at 4.73% due in 2026 and Series J is $100.0 million at 4.98% due 2029. Under the agreement, funding is expected to occur on February 27, 2014. These notes will require semi-annual payments of interest that will be due in February and August of each year. We will incur approximately $1.3 million of debt acquisition costs that will be capitalized and amortized on a pro rata basis over the life of the debt.

Under the terms of the note purchase agreements, we may redeem the notes at any time, in whole or in part, at 100% of the principal amount of such notes being redeemed, together with accrued and unpaid interest and a "make-whole amount". The "make-whole amount" is derived from a net present value computation of the remaining scheduled payments of principal and interest using a discount rate based on the U.S. Treasury yield plus 0.5% and is designed to compensate the purchasers of the notes for their investment risk in the event prevailing interest rates at the time of prepayment are less favorable than the interest rates under the notes. We do not currently intend to prepay any of the notes.

The note purchase agreements contain customary provisions for transactions of this type, including representations and warranties regarding us and our subsidiaries and various financial covenants, including covenants that require us to maintain specified financial ratios. We were in compliance with these covenants as of December 31, 2013. The note purchase agreements also provide customary events of default, generally with corresponding grace periods, including, without limitation, payment defaults with respect to the notes, covenant defaults, cross-defaults to other agreements evidencing our or our subsidiaries' indebtedness, certain judgments against us or our subsidiaries and events of bankruptcy involving us or our material subsidiaries.

The notes issued under the note purchase agreement are senior unsecured obligations of ours and rank equal in right of payment with our Credit Agreement discussed below.

Credit Agreement - On September 19, 2013, we entered into a $600.0 million unsecured multicurrency credit agreement (which we refer to as the Credit Agreement), which expires on September 19, 2018, with a group of fifteen financial institutions. The Credit Agreement replaced a $500.0 million unsecured revolving credit facility (that was scheduled to expire on July 14, 2014), which was terminated upon the execution of the Credit Agreement. All indebtedness, liabilities and obligations outstanding under the previous facility were fully paid and satisfied, except for the letters of credit (which we refer to as LOCs) which became LOCs under the Credit Agreement. We incurred no early termination fees in connection with replacing the previous credit facility.

The Credit Agreement provides for a revolving credit commitment of up to $600.0 million, of which up to $75.0 million may be used for issuances of standby or commercial letters of credit and up to $50.0 million may be used for the making of swing loans, as defined in the Credit Agreement. We may from time to time request, subject to certain conditions, an increase in the revolving credit commitment up to a maximum aggregate revolving credit commitment of $850.0 million.

The Credit Agreement provides that we may elect that each borrowing in U.S. dollars be either base rate loans or Eurocurrency loans, as defined in the Credit Agreement. All loans denominated in currencies other than U.S. dollars will be Eurocurrency loans. Interest rates on base rate loans and outstanding drawings on letters of credit in U.S. dollars under the Credit Agreement are based on the base rate, as defined in the Credit Agreement. Interest rates on Eurocurrency loans or outstanding drawings on letters of credit in currencies other than U.S. dollars are based on an adjusted London Interbank Offered Rate (which we refer to as LIBOR), as defined in the Credit Agreement, plus a margin of 0.85%, 0.95%, 1.05%, 1.25% or 1.45%, depending on the financial leverage ratio we maintain. Interest rates on swing loans are based, at our election, on either the base rate, as defined in the Credit Agreement, or such alternate rate as may be quoted by the lead lender. The annual facility fee related to the Credit Agreement is 0.15%, 0.175%, 0.20%, 0.25% or 0.30% of the used and unused portions of the revolving credit commitment, depending on the financial leverage ratio we maintain. In connection with entering into the Credit Agreement, we incurred approximately $2.1 million of debt acquisition costs that were capitalized and will be amortized on a pro rata basis over the term of the Credit Agreement.

The terms of the Credit Agreement include various financial covenants, including covenants that require us to maintain specified levels of net worth and financial leverage ratios. We were in compliance with these covenants as of December 31, 2013. The Credit Agreement also includes customary events of default, with corresponding grace periods, including, without limitation, payment defaults, cross-defaults to other agreements evidencing indebtedness and bankruptcy-related defaults.

At December 31, 2013, $16.0 million of letters of credit (for which we had $9.0 million of liabilities recorded at December 31, 2013) were outstanding under the Credit Agreement. See Note 13 to our consolidated financial statements for a discussion of the letters of credit. There were $530.5 million of borrowings outstanding under the Credit Agreement at December 31, 2013. Accordingly, at December 31, 2013, $53.5 million remained available for potential borrowings, of which $53.5 million may be in the form of additional letters of credit.

The following is a summary of our corporate debt (in millions):

	December 31,	
	2013	2012
Note Purchase Agreements:		
Semi-annual payments of interest, fixed rate of 6.26%, balloon due 2014	$ 100.0	$ 100.0
Semi-annual payments of interest, fixed rate of 6.44%, balloon due 2017	300.0	300.0
Semi-annual payments of interest, fixed rate of 5.85%, $50.0 million due in 2016, 2018 and 2019	150.0	150.0
Semi-annual payments of interest, fixed rate of 5.18%, balloon due 2021	75.0	75.0
Semi-annual payments of interest, fixed rate of 5.49%, balloon due 2023	50.0	50.0
Semi-annual payments of interest, fixed rate of 3.99%, balloon due 2020	50.0	50.0
Semi-annual payments of interest, fixed rate of 3.69%, balloon due 2022	200.0	-
Total Note Purchase Agreements	925.0	725.0
Credit Agreement:		
Periodic payments of interest and principal, prime or LIBOR plus up to 1.45%, expires September 19, 2018	530.5	129.0
	$ 1,455.5	$ 854.0

The estimated fair value of the $925.0 million in debt under the note purchase agreements at December 31, 2013 was $979.4 million due to the long-term duration and fixed interest rates associated with these debt obligations. No active or observable market exists for our private long-term debt. Therefore, the estimated fair value of this debt is based on discounted future cash flows, which is a Level 3 fair value measurement, using current interest rates available for debt with similar terms and remaining maturities. To estimate an all-in interest rate for discounting, we obtain market quotes for notes with the same terms as ours, which we have deemed to be the closest approximation of current market rates. We have not adjusted this rate for risk profile changes, covenant issues or credit rating changes. The estimated fair value of the $530.5 million of borrowings outstanding under our Credit Agreement approximate their carrying value due to their short-term duration and variable interest rates.

7. Earnings per Share

The following table sets forth the computation of basic and diluted net earnings per share (in millions, except per share data):

	Year Ended December 31,		
	2013	2012	2011
Net earnings	$ 268.6	$ 195.0	$ 144.1
Weighted average number of common shares outstanding	128.9	121.0	111.7
Dilutive effect of stock options using the treasury stock method	1.6	1.5	0.8
Weighted average number of common and common equivalent shares outstanding	130.5	122.5	112.5
Basic net earnings per share	$ 2.08	$ 1.61	$ 1.29
Diluted net earnings per share:	$ 2.06	$ 1.59	$ 1.28

Options to purchase 1.3 million, 1.1 million and 3.8 million shares of our common stock were outstanding at December 31, 2013, 2012 and 2011, respectively, but were not included in the computation of the dilutive effect of stock options for the year then ended. These stock options were excluded from the computation because the options' exercise prices were greater than the average market price of our common shares during the respective period and, therefore, would be anti-dilutive to earnings per share under the treasury stock method.

8. Stock Option Plans

Long-Term Incentive Plan

On May 10, 2011, our stockholders approved the Arthur J. Gallagher 2011 Long-Term Incentive Plan (which we refer to as the LTIP), which replaced our previous stockholder-approved Arthur J. Gallagher & Co. 2009 Long-Term Incentive Plan (which we refer to as the 2009 LTIP). The LTIP term began May 10, 2011 and it terminates on the date of the annual meeting of stockholders that occurs during 2018, unless terminated earlier by our board of directors. All of our officers, employees and non-employee directors are eligible to receive awards under the LTIP. The compensation committee of our board of directors determines the participants under the LTIP. The LTIP provides for non-qualified and incentive stock options, stock appreciation rights, restricted stock, restricted stock units and performance units, any or all of which may be made contingent upon the achievement of performance criteria. A stock appreciation right entitles the holder to receive, upon exercise and subject to withholding taxes, cash or shares of our common stock (which may be restricted stock) with a value equal to the difference between the fair market value of our common stock on the exercise date and the base price of the stock appreciation right. Subject to the LTIP limits, the compensation committee has the discretionary authority to determine the size of an award.

Shares of our common stock available for issuance under the LTIP include authorized and unissued shares of common stock or authorized and issued shares of common stock reacquired and held as treasury shares or otherwise, or a combination thereof. The number of available shares will be reduced by the aggregate number of shares that become subject to outstanding awards granted under the LTIP. To the extent that shares subject to an outstanding award granted under either the LTIP or the 2009 LTIP are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award or by reason of the settlement of such award in cash, then such shares will again be available for grant under the LTIP. Shares that are subject to a stock appreciation right and were not issued upon the net settlement or net exercise of such stock appreciation right, shares that are used to pay the exercise price of an option, delivered to or withheld by us to pay withholding taxes, and shares that are purchased on the open market with the proceeds of an option exercise, may not again be made available for issuance.

The maximum number of shares available under the LTIP for restricted stock, restricted stock unit awards and performance unit awards settled with stock (i.e., all awards other than stock options and stock appreciation rights) is 0.5 million as of December 31, 2013. To the extent necessary to be qualified performance-based compensation under Section 162(m) of the Internal Revenue Code (which we refer to as the IRC); (i) the maximum number of shares with respect to which options or stock appreciation rights or a combination thereof that may be granted during any fiscal year to any person is 200,000; (ii) the maximum number of shares with respect to which performance-based restricted stock or restricted stock units that may be granted during any fiscal year to any person is 100,000; and (iii) the maximum amount that may be payable with respect to performance units granted during any fiscal year to any person is $3.0 million.

The LTIP provides for the grant of stock options, which may be either tax-qualified incentive stock options or non-qualified options and stock appreciation rights. The compensation committee determines the period for the exercise of a non-qualified stock option, tax-qualified incentive stock option or stock appreciation right, provided that no option or stock appreciation right can be exercised later than seven years after its date of grant. The exercise price of a non-qualified stock option or tax-qualified incentive stock option and the base price of a stock appreciation right cannot be less than 100% of the fair market value of a share of our common stock on the date of grant, provided that the base price of a stock appreciation right granted in tandem with an option will be the exercise price of the related option.

Upon exercise, the option exercise price may be paid in cash, by the delivery of previously owned shares of our common stock, through a net-exercise arrangement, or through a broker-assisted cashless exercise arrangement. The compensation committee determines all of the terms relating to the exercise, cancellation or other disposition of an option or stock appreciation right upon a termination of employment, whether by reason of disability, retirement, death or any other reason. Stock option and stock appreciation right awards under the LTIP are non-transferable.

In addition to any discretionary stock options, each non-employee director is eligible under the LTIP to receive all or part of his or her annual retainer in the form of stock options, in lieu of cash. An option granted in lieu of a cash retainer will have an exercise price per share equal to the fair market value of a share of our common stock on the date the option is granted. The number of shares of common stock subject to each such option grant has a fair market value as of the date of the grant equal to a multiple of the forgone retainer. The board of directors determines the multiple from time to time based on the Black-Scholes model. We calculate the number of shares by multiplying the forgone cash retainer amount by the designated multiple, and then dividing that amount by the value of a share of common stock on the date of grant. Such options become exercisable in equal installments over the four quarters succeeding the date of grant and remain exercisable until the seventh anniversary of the date of grant.

On March 13, 2013, the compensation committee granted 1,665,000 options to our officers and key employees that become exercisable at the rate of 34%, 33% and 33% on the anniversary date of the grant in 2016, 2017 and 2018, respectively. On March 16, 2012, the compensation committee granted 1,355,000 options to our officers and key employees that become exercisable at the rate of 34%, 33% and 33% on the anniversary date of the grant in 2015, 2016 and 2017, respectively. On

March 8, 2011, the compensation committee granted 851,000 options under the 2009 LTIP to our officers and key employees that become exercisable at the rate of 20% per year on the anniversary date of the grant. The 2013, 2012 and 2011 options expire seven years from the date of grant, or earlier in the event of termination of the employee. For certain of our executive officers age 55 or older, stock options awarded in 2013 are no longer subject to forfeiture upon such officers' departure from the company after two years from the date of grant.

Prior Stock Option Plans

Prior to 2009, we issued stock options under four stock option-based employee compensation plans. In May 2008, all of these plans expired. Under the expired plans, we granted both incentive and nonqualified stock options to our officers and key employees. Most options granted under the incentive plan prior to 2007 become exercisable at the rate of 10% per year beginning the calendar year after the date of grant. Most options granted under the nonqualified plan prior to 2007 become exercisable at the rate of 10% per year beginning the calendar year after the date of grant or provided for accelerated vesting to 100% in the event of death, disability or retirement (if the retirement eligible age requirement is met). Options granted prior to 2009 expire ten years from the date of grant, or earlier in the event of termination of the employee (if the retirement eligible age requirement is not met).

Other Information

All of our stock option plans provide for the immediate vesting of all outstanding stock option grants in the event of a change in control of our company, as defined in the applicable plan documents.

During 2013, 2012 and 2011, we recognized $7.7 million, $7.2 million and $7.1 million, respectively, of compensation expense related to our stock option grants.

For purposes of expense recognition in 2013, 2012 and 2011, the estimated fair values of the stock option grants are amortized to expense over the options' vesting period. We estimated the fair value of stock options at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2013	2012	2011
Expected dividend yield	3.5%	4.0%	4.5%
Expected risk-free interest rate	1.2%	1.2%	2.7%
Volatility	29.6%	26.9%	26.8%
Expected life (in years)	6.0	5.0	6.0

Option valuation models require the input of highly subjective assumptions including the expected stock price volatility. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. Because our employee and director stock options have characteristics significantly different from those of traded options, and because changes in the selective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of our employee and non-employee director stock options. The weighted average fair value per option for all options granted during 2013, 2012 and 2011, as determined on the grant date using the Black-Scholes option pricing model, was $7.51, $5.49 and $5.25, respectively.

The following is a summary of our stock option activity and related information for 2013, 2012 and 2011 (in millions, except exercise price and year data):

Year Ended December 31, 2013	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Beginning balance	9.0	$ 28.80		
Granted	1.7	39.17		
Exercised	(2.3)	27.11		
Forfeited or canceled	(0.1)	26.01		
Ending balance	8.3	$ 31.35	3.62	$ 129.4
Exercisable at end of year	3.8	$ 27.64	2.15	$ 72.5
Ending vested and expected to vest	8.2	$ 31.28	3.59	$ 128.3

	Shares Under	Weighted Average Exercise	Weighted Average Remaining Contractual Term	Aggregate Intrinsic
Year Ended December 31, 2012				
Beginning balance	10.6	$ 27.20		
Granted	1.4	35.71		
Exercised	(2.8)	26.14		
Forfeited or canceled	(0.2)	29.46		
Ending balance	9.0	$ 28.80	3.41	$ 53.9
Exercisable at end of year	5.1	$ 27.50	2.52	$ 36.3
Ending vested and expected to vest	8.9	$ 28.76	3.39	$ 53.8
Year Ended December 31, 2011				
Beginning balance	12.5	$ 26.71		
Granted	0.9	30.95		
Exercised	(2.6)	25.87		
Forfeited or canceled	(0.2)	29.03		
Ending balance	10.6	$ 27.20	3.42	$ 66.3
Exercisable at end of year	6.8	$ 27.10	2.83	$ 43.2
Ending vested and expected to vest	10.5	$ 27.20	3.41	$ 66.1

Options with respect to 8.0 million shares (less any shares of restricted stock issued under the LTIP - see Note 10 to our consolidated financial statements) were available for grant under the LTIP at December 31, 2013.

The total intrinsic value of options exercised during 2013, 2012 and 2011 amounted to $32.0 million, $26.0 million and $10.8 million, respectively. At December 31, 2013, we had approximately $20.7 million of total unrecognized compensation cost related to nonvested options. We expect to recognize that cost over a weighted average period of approximately four years.

Other information regarding stock options outstanding and exercisable at December 31, 2013 is summarized as follows (in millions, except exercise price and year data):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 10.58 - $ 27.25	2.8	2.53	$ 25.86	2.0	$ 25.86
27.35 - 30.95	2.3	2.34	29.74	1.6	29.43
31.24 - 35.71	1.5	4.71	35.43	0.2	32.97
35.95 - 35.95	-	5.58	35.95	-	-
39.17 - 39.17	1.7	6.20	39.17	-	-
$ 10.58 - $ 39.17	8.3	3.62	$ 31.35	3.8	$ 27.64

9. Deferred Compensation

We have a Deferred Equity Participation Plan, which is a non-qualified plan that generally provides for distributions to certain of our key executives when they reach age 62 (or the one-year anniversary of the date of the grant for participants over the age of 61 as of the grant date) or upon or after their actual retirement. Under the provisions of the plan, we typically contribute shares of our common stock or cash, in an amount approved by the compensation committee, to a rabbi trust on behalf of the executives participating in the plan. Alternatively, we may contribute cash to the rabbi trust and instruct the trustee to acquire a specified number of shares of our common stock on the open market or in privately negotiated transactions based on participant elections. Distributions under the plan may not normally be made until the participant reaches age 62 (or the one-year anniversary of the date of the grant for participants over the age of 61 as of the grant date) and are subject to forfeiture in the event of voluntary termination of employment prior to then. All contributions to the plan deemed to be invested in shares of our common stock are distributed in the form of our common stock and all other distributions are paid in cash.

Our common stock that is issued to or purchased by the rabbi trust as a contribution under the Plan is valued at historical cost, which equals its fair market value at the date of grant or date of purchase. When common stock is issued, we record an unearned deferred compensation obligation as a reduction of capital in excess of par value in the accompanying consolidated balance sheet, which is amortized to compensation expense ratably over the vesting period of the participants. Future changes in the fair market value of our common stock owed to the participants do not have any impact on the amounts recorded in our consolidated financial statements.

In the first quarter of each of 2013, 2012 and 2011, the compensation committee approved $8.0 million, $7.3 million and $6.5 million, respectively, of cash awards in the aggregate to certain key executives under the Deferred Equity Participation Plan that were contributed to the rabbi trust in the second quarter of 2013 and the first quarters of 2012 and 2011, respectively. The fair value of the funded cash award assets at December 31, 2012 was $41.6 million and has been included in other noncurrent assets in the accompanying consolidated balance sheet. In the second quarter of 2013, we instructed the trustee for the Plan to liquidate all investments held under the Plan, other than our common stock, and use the proceeds to purchase additional shares of our common stock on the open market. As a result, the Plan sold all of the funded cash award assets and purchased 1.2 million shares of our common stock at an aggregate cost of $52.4 million during the second quarter of 2013. During 2013, 2012 and 2011, we charged $7.2 million, $5.4 million and $4.6 million, respectively, to compensation expense related to these awards.

At December 31, 2013, and 2012, we recorded $26.3 million (related to 2.1 million shares) and $5.6 million (related to 0.8 million shares), respectively, of unearned deferred compensation as an offset to capital in excess of par value in the accompanying consolidated balance sheet. The total intrinsic value of our unvested common stock under the plan at December 31, 2013 and 2012 was $96.4 million and $21.1 million, respectively. During 2013, 2012 and 2011, cash and equity awards with an aggregate fair value of $1.4 million, $0.7 million and $0.5 million, respectively, were vested and distributed to employees under this plan.

10. Restricted Stock and Cash Awards

Restricted Stock Awards

As discussed in Note 8 to our consolidated financial statements, on May 10, 2011, our stockholders approved the LTIP, which replaced our previous stockholder-approved 2009 LTIP. The LTIP provides for the grant of a stock award either as restricted stock or as restricted stock units. In either case, the compensation committee may determine that the award will be subject to the attainment of performance measures over an established performance period. Stock awards and the related dividend equivalents are non-transferable and subject to forfeiture if the holder does not remain continuously employed with us during the applicable restriction period or, in the case of a performance-based award, if applicable performance measures are not attained. The compensation committee will determine all of the terms relating to the satisfaction of performance measures and the termination of a restriction period, or the forfeiture and cancellation of a restricted stock award upon a termination of employment, whether by reason of disability, retirement, death or any other reason. The compensation committee may grant unrestricted shares of common stock or units representing the right to receive shares of common stock to employees who have attained age 62.

The agreements awarding restricted stock units will specify whether such awards may be settled in shares of our common stock, cash or a combination of shares and cash and whether the holder will be entitled to receive dividend equivalents, on a current or deferred basis, with respect to such award. Prior to the settlement of a restricted stock unit, the holder of a restricted stock unit will have no rights as a stockholder of the company. The maximum number of shares available under the LTIP for restricted stock, restricted stock units and performance unit awards settled with stock (i.e., all awards other than stock options and stock appreciation rights) is 1.2 million. At December 31, 2013, 0.5 million shares were available for grant under the LTIP for such awards.

Prior to May 12, 2009, we had a restricted stock plan for our directors, officers and certain other employees, which was superseded by the 2009 LTIP. Under the provisions of that plan, we were authorized to issue 4.0 million restricted shares or related stock units of our common stock. The compensation committee was responsible for the administration of the plan. Each award granted under the plan represented a right of the holder of the award to receive shares of our common stock, cash or a combination of shares and cash, subject to the holder's continued employment with us for a period of time after the date the award is granted. The compensation committee determined each recipient of an award under the plan, the number of shares of common stock subject to such award and the period of continued employment required for the vesting of such award.

In 2013, 2012 and 2011, we granted 362,500, 352,000 and 224,000 units, respectively, of our common stock to employees under the LTIP, 2009 LTIP or restricted stock plan, as applicable, with an aggregate fair value of $14.3 million, $12.6 million and $6.9 million, respectively, at the date of grant.

The 2013, 2012 and 2011 restricted stock awards (consisting of restricted stock or restricted stock units) vest as follows: 345,000 shares granted in first quarter 2013, 332,000 shares granted in first quarter 2012 and 200,000 shares granted in first quarter 2011, vest in full based on continued employment through March 13, 2017, March 16, 2016 and March 8, 2015, respectively, while the other 2013, 2012 and 2011 restricted stock awards generally vest annually on a pro rata basis.

The vesting periods of the 2013, 2012 and 2011 restricted stock awards are as follows (in actual shares):

Vesting Period	Shares Granted 2013	2012	2011
One year	19,375	20,000	20,000
Four years	345,000	332,000	200,000
Five years	5,600	-	4,000
Total shares granted	369,975	352,000	224,000

We account for restricted stock at historical cost, which equals its fair market value at the date of grant. When restricted shares are issued, we record an unearned restricted stock obligation as a reduction of capital in excess of par value in the accompanying consolidated balance sheet, which is amortized to compensation expense ratably over the vesting period of the participants. Future changes in the fair value of our common stock that is owed to the participants do not have any impact on the amounts recorded in our consolidated financial statements. During 2013, 2012 and 2011, we charged $9.8 million, $7.1 million and $5.5 million, respectively, to compensation expense related to restricted stock awards granted in 2006 through 2013. The total intrinsic value of unvested restricted stock at December 31, 2013 and 2012 was $49.5 million and $32.5 million, respectively.

Cash Awards

On March 13, 2013, pursuant to our Performance Unit Program (which we refer to as the Program), the compensation committee approved provisional cash awards of $10.5 million in the aggregate for future grants to our officers and key employees that are denominated in units (269,000 units in the aggregate), each of which was equivalent to the value of one share of our common stock on the date the provisional award was approved. The Program consists of a one-year performance period based on our financial performance and a two-year vesting period. At the discretion of the compensation committee and determined based on our performance, the eligible officer or key employee will be granted a percentage of the provisional cash award units that equates to the EBITAC growth achieved (as defined in the Program). At the end of the performance period, eligible participants will be granted a number of units based on achievement of the performance goal and subject to approval by the compensation committee. Granted units for the 2013 provisional award will fully vest based on continuous employment through January 1, 2016. For certain of our executive officers age 55 or older, awards granted under the Program in 2013 are no longer subject to forfeiture upon such officers' departure from the company after two years from the date of grant. The ultimate award value will be equal to the trailing twelve-month stock price on December 31, 2015, multiplied by the number of units subject to the award, but limited to between 0.5 and 1.5 times the original value of the units determined as of the grant date. The fair value of the awarded units will be paid out in cash as soon as practicable in 2016. If an eligible employee leaves us prior to the vesting date, the entire award will be forfeited. We did not recognize any compensation expense during 2013 related to the 2013 provisional award under the Program. Based on company performance for 2013, we expect to grant 263,000 units under the Program in first quarter 2014 that will fully vest on January 1, 2016.

On March 16, 2012, pursuant to the Program, the compensation committee approved the provisional cash awards of $13.1 million in the aggregate for future grants to our officers and key employees that are denominated in units (368,000 units in the aggregate), each of which was equivalent to the value of one share of our common stock on the date the provisional award was approved. Terms of the 2012 provisional award were similar to the terms discussed above for the 2013 provisional award. Based on our performance for 2012, we granted 365,000 units under the Program in the first quarter of 2013 that will fully vest on January 1, 2015. During 2013, we charged $7.6 million to compensation expense related to these awards.

On March 8, 2011, pursuant to the Program, the compensation committee approved the provisional cash awards of $14.4 million in the aggregate for future grants to our officers and key employees that are denominated in units (464,000 units in the aggregate), each of which is equivalent to the value of one share of our common stock on the date the provisional award was approved. Terms of the 2011 provisional award were similar to the terms discussed above for the 2012 provisional award. Based on our performance for 2011, we granted 432,000 units under the Program in the first quarter of 2012 that will fully vest on January 1, 2014. During 2013 and 2012, we charged $10.1 million and $7.5 million, respectively, to compensation expense related to these awards.

During 2012, cash awards related to the 2009 provisional award with an aggregate fair value of $26.5 million (1.1 million units in the aggregate) were vested and distributed to employees under the Program. No cash awards were vested or distributed during 2011 related to the 2008 provisional award because, based on our performance for 2008, we did not grant any units in 2009 related to the 2008 provisional award under the Program.

11. Retirement Plans

We have a noncontributory defined benefit pension plan that, prior to July 1, 2005, covered substantially all of our domestic employees who had attained a specified age and one year of employment. Benefits under the plan were based on years of service and salary history. In 2005, we amended our defined benefit pension plan to freeze the accrual of future benefits for all U.S. employees, effective on July 1, 2005. Since the plan is frozen, there is no difference between the projected benefit obligation and accumulated benefit obligation at December 31, 2013 and 2012. In the table below, the service cost component represents plan administration costs that are incurred directly by the plan.

A reconciliation of the beginning and ending balances of the pension benefit obligation and fair value of plan assets and the funded status of the plan is as follows (in millions):

	Year Ended December 31,	
	2013	2012
Change in pension benefit obligation:		
Benefit obligation at beginning of year	$ 292.0	$ 267.1
Service cost	0.6	0.4
Interest cost	11.7	11.8
Net actuarial (gain) loss	(22.4)	20.9
Benefits paid	(9.4)	(8.2)
Benefit obligation at end of year	$ 272.5	$ 292.0
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 227.4	$ 202.9
Actual return on plan assets	30.6	25.5
Contributions by Gallagher	6.3	7.2
Benefits paid	(9.4)	(8.2)
Fair value of plan assets at end of year	$ 254.9	$ 227.4
Funded status of the plan (underfunded)	$ (17.6)	$ (64.6)
Amounts recognized in the consolidated balance sheet consist of:		
Noncurrent liabilities - accrued benefit liability	$ (17.6)	$ (64.6)
Accumulated other comprehensive loss - net actuarial loss	47.0	90.9
Net amount included in retained earnings	$ 29.4	$ 26.3

The components of the net periodic pension benefit cost for the plan and other changes in plan assets and obligations recognized in other comprehensive earnings consist of the following (in millions):

	Year Ended December 31,		
	2013	2012	2011
Net periodic pension cost (earnings):			
Service cost	$ 0.6	$ 0.4	$ 0.4
Interest cost on benefit obligation	11.7	11.8	11.9
Expected return on plan assets	(17.0)	(15.2)	(14.9)
Amortization of net loss	7.9	7.2	1.6
Net periodic benefit cost (earnings)	3.2	4.2	(1.0)
Other changes in plan assets and obligations recognized in other comprehensive earnings:			
Net (gain) loss incurred	(36.0)	10.6	53.8
Amortization of net loss	(7.9)	(7.2)	(1.6)
Total recognized in other comprehensive (earnings) loss	(43.9)	3.4	52.2
Total recognized in net periodic pension cost (earnings) and other comprehensive (earnings) loss	$ (40.7)	$ 7.6	$ 51.2
Estimated amortization for the following year:			
Amortization of net loss	$ 2.4	$ 7.7	$ 2.3

The following weighted average assumptions were used at December 31 in determining the plan's pension benefit obligation:

	December 31,	
	2013	2012
Discount rate	4.75%	4.00%
Weighted average expected long-term rate of return on plan assets	7.50%	7.50%

The following weighted average assumptions were used at January 1 in determining the plan's net periodic pension benefit cost:

	Year Ended December 31,		
	2013	2012	2011
Discount rate	4.00%	4.50%	5.50%
Weighted average expected long-term rate of return on plan assets	7.50%	7.50%	7.50%

The following benefit payments are expected to be paid by the plan (in millions):

2014	$ 10.1
2015	11.0
2016	11.8
2017	12.6
2018	13.3
Years 2019 to 2023	79.0

The following is a summary of the plan's weighted average asset allocations at December 31 by asset category:

	December 31,	
Asset Category	2013	2012
Equity securities	69.0%	66.0%
Debt securities	24.0%	27.0%
Real estate	7.0%	7.0%
Total	100.0%	100.0%

Plan assets are invested in various pooled separate accounts under annuity contracts managed by two life insurance carriers. The plan's investment policy provides that investments will be allocated in a manner designed to provide a long-term investment return greater than the actuarial assumptions, maximize investment return commensurate with risk and to comply with the Employee Income Retirement Security Act of 1974, as amended (which we refer to as ERISA), by investing the funds in a manner consistent with ERISA's fiduciary standards. The weighted average expected long-term rate of return on plan assets assumption was determined based on a review of the asset allocation strategy of the plan using expected ten-year return assumptions for all of the asset classes in which the plan was invested at December 31, 2013 and 2012. The ten-year return assumptions used in the valuation were based on data provided by the plan's external investment advisors.

The following is a summary of the plan's assets carried at fair value as of December 31 by level within the fair value hierarchy (in millions):

	December 31,	
Fair Value Hierarchy	2013	2012
Level 1	$ -	$ -
Level 2	158.8	136.3
Level 3	96.1	91.1
Total fair value	$ 254.9	$ 227.4

The plan's Level 2 assets consist of ownership interests in various pooled separate accounts within a life insurance carrier's group annuity contract. The fair value of the pooled separate accounts is determined based on the net asset value of the respective funds, which is obtained from the carrier and determined each business day with issuances and redemptions of units of the funds made based on the net asset value per unit as determined on the valuation date. We have not adjusted the net asset values provided by the carrier. There are no restrictions as to the plan's ability to redeem its investment at the net asset value of the respective funds as of the reporting date. The plan's Level 3 assets consist of pooled separate accounts within another life insurance carrier's annuity contracts for which fair value has been determined by an independent valuation. Due to the nature of these annuity contracts, our management makes assumptions to determine how a market participant would price these Level 3 assets. In determining fair value, the future cash flows to be generated by the annuity contracts were estimated using the underlying benefit provisions specified in each contract, market participant assumptions and various actuarial and financial models. These cash flows were then discounted to present value using a risk-adjusted rate that takes into consideration market based rates of return and probability-weighted present values.

The following is a reconciliation of the beginning and ending balances for the Level 3 assets of the plan measured at fair value (in millions):

	Year Ended December 31,	
	2013	2012
Fair value at January 1	$ 91.1	$ 79.6
Settlements	-	-
Unrealized gains	5.0	11.5
Fair value at December 31	$ 96.1	$ 91.1

We were not required under the Internal Revenue Code (which we refer to as IRC) to make any minimum contributions to the plan for each of the 2013 and 2012 plan years. We were required under the IRC to make minimum contributions of $0.3 million to the plan for the 2011 plan year. This level of required funding is based on the plan being frozen and the aggregate amount of our historical funding. During 2013, 2012 and 2011, we made discretionary contributions of $6.3 million, $7.2 million and $7.2 million, respectively, to the plan.

We also have a qualified contributory savings and thrift (401(k)) plan covering the majority of our domestic employees. For eligible employees who have met the plan's age and service requirements to receive matching contributions, we match 100% of pre-tax and Roth elective deferrals up to a maximum of 5.0% of eligible compensation, subject to Federal limits on plan contributions and not in excess of the maximum amount deductible for Federal income tax purposes. Effective January 1, 2014, employees must be employed and eligible for the plan on the last day of the plan year to receive a matching contribution, subject to certain exceptions enumerated in the plan document. Matching contributions are subject to a five-year graduated vesting schedule. We contributed $36.8 million, $33.0 million and $30.5 million to the plan in 2013, 2012 and 2011, respectively.

We also have a nonqualified deferred compensation plan, the Supplemental Savings and Thrift Plan, for certain employees who, due to Internal Revenue Service (which we refer to as the IRS) rules, cannot take full advantage of our matching contributions under the 401(k) plan. The plan permits these employees to annually elect to defer a portion of their compensation until their retirement or a future date. Our matching contributions to this plan (up to a maximum of the lesser of a participant's elective deferral of base salary, annual bonus and commissions or 5.0% of eligible compensation, less matching amounts contributed under the 401(k) plan) are also at the discretion of our board of directors. We contributed $2.8 million, $2.5 million and $2.1 million to a rabbi trust maintained under the plan in 2013, 2012 and 2011, respectively. The fair value of the assets in the plan's rabbi trust at December 31, 2013 and 2012, including employee contributions and investment earnings, was $148.2 million and $116.7 million, respectively, and has been included in other noncurrent assets and the corresponding liability has been included in other noncurrent liabilities in the accompanying consolidated balance sheet.

We also have several foreign benefit plans, the largest of which is a defined contribution plan that provides for us to make contributions of 5.0% of eligible compensation. In addition, the plan allows for voluntary contributions by U.K. employees, which we match 100%, up to a maximum of an additional 5.0% of eligible compensation. Net expense for foreign retirement plans amounted to $18.1 million, $16.0 million and $12.3 million in 2013, 2012 and 2011, respectively.

In 1992, we amended our health benefits plan to eliminate retiree coverage, except for retirees and those employees who had already attained a specified age and length of service at the time of the amendment. The retiree health plan is contributory, with contributions adjusted annually, and is funded on a pay-as-you-go basis. The postretirement benefit obligation and the unfunded status of the plan as of December 31, 2013 and 2012 were $3.1 million and $3.1 million, respectively. The net periodic postretirement benefit (income) cost of the plan amounted to ($0.5 million), ($0.1 million) and $0.1 million in 2013, 2012 and 2011, respectively.

12. Investments

The following is a summary of our investments and the related funding commitments (in millions):

	December 31, 2013		December 31, 2012
	Assets	Funding Commitments	Assets
Chem-Mod LLC	$ 4.0	$ -	$ 4.0
Chem-Mod International LLC	2.0	-	2.0
C-Quest Technology LLC	2.0	-	-
Clean-coal investments:			
Non-controlling interest in three limited liability companies that own seven 2009 Era Clean Coal Plants	4.5	0.6	2.8
Controlling interest in three limited liability companies that own seven 2009 Era Clean Coal Plants	13.8	2.7	6.3
Non-controlling interest in six limited liability companies that own five 2011 Era Clean Coal Plants	12.1	-	13.2
Controlling interest in six limited liability companies that own eleven 2011 Era Clean Coal Plants	46.0	2.7	9.2
Controlling interest in a limited liability company that owns four 2011 Era Clean Coal Plants	2.3	-	5.1
Notes receivable and interest from co-investor related to the sales of three 2009 Era Plants	-	-	8.5
Other investments	3.7	5.4	3.0
Total investments	$ 90.4	$ 11.4	$ 54.1

Chem-Mod LLC - At December 31, 2013, we had a 46.54% controlling interest in Chem-Mod. Chem-Mod possesses the exclusive marketing rights in the U.S. and Canada, for technologies used to reduce emissions created during the combustion of coal. The refined coal production plants discussed below, as well as those owned by other unrelated parties, license and use Chem-Mod's proprietary technologies, The Chem-Mod™ Solution, in the production of refined coal. The Chem-Mod™ Solution uses a dual injection sorbent system to reduce mercury, sulfur dioxide and other emissions at coal-fired power plants.

We believe that the application of The Chem-Mod™ Solution qualifies for refined coal tax credits under IRC Section 45 when used with refined coal production plants placed in service by December 31, 2011 or 2009. Chem-Mod has been marketing its technologies principally to coal-fired power plants owned by utility companies, including those utilities that are operating with the IRC Section 45 refined coal production plants in which we hold an investment.

Chem-Mod is determined to be a VIE. We are the controlling manager of Chem-Mod and therefore consolidate its operations into our consolidated financial statements. At December 31, 2013, total assets and total liabilities of this VIE included in our consolidated balance sheet were $8.0 million and $0.8 million, respectively. For 2013, total revenues and expenses were $37.9 million and $21.2 million (including non-controlling interest of $19.2 million), respectively. We are under no obligation to fund Chem-Mod's operations in the future.

Chem-Mod International LLC - At December 31, 2013, we held a 31.52% non-controlling ownership interest in Chem-Mod International. Chem-Mod International has the rights to market The Chem-Mod™ Solution in countries other than the U.S. and Canada. Such marketing activity has been limited to date.

C-Quest Technology LLC - At December 31, 2013, we held a non-controlling 8% interest in C-Quest's global operation. C-Quest possesses rights, information and technology for the reduction of carbon dioxide emissions created by burning fossil fuels. Thus far, C-Quest's operations have been limited to laboratory testing. C-Quest is determined to be a VIE, but due to our lack of control over the operation of C-Quest, we do not consolidate this investment into our consolidated financial statements. We also have options to acquire an additional 19% interest in C-Quest's global operations for $9.5 million at any time on or prior to August 15, 2016. On August 1, 2013, we loaned the majority owner $2.0 million at a 2% interest rate, which matures on May 15, 2014. The loan can be paid in cash or by delivery of an additional 4% ownership interest in C-Quest's global operations. If the loan is paid by delivery of the additional 4% ownership interest, our option would be reduced to 15% and the remaining purchase price would be reduced to $7.5 million.

Clean Coal Investments -

- We have investments in limited liability companies that own 34 refined coal production plants which produce refined coal using proprietary technologies owned by Chem-Mod. We believe the production and sale of refined coal at these plants is qualified to receive refined coal tax credits under IRC Section 45. The fourteen plants placed in service prior to December 31, 2009 (which we refer to as the 2009 Era Plants) can receive tax credits through 2019 and the twenty plants placed in service prior to December 31, 2011 (which we refer to as the 2011 Era Plants) can receive tax credits through 2021.
- On March 1, 2013, we purchased an additional ownership interest in twelve of the 2009 Era Plants from one of the co-investors. For nine of the plants, our ownership increased from 24.5% to 49.5%. Our investment in these plants had been accounted for under the equity method of accounting and will continue to be accounted for under the equity method. For three of the plants, our ownership went from 25.0% to 60.0%. Our investment in these plants had been accounted for under the equity method of accounting. As of March 1, 2013, we consolidated the operations of the limited liability company that owns these three plants. For 2013, total revenues and expenses recorded in our consolidated statement of earnings related to this acquisition were $128.3 million and $133.5 million, respectively.
- Our purchase price for the additional ownership interests in these twelve plants was the assumption of the promissory note that we received as consideration for the co-investor's purchase of ownership interests in three of the 2009 Era Plants on March 1, 2010, which had a carrying value, including accrued interest, of $8.0 million at March 1, 2013, plus the payment of cash and other consideration of $5.0 million. We recognized a gain of $9.6 million, which included the increase in fair value of our prior 25% equity interest in the limited liability company upon the acquisition of the additional 35% equity interest, and recorded $26.3 million of fixed and other amortizable intangible assets and $5.0 million of other assets in connection with this transaction. The carrying value of our prior non-controlling interest in the limited liability company was $4.8 million as of the acquisition date. The fair value of our prior non-controlling interest in the limited liability company was determined by allocating, on a pro rata basis, the fair value of the limited liability company as adjusted for our lack of control in our prior ownership position. We determined the fair value of the limited liability company based on provisional estimates of fair value using similar valuation techniques to those discussed in Note 3 to these consolidated financial statements.
- On September 1, 2013, we purchased a 99% interest in a limited liability company that has ownership interests in four limited liability companies that own five 2011 Era Plants. The purchase price was $4.0 million in cash plus a $10.0 million note with 3% interest due in installments through December 19, 2021. Total revenues and expenses recorded in our consolidated statement of earnings, for 2013 related to the acquisition, were $33.7 million and $36.9 million, respectively.
- On December 13, 2013, we purchased a co-investor's 50.5% interest in one refined fuel plant for $2.5 million in cash. After this transaction, we own 100% of this plant and consolidate its results. Total revenues and expenses recorded in our consolidated statement of earnings, for 2013 related to the acquisition, were zero and $0.1 million, respectively.
- As of December 31, 2013:
    - Twenty-eight of the plants have long-term production contracts.
    - The remaining six plants are in various stages of seeking and negotiating long-term production contracts.
    - We have a non-controlling, minority interest in twelve plants. We also have agreements in principle with co-investors for the sale of majority ownership interests in six additional plants. We may sell ownership interests in some or all of the remaining plants to co-investors.
    - Seven of the 2009 Era Plants and five of the 2011 Era Plants that are owned by limited liability companies have been determined to be VIEs, for which we are not the primary beneficiary. At December 31, 2013, total assets and total liabilities of these VIEs were $76.3 million and $41.3 million, respectively. For 2013, total revenues and expenses of these VIEs were $342.2 million and $390.1 million, respectively.
- In all limited liability companies where we are a non-controlling, minority investor, the membership agreements for the operations of each of these entities contain provisions that preclude an individual member from being able to make major decisions that would denote control. As of the date we became a non-controlling, minority investor, we deconsolidated these entities and subsequently accounted for the investments using equity method accounting.
- For all plants that are not under long-term production contracts, we estimate that we will invest, on average, an additional $5.0 million per plant to connect and house each of them. For those plants that will have majority ownership co-investors, the average additional investment will be $2.5 million. We plan to sell majority ownership interests in such plants to co-investors and relinquish control of the plants, thereby becoming a non-controlling, minority investor. We are currently committed to fund an additional $6.0 million under engineering and construction contracts related to moving, connecting and housing the refined coal plants that we plan to redeploy during 2014. We further estimate that we will invest an additional $30.0 million to $35.0 million to redeploy the remainder of the refined coal plants later in 2014 and into 2015, before co-investor contributions.

- Each investor funds its portion of the on-going operations of the limited liability companies in proportion to its investment ownership percentage. Other than our portion of the on-going operational funding, there are no additional amounts that we are committed to related to funding these investments.
- We are aware that some of the coal-fired power plants that purchase the refined coal are considering changing to burning natural gas or shutting down completely for economic reasons. We and our partners are prepared to move the refined coal productions plants to other, generally higher volume, coal-fired power plants. If these potential developments were to occur, we estimate those plants will not operate for 12 to18 months during their movement and redeployment, which could have a material impact on the amount of tax credits that are generated by these plants.
- Until March 1, 2013, we had a promissory note from a co-investor that was received as part of the consideration for the March 1, 2010 sale of ownership interests in three of the 2009 Era Plants. The note assumed by us as part of our purchase of additional ownership interests in twelve of the 2009 Era Plants as described above.

Other Investments - At December 31, 2013, we owned a non-controlling, minority interest in five venture capital funds totaling $3.2 million, a 20% non-controlling interest in an investment management company totaling $0.5 million, twelve certified low-income housing developments with zero carrying value and two real estate entities with zero carrying value. The low-income housing developments and real estate entities have been determined to be VIEs, but are not required to be consolidated due to our lack of control over their respective operations. At December 31, 2013, total assets and total liabilities of these VIEs were approximately $60.0 million and $20.0 million, respectively.

13. Commitments, Contingencies and Off-Balance Sheet Arrangements

In connection with our investing and operating activities, we have entered into certain contractual obligations and commitments. See Notes 6 and 12 to our consolidated financial statements for additional discussion of these obligations and commitments. Our future minimum cash payments, including interest, associated with our contractual obligations pursuant to the note purchase agreements and Credit Agreement, operating leases and purchase commitments at December 31, 2013 were as follows (in millions):

	Payments Due by Period						
Contractual Obligations	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Note purchase agreements	$ 100.0	$ -	$ 50.0	$ 300.0	$ 50.0	$ 425.0	$ 925.0
Credit Agreement	530.5	-	-	-	-	-	530.5
Interest on debt	51.1	44.1	44.1	41.2	21.9	54.7	257.1
Total debt obligations	681.6	44.1	94.1	341.2	71.9	479.7	1,712.6
Operating lease obligations	74.0	65.7	53.4	42.0	28.3	86.9	350.3
Less sublease arrangements	(1.8)	(0.8)	(0.1)	-	-	-	(2.7)
Outstanding purchase obligations	22.6	15.4	9.3	0.9	0.3	-	48.5
Total contractual obligations	$ 776.4	$ 124.4	$ 156.7	$ 384.1	$ 100.5	$ 566.6	$ 2,108.7

The amounts presented in the table above may not necessarily reflect our actual future cash funding requirements, because the actual timing of the future payments made may vary from the stated contractual obligation.

Note Purchase Agreements and Credit Agreement - See Note 6 to our consolidated financial statements for a discussion of the terms of the note purchase agreements and the Credit Agreement.

Operating Lease Obligations - Our corporate segment's executive offices and certain subsidiary and branch facilities of our brokerage and risk management segments are located at Two Pierce Place, Itasca, Illinois, where we lease approximately 306,000 square feet of space, or approximately 60% of the building. The lease commitment on this property expires February 28, 2018.

We generally operate in leased premises at our other locations. Certain of these leases have options permitting renewals for additional periods. In addition to minimum fixed rentals, a number of leases contain annual escalation clauses which are generally related to increases in an inflation index.

Total rent expense, including rent relating to cancelable leases and leases with initial terms of less than one year, amounted to $91.3 million in 2013 and $91.0 million in each of 2012 and 2011.

We have leased certain office space to several non-affiliated tenants under operating sublease arrangements. In the normal course of business, we expect that the leases will not be renewed or replaced. We adjust charges for real estate taxes and common area maintenance annually based on actual expenses, and we recognize the related revenues in the year in which the expenses are incurred. These amounts are not included in the minimum future rentals to be received in the contractual obligations table above.

Outstanding Purchase Obligations - As a service company, we typically do not have a material amount of outstanding purchase obligations at any point in time. The amount disclosed in the contractual obligations table above represents the aggregate amount of unrecorded purchase obligations that we had outstanding at December 31, 2013. These obligations represent agreements to purchase goods or services that were executed in the normal course of business.

Off-Balance Sheet Commitments - Our total unrecorded commitments associated with outstanding letters of credit, financial guarantees and funding commitments at December 31, 2013 were as follows (in millions):

Off-Balance Sheet Commitments	Amount of Commitment Expiration by Period 2014	2015	2016	2017	2018	Thereafter	Total Amounts Committed
Letters of credit	$ -	$ -	$ -	$ -	$ -	$ 16.0	$ 16.0
Financial guarantees	-	-	-	-	-	9.1	9.1
Funding commitments	8.5	-	-	-	-	2.9	11.4
Total commitments	$ 8.5	$ -	$ -	$ -	$ -	$ 28.0	$ 36.5

Since commitments may expire unused, the amounts presented in the table above do not necessarily reflect our actual future cash funding requirements. See Note 12 to our consolidated financial statements for a discussion of our funding commitments related to our corporate segment and the Off-Balance Sheet Debt section below for a discussion of other letters of credit. All of the letters of credit represent multiple year commitments that have annual, automatic renewing provisions and are classified by the latest commitment date.

Since January 1, 2002, we have acquired 279 companies, all of which were accounted for using the acquisition method for recording business combinations. Substantially all of the purchase agreements related to these acquisitions contain provisions for potential earnout obligations. For all of our acquisitions made in the period from 2011 to 2013 that contain potential earnout obligations, such obligations are measured at fair value as of the acquisition date and are included on that basis in the recorded purchase price consideration for the respective acquisition. The amounts recorded as earnout payables are primarily based upon estimated future potential operating results of the acquired entities over a two- to three-year period subsequent to the acquisition date. The aggregate amount of the maximum earnout obligations related to these acquisitions was $462.3 million, of which $162.7 million was recorded in our consolidated balance sheet as of December 31, 2013 based on the estimated fair value of the expected future payments to be made.

Off-Balance Sheet Debt - Our unconsolidated investment portfolio includes investments in enterprises where our ownership interest is between 1% and 50%, in which management has determined that our level of influence and economic interest is not sufficient to require consolidation. As a result, these investments are accounted for under the equity method. None of these unconsolidated investments had any outstanding debt at December 31, 2013 or 2012 that was recourse to us.

At December 31, 2013, we had posted two letters of credit totaling $9.8 million in the aggregate, related to our self-insurance deductibles, for which we had a recorded liability of $9.0 million. At December 31, 2013, we had posted five letters of credit totaling $6.2 million to allow certain of our captive operations to meet minimum statutory surplus requirements and for additional collateral related to premium and claim funds held in a fiduciary capacity. These letters of credit have never been drawn upon.

Our commitments associated with outstanding letters of credit, financial guarantees and funding commitments at December 31, 2013 were as follows (all dollar amounts in table are in millions):

Description, Purpose and Trigger	Collateral	Compensation to Us	Maximum Exposure	Liability Recorded
IRC Section 45 project capital commitments				
Funding commitments to construct refined coal plants into permanent operations Trigger - Construction contract terms	None	None	$ 6.0	$ -
Venture capital fund				
Funding commitment to three funds - $2.5 million, $1.5 million and $1.4 million expire in 2014, 2019 and 2023, respectively Trigger - Agreed conditions met	None	None	5.4	-
Other				
Credit support under letters of credit for deductibles due by us on our own insurance coverages - expires after 2018 Trigger - We do not reimburse the insurance companies for deductibles the insurance companies advance on behalf of us	None	None	9.8	9.0

Description, Purpose and Trigger	Collateral	Compensation to Us	Maximum Exposure	Liability Recorded
Credit enhancement under letters of credit for our captive insurance operations to meet minimum statutory capital requirements - expires after 2018 Trigger - Dissolution or catastrophic financial results of the operation	None	Reimbursement of LOC fees	4.2	-
Credit support under letters of credit for clients' claim funds held by our Bermuda captive insurance operation in a fiduciary capacity - expires after 2018 Trigger - Investments fall below prescribed levels	None	Reimbursement of LOC fees	2.0	-
Financial guarantee of a mortgage loan to a U.K.-based employee - expires when mortgage balance is reduced to $6.4 million Trigger - Default on mortgage payments	(1)	None	9.1	-
			$ 36.5	$ 9.0

(1) The guarantee has no collateral. The mortgage loan has a lien on real property with an appraised value of approximately $11.0 million.

Since commitments may expire unused, the amounts presented in the table above do not necessarily reflect our actual future cash funding requirements.

Litigation, Regulatory and Taxation Matters - We are the defendant in various legal actions incidental to the nature of our business, including matters related to employment practices, alleged breaches of non-compete or other restrictive covenants, theft of trade secrets, breaches of fiduciary duties and related causes of action. We are also periodically the subject of inquiries and investigations by regulatory and taxing authorities into various matters related to our business. Neither the outcomes of these matters nor their effect upon our business, financial condition or results of operations can be determined at this time.

Contingent Liabilities - We purchase insurance to provide protection from errors and omissions (which we refer to as E&O) claims that may arise during the ordinary course of business. We currently retain the first $5.0 million of each and every E&O claim. Our E&O insurance provides aggregate coverage for E&O losses up to $175.0 million in excess of our retained amounts. We have historically maintained self-insurance reserves for the portion of our E&O exposure that is not insured. We periodically determine a range of possible reserve levels using actuarial techniques that rely heavily on projecting historical claim data into the future. Our E&O reserve in the December 31, 2013 consolidated balance sheet is above the lower end of the most recently determined actuarial range by $1.6 million and below the upper end of the actuarial range by $4.2 million. We can make no assurances that the historical claim data used to project the current reserve levels will be indicative of future claim activity. Thus, the E&O reserve level and corresponding actuarial range could change in the future as more information becomes known, which could materially impact the amounts reported and disclosed herein.

Tax-advantaged Investments No Longer Held - Between 1996 and 2007, we developed and then sold portions of our ownership in various energy related investments, many of which qualified for tax credits under IRC Section 29. In connection with the sales to other investors, we provided various indemnifications. At December 31, 2013, the maximum potential amount of future payments that we could be required to make under these indemnifications totaled approximately $45.0 million, net of the applicable income tax benefit. In addition, we recorded tax benefits in connection with our ownership in these investments. At December 31, 2013, we had exposure on $130.0 million of previously earned tax credits. In 2004, 2007 and 2009, the IRS examined several of these investments and all examinations were closed without any changes being proposed by the IRS. However, any future adverse tax audits, administrative rulings or judicial decisions could disallow previously claimed tax credits or cause us to be subject to liability under our indemnification obligations. Because of the contingent nature of these exposures, no liabilities have been recorded in our December 31, 2013 consolidated balance sheet related to these indemnification obligations.

14. Income Taxes

We and our principal domestic subsidiaries are included in a consolidated U.S. Federal income tax return. Our international subsidiaries file various income tax returns in their jurisdictions. Significant components of earnings before income taxes and the provision for income taxes are as follows (in millions):

	Year Ended December 31,		
	2013	2012	2011
Earnings before income taxes:			
Domestic	$ 230.8	$ 234.7	$ 194.7
Foreign, principally Australia, Bermuda, Canada and the U.K.	43.7	10.6	13.1
	$ 274.5	$ 245.3	$ 207.8
Provision for income taxes:			
Federal:			
Current	$ 29.0	$ 45.4	$ 7.8
Deferred	(47.7)	(14.6)	38.4
	(18.7)	30.8	46.2
State and local:			
Current	10.6	17.3	7.2
Deferred	(0.6)	(2.9)	5.9
	10.0	14.4	13.1
Foreign:			
Current	28.5	8.7	7.4
Deferred	(13.9)	(3.6)	(3.0)
	14.6	5.1	4.4
Total provision for income taxes	$ 5.9	$ 50.3	$ 63.7

A reconciliation of the provision for income taxes with the U.S. Federal statutory income tax rate is as follows (in millions, except percentages):

	Year Ended December 31,					
	2013		2012		2011	
	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings
Federal statutory rate	$ 96.1	35.0	$ 85.9	35.0	$ 72.7	35.0
State income taxes - net of Federal benefit	6.5	2.4	9.4	3.8	9.8	4.7
Foreign taxes	(0.8)	(0.3)	0.9	0.4	0.6	0.3
Alternative energy, foreign and other tax credits	(93.8)	(34.2)	(45.3)	(18.5)	(13.2)	(6.4)
Foreign dividends and other permanent differences	(2.5)	(0.9)	(2.7)	(1.1)	0.2	0.1
Changes in unrecognized tax benefits related to resolution of Federal and state audits, expiration of various statutes of limitations and other items	1.5	0.5	0.6	0.2	(1.9)	(0.9)
Change in valuation allowance	0.5	0.2	0.3	0.1	(0.7)	(0.3)
Other	(1.6)	(0.6)	1.2	0.6	(3.8)	(1.8)
Provision for income taxes	$ 5.9	2.1	$ 50.3	20.5	$ 63.7	30.7

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows (in millions):

	December 31, 2013	December 31, 2012
Gross unrecognized tax benefits at January 1	$ 6.7	$ 5.8
Increases in tax positions for current year	2.9	1.7
Settlements	-	(0.3)
Lapse in statute of limitations	(1.4)	(1.6)
Increases in tax positions for prior years	2.3	1.1
Decreases in tax positions for prior years	(1.3)	-
Gross unrecognized tax benefits at December 31	$ 9.2	$ 6.7

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $5.9 million and $4.5 million at December 31, 2013 and 2012, respectively. We accrue interest and penalties related to unrecognized tax benefits in our provision for income taxes. At December 31, 2013 and 2012, we had accrued interest and penalties related to unrecognized tax benefits of $0.6 million and $0.6 million, respectively.

We file income tax returns in the U.S. and in various state, local and foreign jurisdictions. We are routinely examined by tax authorities in these jurisdictions. At December 31, 2013, we had been examined by the IRS through calendar year 2010. Subsequent to December 31, 2013, we have been contacted by the IRS to commence an examination of calendar years 2011 and 2012. A number of foreign, state and local examinations are currently ongoing. It is reasonably possible that our gross unrecognized tax benefits may change within the next twelve months. However, we believe any changes in the recorded balance would not have a significant impact on our consolidated financial statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows (in millions):

	December 31, 2013	December 31, 2012
Deferred tax assets:		
Alternative minimum tax and other credit carryforwards	$ 147.4	$ 112.3
Accrued and unfunded compensation and employee benefits	136.6	107.1
Compensation expense related to stock options	14.2	15.7
Investments	9.0	16.3
Accrued liabilities	30.2	27.3
Accrued pension liability	9.2	27.3
Net operating loss carryforwards	11.9	12.2
Deferred rent liability	8.2	6.2
Other	6.8	4.1
Total deferred tax assets	373.5	328.5
Valuation allowance for deferred tax assets	(8.8)	(8.3)
Deferred tax assets	364.7	320.2
Deferred tax liabilities:		
Nondeductible amortizable intangible assets	184.0	139.2
Depreciable fixed assets	5.2	-
Other prepaid items	4.7	5.2
Investment-related partnerships	13.2	17.5
Accrued liabilities	2.4	2.0
Total deferred tax liabilities	209.5	163.9
Net deferred tax assets	$ 155.2	$ 156.3

At December 31, 2013 and 2012, $84.9 million and $68.4 million, respectively, of deferred tax assets have been included in other current assets in the accompanying consolidated balance sheet. At December 31, 2013 and 2012, $5.0 million and $5.2 million, respectively, of deferred tax liabilities have been included in other current liabilities and $204.5 million and $158.7 million, respectively, have been included in noncurrent liabilities in the accompanying consolidated balance sheet. Alternative minimum tax credits of $108.2 million have an indefinite life, general business tax credits of $33.5 million expire, if not utilized, in 2033 and other tax credits of $5.7 million begin to expire, if not utilized, in 2018. We expect the historically favorable trend in earnings before income taxes to continue in the foreseeable future. Accordingly, we expect to make full use of the net deferred tax assets. Valuation allowances have been established primarily with respect to various state net operating loss carryforwards that may not be utilized in the future.

We do not provide for U.S. Federal income taxes on the undistributed earnings ($224.2 million and $173.8 million at December 31, 2013 and 2012, respectively) of foreign subsidiaries which are considered permanently invested outside of the U.S. The amount of unrecognized deferred tax liability on these undistributed earnings was $35.2 million and $22.9 million at December 31, 2013 and 2012, respectively.

15. Accumulated Other Comprehensive Earnings

The after-tax components of our accumulated comprehensive earnings (loss) consist of the following:

	Pension Liability	Foreign Currency Translation	Fair Value of Derivative Instruments	Accumulated Comprehensive Earnings (Loss)
Balance as of January 1, 2011	$ (18.4)	$ 20.5	$ 0.1	$ 2.2
Net change in period	(30.6)	(16.1)	(2.7)	(49.4)
Balance as of December 31, 2011	$ (49.0)	$ 4.4	$ (2.6)	$ (47.2)
Net change in period	(3.4)	16.1	1.7	14.4
Balance as of December 31, 2012	$ (52.4)	$ 20.5	$ (0.9)	$ (32.8)
Net change in period	26.8	1.6	1.8	30.2
Balance as of December 31, 2013	$ (25.6)	$ 22.1	$ 0.9	$ (2.6)

The foreign currency translation in 2013, 2012 and 2011 primarily relates to the net impact of changes in the value of the local currencies relative to the U.S. dollar for our operations in Australia, Canada, India, Singapore and the U.K.

During 2013, 2012 and 2011, $7.9 million, $7.2 million and $1.6 million, respectively, of expense related to the pension liability was reclassified from accumulated other comprehensive loss to compensation expense in the statement of earnings. During 2013, 2012 and 2011, $0.9 million, $0.2 million and ($0.4 million), respectively, of expense (income) related to the fair value of derivative investments was reclassified from accumulated other comprehensive loss to the statement of earnings. During 2013, 2012 and 2011, no amounts related to foreign currency translation were reclassified from accumulated other comprehensive loss to the statement of earnings.

16. Quarterly Operating Results (unaudited)

Quarterly operating results for 2013 and 2012 were as follows (in millions, except per share data):

	1st	2nd	3rd	4th
2013				
Total revenues	$ 674.1	$ 779.5	$ 835.8	$ 890.2
Total expenses	631.8	682.1	750.3	840.9
Earnings before income taxes	$ 42.3	$ 97.4	$ 85.5	$ 49.3
Net earnings	$ 40.5	$ 93.5	$ 74.6	$ 60.0
Basic net earnings per share:	$ 0.32	$ 0.73	$ 0.57	$ 0.45
Diluted net earnings per share:	$ 0.32	$ 0.73	$ 0.57	$ 0.45
2012				
Total revenues	$ 546.8	$ 649.9	$ 650.4	$ 673.2
Total expenses	514.3	558.8	574.1	627.8
Earnings before income taxes	$ 32.5	$ 91.1	$ 76.3	$ 45.4
Net earnings	$ 28.1	$ 71.7	$ 61.7	$ 33.5
Basic net earnings per share:	$ 0.24	$ 0.60	$ 0.50	$ 0.27
Diluted net earnings per share:	$ 0.24	$ 0.59	$ 0.50	$ 0.27

17. Segment Information

We have three reportable operating segments: brokerage, risk management and corporate. The brokerage segment is primarily comprised of retail and wholesale insurance brokerage operations. The brokerage segment generates revenues through commissions paid by insurance underwriters and through fees charged to our clients. Our brokers, agents and administrators act as intermediaries between insurers and their customers and we do not assume underwriting risks. The risk management segment provides contract claim settlement and administration services for enterprises that choose to self-insure some or all of their property/casualty coverages and for insurance companies that choose to outsource some or all of their property/casualty claims departments. These operations also provide claims management, loss control consulting and insurance property appraisal services. Revenues are principally generated on a negotiated per-claim or per-service fee basis. The corporate segment manages our clean energy and other investments. This segment also holds all of our corporate debt. Allocations of investment income and certain expenses are based on reasonable assumptions and estimates primarily using revenue, headcount and other information. We allocate the provision for income taxes to the brokerage and risk management segments as if those segments were preparing income tax provisions on a separate company basis. Reported operating results by segment would change if different methods were applied. Financial information relating to our segments for 2013, 2012 and 2011 is as follows (in millions):

Year Ended December 31, 2013	Brokerage	Risk Management	Corporate	Total
Revenues:				
Commissions	$ 1,553.1	$ -	$ -	$ 1,553.1
Fees	450.5	609.0	-	1,059.5
Supplemental commissions	77.3	-	-	77.3
Contingent commissions	52.1	-	-	52.1
Investment income	6.1	2.0	-	8.1
Gains on books of business sales and other	5.2	-	-	5.2
Revenue from clean coal activities	-	-	412.5	412.5
Other - net gain	-	-	11.8	11.8
Total revenues	2,144.3	611.0	424.3	3,179.6
Compensation	1,290.4	370.5	24.1	1,685.0
Operating	369.9	146.0	36.5	552.4
Cost of revenues from clean coal activities	-	-	437.3	437.3
Interest	-	-	50.1	50.1
Depreciation	31.1	19.4	2.9	53.4
Amortization	122.7	2.5	-	125.2
Change in estimated acquisition earnout payables	2.6	(0.9)	-	1.7
Total expenses	1,816.7	537.5	550.9	2,905.1
Earnings (loss) before income taxes	327.6	73.5	(126.6)	274.5
Provision (benefit) for income taxes	122.8	27.3	(144.2)	5.9
Net earnings	$ 204.8	$ 46.2	$ 17.6	$ 268.6
Net foreign exchange gain (loss)	$ 0.6	$ -	$ (0.4)	$ 0.2
Revenues:				
United States	$ 1,644.8	$ 473.5	$ 424.3	$ 2,542.6
United Kingdom	407.0	27.4	-	434.4
Other foreign, principally Australia, Bermuda and Canada	92.5	110.1	-	202.6
Total revenues	$ 2,144.3	$ 611.0	$ 424.3	$ 3,179.6
At December 31, 2013				
Identifiable assets:				
United States	$ 3,219.6	$ 419.0	$ 783.8	$ 4,422.4
United Kingdom	1,819.5	58.8	-	1,878.3
Other foreign, principally Australia, Bermuda and Canada	483.6	66.9	9.3	559.8
Total identifiable assets	$ 5,522.7	$ 544.7	$ 793.1	$ 6,860.5
Goodwill - net	$ 2,122.9	$ 22.3	$ -	$ 2,145.2
Amortizable intangible assets - net	1,061.6	17.2	-	1,078.8

Year Ended December 31, 2012	Brokerage	Risk Management	Corporate	Total
Revenues:				
Commissions	$ 1,302.5	$ -	$ -	$ 1,302.5
Fees	403.2	568.5	-	971.7
Supplemental commissions	67.9	-	-	67.9
Contingent commissions	42.9	-	-	42.9
Investment income	7.2	3.2	-	10.4
Gains on books of business sales and other	3.9	-	-	3.9
Revenue from clean coal activities	-	-	119.6	119.6
Other - net gain	-	-	1.4	1.4
Total revenues	1,827.6	571.7	121.0	2,520.3
Compensation	1,131.6	347.0	14.8	1,493.4
Operating	312.7	137.7	32.8	483.2
Cost of revenues from clean coal activities	-	-	111.6	111.6
Interest	-	-	43.0	43.0
Depreciation	24.7	16.0	0.7	41.4
Amortization	96.2	2.8	-	99.0
Change in estimated acquisition earnout payables	3.6	(0.2)	-	3.4
Total expenses	1,568.8	503.3	202.9	2,275.0
Earnings (loss) before income taxes	258.8	68.4	(81.9)	245.3
Provision (benefit) for income taxes	103.0	25.9	(78.6)	50.3
Net earnings (loss)	$ 155.8	$ 42.5	$ (3.3)	$ 195.0
Net foreign exchange loss	$ (1.6)	$ (0.1)	$ (0.2)	$ (1.9)
Revenues:				
United States	$ 1,431.6	$ 453.5	$ 121.0	$ 2,006.1
United Kingdom	324.1	28.2	-	352.3
Other foreign, principally Australia, Bermuda and Canada	71.9	90.0	-	161.9
Total revenues	$ 1,827.6	$ 571.7	$ 121.0	$ 2,520.3
At December 31, 2012				
Identifiable assets:				
United States	$ 2,637.1	$ 390.9	$ 647.9	$ 3,675.9
United Kingdom	1,117.6	52.4	-	1,170.0
Other foreign, principally Australia, Bermuda and Canada	442.1	55.3	9.0	506.4
Total identifiable assets	$ 4,196.8	$ 498.6	$ 656.9	$ 5,352.3
Goodwill - net	$ 1,451.4	$ 21.3	$ -	$ 1,472.7
Amortizable intangible assets - net	791.6	18.0	-	809.6

Year Ended December 31, 2011	Brokerage	Risk Management	Corporate	Total
Revenues:				
Commissions	$ 1,127.4	$ -	$ -	$ 1,127.4
Fees	324.1	546.1	-	870.2
Supplemental commissions	56.0	-	-	56.0
Contingent commissions	38.1	-	-	38.1
Investment income	5.4	2.7	-	8.1
Gains on books of business sales and other	5.5	-	-	5.5
Revenues from clean coal activities	-	-	29.2	29.2
Other - net gain	-	-	0.2	0.2
Total revenues	1,556.5	548.8	29.4	2,134.7
Compensation	968.4	344.1	13.6	1,326.1
Operating	267.3	135.8	15.9	419.0
Cost of revenues from clean coal activities	-	-	32.0	32.0
Interest	-	-	40.8	40.8
Depreciation	21.2	14.2	0.5	35.9
Amortization	77.0	2.3	-	79.3
Change in estimated acquisition earnout payables	(6.2)	-	-	(6.2)
Total expenses	1,327.7	496.4	102.8	1,926.9
Earnings (loss) before income taxes	228.8	52.4	(73.4)	207.8
Provision (benefit) for income taxes	88.6	19.1	(44.0)	63.7
Net earnings (loss)	$ 140.2	$ 33.3	$ (29.4)	$ 144.1
Net foreign exchange loss	$ -	$ -	$ (0.2)	$ (0.2)
Revenues:				
United States	$ 1,266.2	$ 429.5	$ 29.4	$ 1,725.1
United Kingdom	236.2	24.3	-	260.5
Other foreign, principally Australia, Bermuda and Canada	54.1	95.0	-	149.1
Total revenues	$ 1,556.5	$ 548.8	$ 29.4	$ 2,134.7
At December 31, 2011				
Identifiable assets:				
United States	$ 2,215.3	$ 384.5	$ 602.7	$ 3,202.5
United Kingdom	874.8	71.4	-	946.2
Other foreign, principally Australia, Bermuda and Canada	256.5	73.2	5.1	334.8
Total identifiable assets	$ 3,346.6	$ 529.1	$ 607.8	$ 4,483.5
Goodwill - net	$ 1,136.6	$ 18.7	$ -	$ 1,155.3
Amortizable intangible assets - net	542.3	19.2	-	561.5

Report of Independent Registered Public Accounting Firm on Financial Statements

Board of Directors and Stockholders
Arthur J. Gallagher & Co.

We have audited the accompanying consolidated balance sheet of Arthur J. Gallagher & Co. (Gallagher) as of December 31, 2013 and 2012, and the related consolidated statements of earnings, comprehensive earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(2)(a). These financial statements and schedule are the responsibility of Gallagher's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arthur J. Gallagher & Co. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gallagher's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report, dated February 7, 2014, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Chicago, Illinois
February 7, 2014

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act. Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In conducting our assessment of the effectiveness of its internal control over financial reporting, we have excluded eighteen of the thirty-one entities acquired in 2013, which are included in our 2013 consolidated financial statements. Collectively, these acquired entities constituted approximately 6.2% of total assets as of December 31, 2013 and approximately 2.3% of total revenues and approximately 1.3% of net earnings for the year then ended.

Based on our assessment under the framework in Internal Control – Integrated Framework, management concluded that our internal control over financial reporting was effective as of December 31, 2013. In addition, the effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Arthur J. Gallagher & Co.
Itasca, Illinois
February 7, 2014

/s/ J. Patrick Gallagher, Jr.
J. Patrick Gallagher, Jr.
Chairman, President and Chief Executive Officer

/s/ Douglas K. Howell
Douglas K. Howell
Chief Financial Officer

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Board of Directors and Stockholders
Arthur J. Gallagher & Co.

We have audited Arthur J. Gallagher & Co.'s (Gallagher) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Gallagher's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on Gallagher's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of eighteen of the thirty-one entities acquired in 2013, which are included in the 2013 consolidated financial statements of Gallagher. Collectively, these acquired entities constituted approximately 6.2% of total assets as of December 31, 2013 and approximately 2.3% of total revenues and approximately 1.3% of net earnings for the year then ended. Our audit of internal control over financial reporting of Gallagher also did not include an evaluation of the internal control over financial reporting of these acquired entities.

In our opinion, Arthur J. Gallagher & Co. maintained in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Arthur J. Gallagher & Co. as of December 31, 2013 and 2012, and the related consolidated statements of earnings, comprehensive earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2013 of Arthur J. Gallagher & Co. and our report dated February 7, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Chicago, Illinois
February 7, 2014

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There were no changes in or disagreements with our accountants on matters related to accounting and financial disclosure.

Item 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures.

As of December 31, 2013, our management, including our chief executive officer and chief financial officer, have conducted an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2013.

Design and Evaluation of Internal Control Over Financial Reporting.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we included a report of management's assessment of the design and effectiveness of our internal controls as part of this annual report for the fiscal year ended December 31, 2013. Our independent registered public accounting firm also attested to, and reported on, the effectiveness of internal control over financial reporting. Management's report and the independent registered public accounting firm's attestation report are included in Item 8, "Financial Statements and Supplementary Data," under the captions entitled "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting."

Changes in Internal Control Over Financial Reporting.

There has been no change in our internal control over financial reporting during the fourth fiscal quarter ended December 31, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Our 2014 Proxy Statement will include the information required by this item under the headings "Proposal 1 - Election of Directors," "Security Ownership by Certain Beneficial Owners and Management - Section 16 (a) Beneficial Ownership Reporting Compliance" and "Corporate Governance," which we incorporate herein by reference.

Item 11. Executive Compensation.

Our 2014 Proxy Statement will include the information required by this item under the headings "Compensation Committee Report" and "Compensation Discussion and Analysis," which we incorporate herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Our 2014 Proxy Statement will include the information required by this item under the headings "Security Ownership by Certain Beneficial Owners and Management" and "Equity Compensation Plan Information," which we incorporate herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Our 2014 Proxy Statement will include the information required by this item under the headings "Certain Relationships and Related Transactions" and "Corporate Governance - Board of Directors," which we incorporate herein by reference.

Item 14. Principal Accountant Fees and Services.

Our 2014 Proxy Statement will include the information required by this item under the heading "Principal Accountant Fees and Services," which we incorporate herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

The following documents are filed as a part of this report:

1. Consolidated Financial Statements:

   (a) Consolidated Statement of Earnings for each of the three years in the period ended December 31, 2013.

   (b) Consolidated Balance Sheet as of December 31, 2013 and 2012.

   (c) Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 2013.

   (d) Consolidated Statement of Stockholders' Equity for each of the three years in the period ended December 31, 2013.

   (e) Notes to Consolidated Financial Statements.

   (f) Report of Independent Registered Public Accounting Firm on Financial Statements.

   (g) Management's Report on Internal Control Over Financial Reporting.

   (h) Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.

2. Consolidated Financial Statement Schedules required to be filed by Item 8 of this Form:

   (a) Schedule II - Valuation and Qualifying Accounts.

   All other schedules are omitted because they are not applicable, or not required, or because the required information is included in our consolidated financial statements or the notes thereto.

3. Exhibits:

   Included in this Form 10-K.

*10.15	The Arthur J. Gallagher & Co. Supplemental Savings and Thrift Plan, as amended and restated effective January 21, 2014.
*10.16	Arthur J. Gallagher & Co. Deferred Equity Participation Plan, amended and restated as of January 22, 2014.
*10.16.1	Form of Deferred Equity Participation Plan Award Agreement.
21.1	Subsidiaries of Arthur J. Gallagher & Co., including state or other jurisdiction of incorporation or organization and the names under which each does business.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney.

31.1 Rule 13a-14(a) Certification of Chief Executive Officer.

31.2 Rule 13a-14(a) Certification of Chief Financial Officer.

32.1 Section 1350 Certification of Chief Executive Officer.

32.2 Section 1350 Certification of Chief Financial Officer.

101.INS XBRL Instance Document.

101.SCH XBRL Taxonomy Extension Schema Document.

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.

101.LAB XBRL Taxonomy Extension Label Linkbase Document.

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

Incorporated by reference into this Form 10-K.

2.1 Agreement and Plan of Reorganization, dated as of August 12, 2013, by and among Arthur J. Gallagher & Co., Bollinger Holdings, Inc., Bollinger, Inc., JPGAC, LLC, Evercore Capital Partners II L.P., Evercore Partners Inc. and Management Group, LLC (incorporated by reference to the same exhibit number to the post-effective amendment No. 2 to our Form S-4 Registration Statement dated September 6, 2013, File No. 333-188651).

2.2 Share Purchase Agreement, dated September 4, 2013, between Gallagher, Giles and the Seller (incorporated by reference to Exhibit 2.1 to our Form 8-K Current Report dated September 6, 2013, File No. 1 09761).

3.1 Amended and Restated Certificate of Incorporation of Arthur J. Gallagher & Co. (incorporated by reference to the same exhibit number to our Form 10-Q Quarterly Report for the quarterly period ended June 30, 2008, File No. 1-09761).

3.2 Amended and Restated By-Laws of Arthur J. Gallagher & Co. (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2008, File No. 1-09761).

4.1 Multicurrency Credit Agreement, dated as of September 19, 2013, among Arthur J. Gallagher & Co., the other borrowers party thereto, the lenders party thereto, Bank of Montreal, as administrative agent, BMO Capital Markets, as joint lead arranger and joint book runner, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citibank N.A., Barclays Bank PLC, and J.P. Morgan Securities LLC, as joint lead arrangers, joint book runners and co-syndication agents and U.S. Bank National Association, as documentation agent (incorporated by reference to the same exhibit number to our Form 8-K Current Report dated September 19, 2013, File No. 1-09761).

10.5 Lease Agreement between Arthur J. Gallagher & Co. and Itasca Center III Limited Partnership, a Texas limited partnership, dated July 26, 1989 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 1989, File No. 1-09761).

10.5.1 Amendments No. 1 to No. 15 to the Lease Agreement between Arthur J. Gallagher & Co. and HGC/Two Pierce Limited Partnership, an Illinois limited partnership, as successor to Itasca Center III Limited Partnership, a Texas limited partnership, dated May 20, 1991 to October 15, 2005 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2005, File No. 1-09761).

10.5.2 Amendment No. 16 to the Lease Agreement between Arthur J. Gallagher & Co. and Wells REIT-Two Pierce Place, LLC, a Delaware limited liability company, dated December 7, 2006 (incorporated by reference to the same exhibit number to our Form 8-K Current Report dated December 7, 2006, File No. 1-09761).

*10.11 Form of Indemnity Agreement between Arthur J. Gallagher & Co. and each of our directors and corporate officers (incorporated by reference to the same exhibit number to our Form 10-Q Quarterly Report for the quarterly period ended March 31, 2009, File No. 1-09761).

*10.12 Arthur J. Gallagher & Co. Deferral Plan for Nonemployee Directors (amended and restated as of January 1, 2011) (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2010, File No. 1-09761).

*10.14.1 Form of Change in Control Agreement between Arthur J. Gallagher & Co. and those Executive Officers hired prior to January 1, 2008 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2011, File No. 1-09761).

*10.14.2 Form of Change in Control Agreement between Arthur J. Gallagher & Co. and those Executive Officers hired after January 1, 2008 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2011, File No. 1-09761).

*10.17 Arthur J. Gallagher & Co. Severance Plan (effective September 15, 1997, as amended and restated effective January 1, 2010) (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2008, File No. 1-09761).

*10.17.1 First Amendment to the Arthur J. Gallagher & Co. Severance Plan (effective September 15, 1997, as amended and restated effective January 1, 2009) (incorporated by reference to Exhibit 10.1 to our Form 10-Q Quarterly Report for the quarterly period ended June 30, 2010, File No. 1-09761).

*10.25 Arthur J. Gallagher & Co. United Kingdom Incentive Stock Option Plan, Amended and restated as of January 22, 1998 and approved by the Inland Revenue on June 12, 1998 (incorporated by reference to the same exhibit number to our Form 10-Q Quarterly Report for the quarterly period ended June 30, 1998, File No. 1-09761).

*10.26 Conformed copy of the Arthur J. Gallagher & Co. 1988 Incentive Stock Option Plan, through Amendment No. 1 as of January 19, 2005 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2009, File No. 1-09761).

*10.27 Conformed copy of the Arthur J. Gallagher & Co. 1988 Nonqualified Stock Option Plan, through Amendment No. 6 as of January 19, 2005 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2009, File No. 1-09761).

*10.28 Conformed copy of the Arthur J. Gallagher & Co. 1989 Non-Employee Directors' Stock Option Plan, through Amendment No. 6 as of May 17, 2005 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2009, File No. 1-09761).

*10.29 Arthur J. Gallagher & Co. Restricted Stock Plan (incorporated by reference to Exhibit 4.6 to our Form S-8 Registration Statement, File No. 333-106539).

*10.30 The Arthur J. Gallagher & Co. Employee Stock Purchase Plan, amended and restated as of September 17, 2012 (incorporated by reference to the same exhibit number to our Form 10-Q Quarterly Report for the quarterly period ended September 30, 2012, File No. 1-09761).

10.38 Operating Agreement of Chem-Mod LLC dated as of June 23, 2004, by and among NOx II, Ltd., an Ohio limited liability company, AJG Coal, Inc., a Delaware corporation, and IQ Clean Coal LLC, a Delaware limited liability company (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2005, File No. 1-09761).

10.40 Operating Agreement of Chem-Mod International LLC dated as of July 8, 2005, between NOx II International, Ltd., an Ohio limited liability company and AJG Coal, Inc., a Delaware corporation, together with Amendment No. 1 dated August 2, 2005 (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2005, File No. 1-09761).

*10.42 Arthur J. Gallagher & Co. 2009 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.4 to our Form S-8 Registration Statement, File No. 333-159150).

*10.42.1 Form of Long-Term Incentive Plan Restricted Stock Unit Award Agreement (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2010, File No. 1-09761).

*10.42.2 Form of Long-Term Incentive Plan Stock Option Award Agreement (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2010, File No. 1-09761).

*10.42.3 Form of Long-Term Incentive Plan Stock Appreciation Rights Award Agreement (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2010, File No. 1-09761).

*10.42.4 Form of Long-Term Incentive Plan Restricted Stock Unit Award Agreement for executive officers over the age of 55 (incorporated by reference to the same exhibit number to our Form 10 Q Quarterly Report for the quarterly period ended March 31, 2013, File No. 1-09761).

*10.42.5 Form of Long-Term Incentive Plan Stock Option Award Agreement for executive officers over the age of 55 (incorporated by reference to the same exhibit number to our Form 10 Q Quarterly Report for the quarterly period ended March 31, 2013, File No. 1-09761),

*10.43 Arthur J. Gallagher & Co. Performance Unit Program (incorporated by reference to the same exhibit number to our Form 10-Q Quarterly Report for the quarterly period ended June 30, 2007, File No. 1-09761).

*10.43.1 Form of Performance Unit Grant Agreement under the Performance Unit Program (incorporated by reference to the same exhibit number to our Form 10-K Annual Report for 2010, File No. 1-09761).

*10.43.2 Form of Performance Unit Grant Agreement under the Performance Unit Program for executive officers over the age of 55 (incorporated by reference to the same exhibit number to our Form 10 Q Quarterly Report for the quarterly period ended March 31, 2013, File No. 1-09761),

*10.44 Senior Management Incentive Plan (incorporated by reference to Exhibit 10.2 to our Form 10-Q Quarterly Report for the quarterly period ended June 30, 2010, File No. 1-09761).

*10.45 Arthur J. Gallagher & Co. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to our Form S-8 Registration Statement, File No. 333-174497).

10.46 Share Purchase Agreement, dated May 12, 2011, between Gallagher Holdings Two (UK) Limited, HLG Holdings Limited and the Shareholders of HLG Holdings Limited named therein (incorporated by reference to Exhibit 2.1 to our Form 8-K Current Report dated May 17, 2011, File No. 1-09761).

All other exhibits are omitted because they are not applicable, or not required, or because the required information is included in our consolidated financial statements or the notes thereto. The registrant agrees to furnish to the Securities and Exchange Commission upon request a copy of any long-term debt instruments that have been omitted pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K.

----

* Such exhibit is a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to item 601 of Regulation S-K.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 7th day of February, 2014.

ARTHUR J. GALLAGHER & CO.

/s/ J. PATRICK GALLAGHER, JR.

By______________________________

J. Patrick Gallagher, Jr.

Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 7th day of February, 2014 by the following persons on behalf of the Registrant in the capacities indicated.

Name	Title
/s/ J. PATRICK GALLAGHER, JR. J. Patrick Gallagher, Jr.	Chairman, President and Director (Principal Executive Officer)
/s/ DOUGLAS K. HOWELL Douglas K. Howell	Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ RICHARD C. CARY Richard C. Cary	Controller (Principal Accounting Officer)
*Sherry S. Barrat Sherry S. Barrat	Director
*WILLIAM L. BAX William L. Bax	Director
* FRANK E. ENGLISH, JR. Frank E. English, Jr.	Director
*ELBERT O. HAND Elbert O. Hand	Director
*DAVID S. JOHNSON David S. Johnson	Director
*KAY W. MC CURDY Kay W. Mc Curdy	Director
*NORMAN L. ROSENTHAL Norman L. Rosenthal	Director
* JAMES R. WIMMER James R. Wimmer	Director

/s/ WALTER D. BAY

*By: ______________________________

Walter D. Bay, Attorney-in-Fact

Schedule II
Arthur J. Gallagher & Co.
Valuation and Qualifying Accounts

	Balance at Beginning of Year	Amounts Recorded in Earnings	Adjustments		Balance at End of Year
	(In millions)				
Year ended December 31, 2013					
Allowance for doubtful accounts	$ 6.6	$ 2.7	$ (2.6)	(1)	$ 6.7
Allowance for estimated policy cancellations	4.0	(0.2)	0.4	(2)	4.2
Accumulated amortization of expiration lists, noncompete agreements and trade names	419.3	125.2	(0.4)	(3)	544.1
Year ended December 31, 2012					
Allowance for doubtful accounts	$ 4.8	$ 1.0	$ 0.8	(1)	$ 6.6
Allowance for estimated policy cancellations	5.2	(1.6)	0.4	(2)	4.0
Accumulated amortization of expiration lists, noncompete agreements and trade names	321.3	99.0	(1.0)	(3)	419.3
Year ended December 31, 2011					
Allowance for doubtful accounts	$ 4.4	$ 0.5	$ (0.1)	(1)	$ 4.8
Allowance for estimated policy cancellations	4.3	0.9	-	(2)	5.2
Accumulated amortization of expiration lists, noncompete agreements and trade names	247.7	79.3	(5.7)	(3)	321.3

(1) Net activity of bad debt write offs and recoveries.

(2) Additions to allowance related to acquired businesses.

(3) Elimination of fully amortized expiration lists, non-compete agreements and trade names, intangible asset/amortization reclassifications and disposal of acquired businesses.

Arthur J. Gallagher & Co.

Annual Report on Form 10-K

For the Fiscal Year Ended December 31, 2013

Exhibit Index

*10.15	The Arthur J. Gallagher & Co. Supplemental Savings and Thrift Plan, as amended and restated effective January 21, 2014.
*10.16	Arthur J. Gallagher & Co. Deferred Equity Participation Plan, amended and restated as of January 22, 2014.
*10.16.1	Form of Deferred Equity Participation Plan Award Agreement.
21.1	Subsidiaries of Arthur J. Gallagher & Co., including state or other jurisdiction of incorporation or organization and the names under which each does business.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

* Such exhibit is a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to item 601 of Regulation S-K.

Exhibit 31.1

Rule 13a-14(a) Certification of Chief Executive Officer

Certification

I, J. Patrick Gallagher, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Arthur J. Gallagher & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a.) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b.) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c.) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d.) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a.) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b.) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2014

/s/ J. Patrick Gallagher, Jr.

J. Patrick Gallagher, Jr.
Chairman, President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

Rule 13a-14(a) Certification of Chief Financial Officer

Certification

I, Douglas K. Howell, certify that:

1. I have reviewed this annual report on Form 10-K of Arthur J. Gallagher & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a.) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b.) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c.) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d.) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a.) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b.) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: February 7, 2014

/s/ Douglas K. Howell

Douglas K. Howell
Vice President
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

Section 1350 Certification of Chief Executive Officer

I, J. Patrick Gallagher, Jr., the chief executive officer of Arthur J. Gallagher & Co., certify that (i) the Annual Report on Form 10-K of Arthur J. Gallagher & Co. for the twelve month period ended December 31, 2013 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Arthur J. Gallagher & Co. and its subsidiaries.

Date: February 7, 2014

/s/ J. Patrick Gallagher, Jr.
J. Patrick Gallagher, Jr.
Chairman, President and Chief Executive Officer
(principal executive officer)

Exhibit 32.2

Section 1350 Certification of Chief Financial Officer

I, Douglas K. Howell, the chief financial officer of Arthur J. Gallagher & Co., certify that (i) the Annual Report on Form 10-K of Arthur J. Gallagher & Co. for the twelve month period ended December 31, 2013 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Arthur J. Gallagher & Co. and its subsidiaries.

Date: February 7, 2014

/s/ Douglas K. Howell
Douglas K. Howell
Vice President
Chief Financial Officer
(principal financial officer)

BOARD OF DIRECTORS

J. Patrick Gallagher, Jr.
Chairman of the Board
President and Chief Executive Officer

Sherry S. Barrat[2]
Former Vice Chairman
Northern Trust Corporation

William L. Bax[1]
Former Managing Partner of
PricewaterhouseCoopers' Chicago office

Frank E. English, Jr.[1]
Former Managing Director and Vice Chairman of
Investment Banking, Morgan Stanley & Co.

Elbert O. Hand[2,3]
Former Director and Chairman of the Board
Hartmarx Corporation

David S. Johnson[2,3]
President and Chief Executive Officer of the
Americas, Barry Callebaut AG

Kay W. McCurdy[2,3]
Of Counsel, Locke, Lord LLP

Norman L. Rosenthal, Ph.D.[1]
President, Norman L. Rosenthal & Associates, Inc.

James R. Wimmer[1,3]
Attorney and Former Partner, Lord, Bissell & Brook

[1] Member of the Audit Committee
[2] Member of the Compensation Committee
[3] Member of the Nominating/Governance Committee

EXECUTIVE MANAGEMENT COMMITTEE

Walter D. Bay
General Counsel and Secretary

James W. Durkin, Jr.
President, Employee Benefit Consulting
and Brokerage

Thomas J. Gallagher
Chairman, International Brokerage

James S. Gault
President, Retail Property/Casualty and
International Brokerage

Douglas K. Howell
Chief Financial Officer

Scott R. Hudson
President and Chief Executive Officer,
Risk Management Services

Susan E. McGrath
Chief Human Resources Officer

David E. McGurn, Jr.
President, U.S. Wholesale Brokerage

Stockholder Information

ANNUAL MEETING

Arthur J. Gallagher & Co.'s 2014 Annual Meeting of Stockholders will be held on Tuesday, May 13, 2014, at 9:00 a.m. CDT at The Gallagher Centre, Two Pierce Place, Itasca, Illinois 60143.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services
211 Quality Circle, Suite 210
College Station, TX 77845
312.360.5386
www.computershare.com/investor

AUDITORS

Ernst & Young LLP

STOCKHOLDER INQUIRIES

Communications regarding direct stock purchases, dividends, lost stock certificates, direct deposit of dividends, dividend reinvestment and changes of address should be directed to Shareholder Services, Computershare Investor Services (see contact information below).

STOCKHOLDER SERVICES

Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
312.360.5386
www.computershare.com/investor
Online Inquiries:
https://www-us.computershare.com/investor/contact

TRADING INFORMATION

Our common stock is listed on the NYSE, trading under the symbol AJG. The following table sets forth the information as to the price range of our common stock for the two-year period ending December 31, 2013, and the dividends declared per common share for the same period. The table reflects the range of high and low sales prices per share as reported on the NYSE composite listing.

QUARTERLY PERIODS

2013	High	Low	Dividends Declared Per Common Share
First	$41.31	$34.97	$0.35
Second	$45.87	$40.51	$0.35
Third	$45.89	$41.11	$0.35
Fourth	$48.49	$43.57	$0.35

2012			
First	$36.33	$32.01	$0.34
Second	$38.24	$33.75	$0.34
Third	$37.56	$34.46	$0.34
Fourth	$36.99	$34.20	$0.34

FINANCIAL INFORMATION REQUESTS

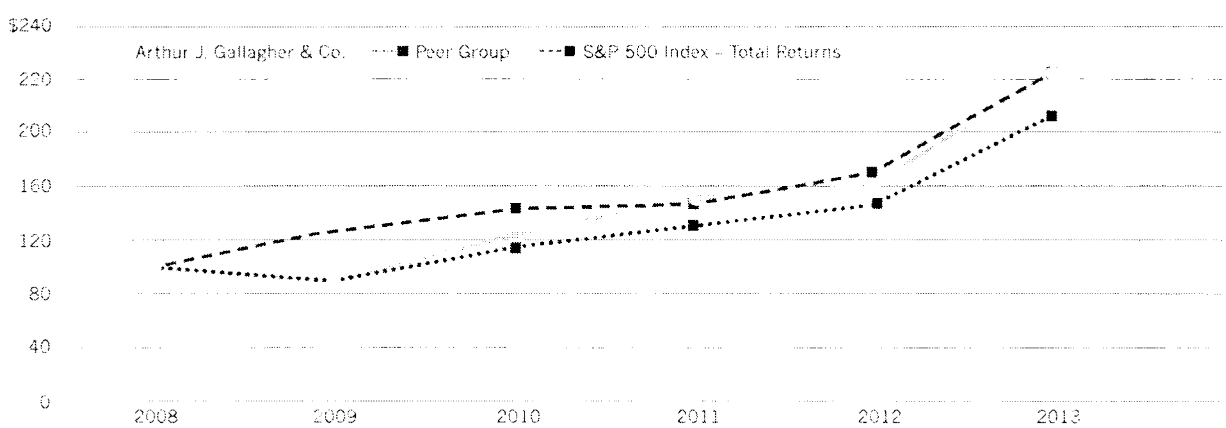
Any stockholder wishing to obtain a copy of our Annual Report and Form 10-K may do so without charge by writing to the Corporate Secretary at the address listed on the back cover. These documents are also available on our website at www.ajg.com.

COMPARATIVE PERFORMANCE GRAPH

The following graph demonstrates a five-year comparison of cumulative total returns for our company, the S&P 500 and a Peer Group consisting of Arthur J. Gallagher & Co.; Aon plc; Marsh & McLennan Companies, Inc.; Willis Group Holdings Ltd.; and Brown & Brown, Inc. The chart shows the performance of $100 invested in our company, the S&P 500 and the Peer Group on December 31, 2008, with dividend reinvestment.

Comparison of 5-Year Cumulative Total Return

Assumes Initial Investment of $100
December 2013



INTERNATIONAL CORRESPONDENT BROKERS

Abu Dhabi
Albania
Anguilla
Antigua
Argentina
Aruba
Australia
Austria
Bahamas
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Benin
Bermuda
Bolivia
Bosnia-Herzegovina
Botswana
Brazil
British Virgin Islands
Bulgaria
Burkino-Faso
Cameroon
Canada
Cayman Islands
Central Africa
Chad
Chile
China
Colombia
Congo
Costa Rica
Croatia
Curacao
Cyprus
Czech Republic
Democratic Republic of Congo
Denmark
Dominica
Dominican Republic
Dubai
Ecuador
Egypt
England
Equatorial Guinea
Estonia
Fiji
Finland
France
French Guiana
French Polynesia
Gabon
Germany
Ghana
Greece
Grenada
The Grenadines
Guam
Guatemala
Guinee Conakry
Hong Kong
Hungary
India
Indonesia
Iraq
Ireland
Israel
Italy
Ivory Coast
Jamaica
Japan
Jordan
Kazakhstan
Kenya
Kuwait
Kyrgyzstan
Latvia
Lebanon
Lithuania
Luxembourg
Macedonia
Madagascar
Malawi
Malaysia
Mali
Malta
Mauritania
Mauritius
Mexico
Monaco
Montenegro
Morocco
Mozambique
Namibia
Netherlands
Netherlands Antilles
Nevis
New Zealand
Niger
Norway
Oman
Pakistan
Panama
Paraguay
Peru
Philippines
Poland
Portugal
Puerto Rico
Qatar
Reunion
Romania
Russia
Rwanda
Saint Kitts
Saint Lucia
Saint Marten
Saint Vincent
Saudi Arabia
Scotland
Senegal
Serbia
Singapore
Slovakia
Slovenia
South Africa
South Korea
Spain
Sri Lanka
Swaziland
Sweden
Switzerland
Taiwan
Tajikistan
Thailand
Togo
Trinidad and Tobago
Turkey
Turkmenistan
Turks And Caicos Islands
Uganda
Ukraine
United Arab Emirates
United Republic of Tanzania
Uruguay
Uzbekistan
Venezuela
Vietnam
Virgin Islands (U.S.)
Zambia
Zimbabwe

MORE THAN
140
COUNTRIES WITH CLIENT-SERVICE CAPABILITIES

Arthur J. Gallagher & Co.

GLOBAL HEADQUARTERS

The Gallagher Centre
Two Pierce Place
Itasca, IL 60143-3141
630.773.3800

www.ajg.com

9.3.4 Functions and location of your nearest regional office to Fort Bend County.

Gallagher Houston office: Houston is headquarters for Gallagher South Central Region.

Office Location:
1900 West Loop South, Suite 1600
Houston, TX 77027

We also have the following offices in the Houston Area

Gallagher Benefits & Human Resource Consulting
245 Commerce Green Blvd.
Sugar Land, TX 77478

Gallagher Insurance
8511 South Sam Houston Pkwy
Houston, TX 77075

Gallagher Insurance
12621 Featherwood Dr., Suite 300
Houston, TX 77034

Gallagher Insurance- Health Care Solutions
14550 Torey Chase Blvd., Suite 410
Houston, TX 77014

Gallagher/Risk Placement Services
1155 Dairy Ashford Rd., Suite 850
Houston, TX 77079

Gallagher-Bassett Claims Administrators
5116 Bissonnet
Houston, TX 77401

All of the above offices could assist in the event of any urgent matter.

Gallagher Dallas is the office that serves our Texas Public Entity clients and Fort Bend County. Our Public Entity office is located at:

5420 LBJ Frwy., Suite 400
Dallas, TX 75240

9.3.5 Anticipated growth of your organization including expansion of the client base and acquisitions. Include organizational chart.

Gallagher Corporation continues to expand both domestically and internationally. This past year, Gallagher acquired:

- Cowles & Connell based in Brewster, New York
- Minvielle & Chastanet Insurance Brokers in the eastern Caribbean
- Trip Mate, Inc. based in Kansas City,
- Denman Consulting Services in Denver, CO
- Insurance Point, LLC in St. Charles, IL
- Baker Tilly's Employee Benefits Solutions, UK
- Foundation Strategies, Inc. in Katy, TX
- Noraxis Capital Corporation, Canada
- The Plus Companies, Inc. Bridgewater, New Jersey.
- Tri-State General of Salisbury, Maryland.
- MGA Insurance Group ,Lakewood Ranch, Florida
- Heritage Insurance Management Limited (Heritage) , St Peter Port, Guernsey
- Sunderland Insurance Services, Inc. in Walnut Creek, California
- Shilling Limited (Shilling) in Liss, Hamphire , England
- American Wholesalers Underwriting, Ltd, Stamford, Connecticut.
- Wesfarmers Insurance Brokerage ,Australia , United Kingdom, New Zealand
- Mike Henry Insurance Brokers Limited (MHIB) Auckland, New Zealand
- Oval Group of Companies ("Oval"),UK
- Spataro Insurance Agency, Inc. Burnt Hills, New York
- L&R Benefits, LLC Windsor, Connecticut.
- Tudor Risk Services, LLC, Woburn, Massachusetts
- JAO & Partners, Lima, Peru

Arthur J. Gallagher & Co. – Functional Organization

Board of Directors

Committees of the Board

- Audit
- Compensation
- Nominating/Governance

Chairman, President and CEO
J. Patrick Gallagher, Jr.

Gallagher Bassett Services
Scott Hudson

- P/C Services
- Safety Engineering
- Appraisals
- GBIS

Gallagher Benefit Services
Jim Durkin

- Benefit Products
- All Benefit Services

Legal
Walt Bay

Brokerage Services Division
Jim Gault

- Northeast
- Southeast
- Midwest
- South Central
- West Coast

- International
  - UK
  - Bermuda
  - Australia
  - Singapore
  - Canada

Risk Placement Services
Dave McGurn

Finance, Administration & CIS
Doug Howell

- Auditing
- Accounting
- Administration
- CIS
- Mergers & Acquisitions
- Tax
- Treasury
- AJG Financial Services
  - Investments

Human Resources
Susan McGrath

January 2014

9.3.6 Any conflicts of interest that may affect the County's potential selection of or entering into an agreement with, your organization, i.e. your organization currently holds an agreement with the County for other services, a relative of any employee, if the Respondent is a member of the selection committee, etc.

We do not believe Gallagher or any team members assigned to your account have a conflict of interest that would preclude them from working with the Fort Bend County, Texas.

9.3.7 A description of the firm's resources that would be committed to the contract demonstrating that the firm has the capacity to meet the contract obligations

As one of the world's largest brokers, Gallagher delivers a full range of insurance and risk management products and services, including traditional and loss-sensitive coverages. What distinguishes the services performed by Gallagher and our competitors are as follows:

1. Gallagher is the largest public entity broker and our commitment to this market sector goes back to our founding of 1924. Nationally, we provide services to ***over four thousand (4,000) municipalities encompassing over 500,000 employees and $30 billion in property values***. We have a corporate commitment to this market segment and our expanding client list, market relationships and personnel reflect that commitment. We represent many public and private schools, colleges and universities.

2. We know and understand the Texas Tort Claims Act. Our understanding of the Texas Tort Claims Act help keep our clients' liability costs down as we educate potential insurance companies quoting coverages for our clients.

3. The other factor that distinguishes Gallagher from any of its competitors is the many resources we offer and Fort Bend County, as our client has access to, including:

Retail Property/Casualty Brokerage

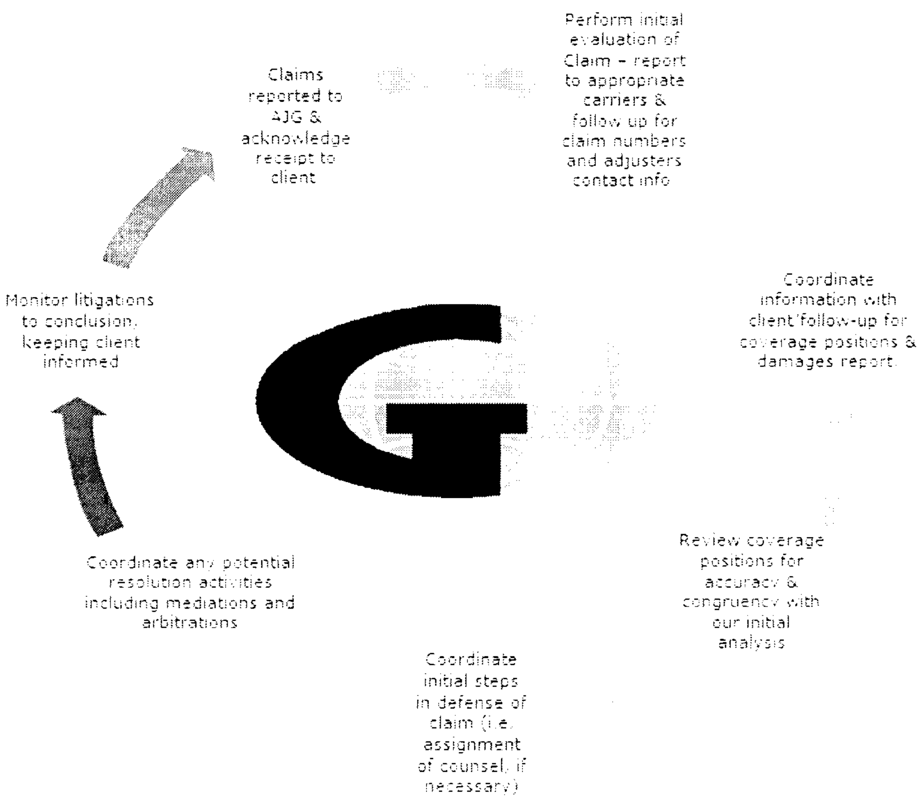
Claims Management

Our property/casualty third-party administrator helps clients reduce their exposures to risk and the steep costs that can go with them.

Claims Services

An important component of our core brokerage service is claims advocacy. We have in-house claims staff with extensive experience across all lines of coverage and industries. Our clients receive unlimited on-demand access to our claims professionals. With 16 available advocates in the South Central Region and over 100 across the country, we are well equipped to provide service to our clients at a level well beyond the standard scope of broker claims support.

From a Property standpoint, we are prepared to assist you with a catastrophic event at a wind-exposed location, a large scale fire or a complicated Business Interruption calculation. We have selected Fort Bend County's claim experts who match these needs and bring years of experience in complex litigation, casualty issues and property nuances.



Retail Property/Casualty Brokerage

Our key claims services we will provide to Fort Bend County include:

- **Claims Advocacy and Consulting –** Our role as advocate is to ensure that you receive the highest level of service from your vendors and that coverage is interpreted in your best interest by your insurers. We are available to address your coverage questions as they arise and to aggressively advocate all coverage issues on behalf of *Fort Bend County.*

- **Workers Compensation Reserve Audit –** An alarming percentage of employers are paying inflated workers compensation premiums due to inaccurate experience ratings. When reserves are too high, the carrier will raise premiums to compensate for what they believe is a riskier account. Determining the correct amount needed for each claim file is a combination of knowledge and experience. Our workers compensation audit team has the experience and expertise to properly review *Fort Bend County's* open workers compensation claims for accurate reserving.

- On an annual basis we will conduct your reserve audit with the focus on opportunities to appropriately reduce reserve and ultimate exposure. We will ensure that it is completed in a timely manner so that any reduction will impact your next annual premium.

- **Claims Triage and Reporting –** We will provide triage and claim reporting to your carriers on complex claims. In our triage we assess the details of a claim and set expectations with the carrier adjusters.

- **Loss Analysis and Trending –** We have the necessary tools and resources to conduct an in-depth analysis of *Fort Bend County's* claim data. After review of your losses, we will develop a trending report pointing to opportunities for improvement in your claims management process and focus for loss control initiatives.

- **Claim Reviews –** Regularly scheduled claim reviews provide a framework for driving claims to proper and timely conclusion. We will schedule and facilitate the reviews with *Fort Bend County* and your carrier based on your frequency of claims. Our advocates will actively participate in the claim review providing value-added insight.

Retail Property/Casualty Brokerage

Loss Recovery, Negotiation and Dispute Resolution

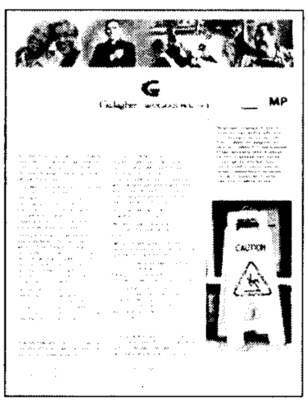
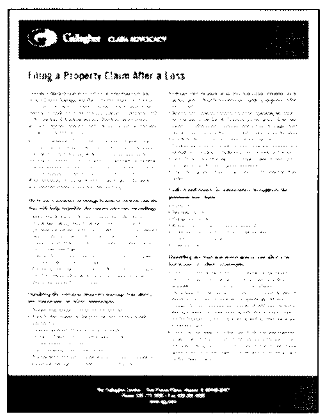
Following a loss, Gallagher coordinates with Fort Bend County, its general adjuster, and insurers to facilitate a prompt response to the event. At this stage, we work with your team to engage the pre-loss plan including coordination of insurers, claims staff, and contractors. These services include, but aren't in any way limited to:

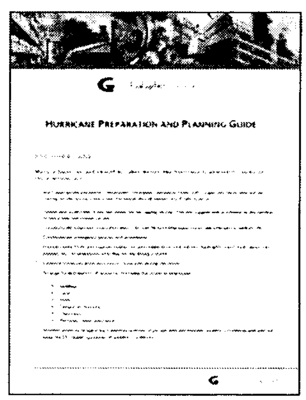
- On-site claims presence to inspect property and extent of loss
- Assist in recommendations with Fort Bend County program participants and remediation experts of ways to preserve assets
- Coordinate initial insurer meetings along with coordinating general adjusters

A successful claim negotiation is a consensus-building process, which begins at the date of loss. When properly carried out, the process is a combination of decision-making, communication and, most importantly, negotiation. A well-prepared claim presents Fort Bend County's case strongly, and establishes your perspective at the outset. Realistic goals, the application of past lessons learned, and the commitment to act constructively in controlling the process are the keys to effective claims management.

Training & Claims Resources

Gallagher offers Fort Bend County periodic seminars, online webinars, publications and on-site training available for your team to enhance the effectiveness of your current claims management practices. Additionally, we hold an annual claims meeting including Fort Bend County's coordinating adjuster and insurers to help improve the claims management process. A few samples of recent publications are displayed below:



Retail Property/Casualty Brokerage

Loss Control Services

Gallagher views loss control as an essential part of our service to Fort Bend County. Troy Guidry in our Houston, TX office will lead the loss control effort for Fort Bend County. In fact, Troy was part of our group when we surveyed the land fill. Troy is scheduled to survey Gordon Ranch as well.

Below are a number of items our clients have found helpful over the years.

- **Carrier Support** – We will help you coordinate carrier service plans and timely delivery of loss control efforts to reduce your risk.
- **Risk Assessment** – Vital to any organization, we will work with you to identify risk, implement solutions and train your staff.
- **Safety Program Evaluation** – When Fort Bend County evolves or new regulations go into effect, we can help identify changes to your safety programs to keep you up to date.
- **Loss Source Analysis** – We can evaluate trends on injury/crash types, locations, and other factors that can lead Fort Bend County to opportunities to prevent future recurrence.
- **Regulatory/Industry Support** – It is important to communicate information pertaining to Fort Bend County that can affect your business, such as OSHA/DOT considerations and industry best practices.

See following page for detailed list of services.

We will be your advocate for loss control services. We can set up prospect evaluations, coordinate service plans and timely delivery of Loss Control efforts to reduce your risk.

- Coordinate Loss Control inspections
- Supervise carrier Loss Control activities
- Review carrier recommendations
- Negotiate alternatives where applicable
- Assist in drafting responses to carrier
- Identify training offered by carrier
- Attend loss control service presentations
- Assist in response to claims
- Renewal/stewardship meetings

Risk Assessment is vital to any organization to identify risk and implement control measures. At Arthur J. Gallagher & Co., we will work with you to identify risk, implement solutions and train your staff on how they can identify risk.

- Loss Control Program assessment
- Site inspections
- Behavior observation review
- Identify gaps in safety program
- Injury/incident investigation

A good safety program is one that is in constant use. When the company changes or new regulations go into effect, we can help to identify changes that need to be made to keep your safety program up to date.

- New hire orientation review
- Training program evaluation
- Safety program review
- Identify gaps and make recommendations
- Return-to-work evaluation

In order to identify hazards, a review of past losses can help to identify hidden exposures. We can evaluate trends on injury/crash types, locations, and other factors that can identify opportunities to prevent reoccurrence.

- Coordinate carrier analysis
- Loss trending presentations
- Loss pivot table presentation
- Benchmarking
- Root cause analysis

Staying up to date with the latest regulatory or industry best practices is a full-time job. We believe it is important to communicate information that pertains to our clients that can affect their business.

- OSHA/DOT regulations
- Industry Best Practices

Q:\2013\BSD\Flyers\SC_LossControlServices.indd

Arthur J. Gallagher & Co.

Aviation

AIS Gallagher is one of the largest aviation insurance brokerage and risk management consulting firms in the United States.

Our clients cover the spectrum of aviation including:

- Corporate aircraft and fleets
- major and regional airlines
- aircraft manufacturing
- airport authorities
- ***public entity fleets: helicopters drones, county airports***
- EMS (emergency medical evacuation) helicopters
- charter operations
- virtually any other aviation operation

We have extensive experience in all areas of aviation insurance and supporting property and casualty lines (including workers' compensation) specially tailored to the industry. We maintain a global reach capability in over 120 countries and have direct access to the London and other European aviation markets through our team members at AJG (U.K.) Limited. Come fly with Gallagher Aviation!

Gallagher Energy: Power & Utilities

Gallagher Energy – Power & Utilities

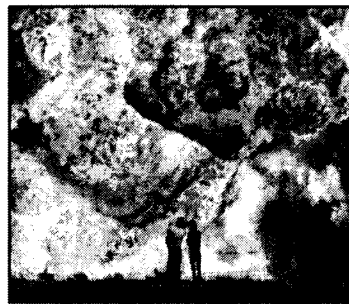
This group is available to consult on exposures related to Fort Bend County's land fill. Richard Rogers attended the recent meeting we had discussing methane production by a third party.

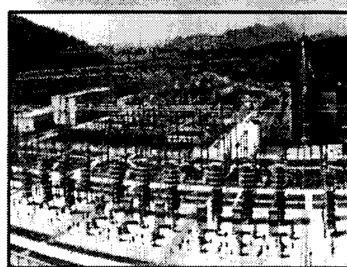
Industry Specialists within Gallagher Energy

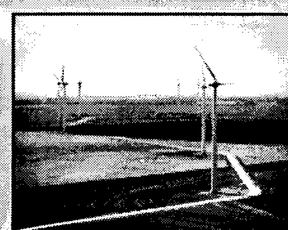
Operates out of Oklahoma City and provides the following professional services to our clients:

- Risk Management
- Insurance Placement
- Engineering
- Underwriting
- Legal
- Claims

- 75,000 + MWs of power generation insured
- Over 300 worldwide energy projects.
- Clients ranging from large multinational companies to single location independent power producers.







Appraisal Services

Appraisal services have been utilized by the Fort Bend County. The objectives of Gallagher Bassett's Appraisal Services are to help clients:

Ascertain the replacement value of its assets, maintain the proper level of insurance coverage to protect its assets, and support the claims process so that the greatest possible value is received. Gallagher will continue to make these services available at reduced rates of ***$250 per building.***

Wholesale Property/ Casualty Brokerage

Our wholesale teams bring three critical assets to every insurance transaction—a broad base of strong market relationships for every line of business, a skilled team of first-class experts, and an unmatched dedication to service.

Alternative Risk Transfer

Our alternative risk specialists specialize in the development of group, association and single parent captives, providing comprehensive services in many of the top domiciles, including Bermuda, Cayman, Vermont and Washington, D.C

International Brokerage Services

Gallagher has operations in 18 countries and offers client-service capabilities in more than 140 countries around the world.

Unique Services and Additional Value	Tailored solutions include:
	
	• A thorough understanding of the Texas Tort Claims Act
	
	• Contract reviews for Fort Bend County- daily basis. Contracts have included:
	  ○ Volunteer Workers
	  ○ Volunteer Minors/Tabaco Decoy Agreement
	  ○ Indemnification Agreements
	  ○ Recommended insurance requirements- minimum limits, and higher limits on hazardous work or services
	  ○ Insurance requirements-small business
	  ○ Insurance requirements- movers
	  ○ Workers Compensation requirements vs. one owner firms
	  ○ Landfill Risk Transfer Recommendations
	  ○ University of Houston Library Agreement
	  ○ Adopt a Road
	  ○ Homeowner Association Contracts- Law Enforcement
	  ○ Mutual Service Agreements with other surrounding governments including Missouri City
	  ○ Medical Professional (Oak Bend Medical)
	  ○ Cyber risk insurance requirements for certain vendors having access to Fort Bend's information and/or information systems
	  ○ Lease of Premises insurance requirements
	  ○ Many many others.
	
	• Gallagher's commitment to the Public Entity Sector by our ability to offer numerous resources to assist our clients with energy exposures and pollution exposures.
	
	• Exposures relating to Fort Bend County -- most recently consulted on the land fill exposures related to third party production of methane gas on Fort Bend County's landfill.
	
	• Gallagher Public Sector Network is comprised of over 7,000 professionals to provide answered to client questions and propose solutions for unique exposures common to government entities.

9.3.8 Certificate of Insurance: Submit a copy of your most current Certificate of Insurance showing coverage at or above those described in Section 4.0.

Memorandum of Insurance	**Date 10/01/13**

This Memorandum is issued as a matter of information only to authorized viewers for their internal use only and confers no rights upon any viewer of Memorandum. This Memorandum does not amend, extend or alter the coverage described below. Copyright 2005 Arthur J. Gallagher Risk Management Services, Inc. Arthur J. Gallagher Risk Management Services, Inc. ("Gallagher") grants permission to you to view, copy, print and distribute the information found on this Site provided that the above copyright notice appears on all copies, that use is internal to you or for personal noncommercial informational purposes only, and that no modification is made to any materials. Any modification, use, reproduction or distribution of this Site or its contents must be first approved by Gallagher in writing. You will not suffer or permit any unauthorized use of any Gallagher trademark, service mark or logo. This Site and its contents, including but not limited to text, graphics, images, software, copyrights, trademarks, service marks, logos, and brand names ("Content"), are protected under both United States and foreign laws, and Gallagher or its affiliated entities retain all right, title and interest in and to the Content, all copies thereof, and all copyrights and other proprietary rights therein. The information contained herein is as the date referred to above. Arthur J. Gallagher Risk Management Services, Inc. shall be under no obligation to update such information.

Producer	**Companies Affording Coverage**
Arthur J. Gallagher Risk Management Services, Inc. **Two Pierce Place** **Itasca, IL 60143**	**Co. A ARCH INS CO (A+ XV)** **Co. B COMMERCE & INDUSTRY INS CO (A XV)**
Insured **Arthur J. Gallagher & Co. and its subsidiaries** **The Gallagher Centre** **Two Pierce Place** **Itasca, IL 60143**	**Co. C LIBERTY MUT FIRE INS CO (A XV)** **Co. D LEXINGTON INS CO (A XV) & XL SPECIALTY INS CO (A XV)** **Co. E FEDERAL INSURANCE CO (A++ XV)**

Coverages

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 memorandum may be issued by 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.

CO LTR	**TYPE OF INSURANCE**	**POLICY NUMBER**	**POLICY EFFECTIVE DATE**	**POLICY EXPIRATION DATE**	**LIMITS LIMITS IN USD UNLESS OTHERWISE INDICATED**	
A	**General Liability Commercial General Liability** Occurrence Per location Aggregate	41GPP4938406	10/01/13	10/01/14	General Aggregate	3,000,000
					Products – Comp/ Op Agg	3,000,000
					Personal and ADV Injury	1,000,000
					Each Occurrence	1,000,000

					Damage to Rented Premises (Ea occurrence)	100,000
A	**Automobile Liability** Any Auto	41CAB4939006 41CAB4938306	10/01/13 10/01/13	10/01/14 10/01/14	Combined Single Limit	2,000,000
					Bodily Injury (per person)	
					Bodily Injury (per accident)	
B	**Excess/Umbrella Liability** Retention: $10,000	BE 05842681	10/01/13	10/01/14	Each Occurrence	25,000,000
					Aggregate	25,000,000
A	**Workers' Compensation / Employers Liability**	41WCI4938106	10/01/13	10/01/14	Workers Comp Limits	Statutory
					EL Each Accident	1,000,000
					EL Disease – Policy Limit	1,000,000
					EL Disease – Each Employee	1,000,000
C	**Property**	YU2L9L452870013	10/01/13	10/01/14	Blanket Bldg & PP	10,000,000
E	**Crime/Fidelity** (Employee Dishonesty)	81326283	09/01/13	09/01/14	Single Limit	15,000,000
D	**Errors & Omissions** (Claims Made)	013345681 ELU13116713	09/01/13	09/01/14	Each Wrongful Act	20,000,000
					Aggregate	20,000,000

Description of Operations / Other Information:

The Memorandum of Insurance serves solely to list insurance policies, limits and dates of coverage. Any modifications hereto are not authorized.

(A)

Additional Information

LIABILITY INSURANCE

As respects GENERAL LIABILITY POLICY 41GPP4938406

ADDITIONAL INSURED-DESIGNATED PERSONS OR ORGANIZATIONS*:
This policy includes as an insured any person or organization for whom the insured has agreed under contract or other agreement to provide coverage prior to a loss, but only with respect to liability arising out of the Named Insured's operations or premises owned by or rented to the Named Insured, subject to exclusions as per form 00 GL0596 00 04 10.

BLANKET ADDITIONAL INSURED

SECTION II - WHO IS AN INSURED is amended to include as an additional insured the person or organization who is required under a written contract with you to be included as an insured under this policy but only with respect to liability arising out of your operations or premises owned by or rented to you per form # 00 GL0596 00 04 10.

*Includes all lessors

(B)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES

This endorsement Form # CG 20 11 04 13 modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

1. Designation of Premises (Part Leased to You): **ANY PREMISES OR PART THEREOF LEASED TO YOU.**
2. Name of Person or Organization (Additional Insured): **ANY AND ALL PERSONS OR ORGANIZATIONS CONTRACTUALLY REQUIRING ADDITIONAL INSURED STATUS AS THE MANAGER OR LESSOR OF PREMISES TO YOU.**
3. Additional Premium: **INCLUDED**

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:
1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

(C)

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

We waive any right of recovery we may have against the person or organization where required by written contract because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies where required by written contract.

****

As respects PROPERTY policy number YU2L9L452870013

This policy insures against "All Risks" of physical loss or damage, except as excluded, to covered property while on Described Premises, provided such physical loss or damage occurs during the term of this policy. Coverage is subject to policy deductibles, terms, conditions and exclusions.

9.3.9 Provide a list of all current markets available to the Broker or Broker's firm and the lines of coverage that you currently handle.

PROPRIETARY INFORMATION: Gallagher represents every major insurer in the United States and throughout the world. See representative list of both domestic and international carriers below:

Travelers Group
American International Group
Zurich Financial Services Ltd
Liberty Mutual Insurance Companies
Chubb Group of Insurance Companies
The ACE Group of Companies
The Hartford Insurance Group
Nationwide Group
Old Republic Insurance Group
Allianz Group
CNA Insurance Companies
W. R. Berkley Group
Berkshire Hathaway Insurance Group
Great American Property and Casualty Insurance Group
Tokio Marine US Group
Arch Insurance Group
FM Global Group
Alleghany Insurance Holdings
UnitedHealth Group
Munich-American Holding Corporation
Markel Corporation Group
White Mountains Insurance Group
XL Group Ltd.
AXIS Capital Holdings Limited
Fairfax Financial Holdings Limited
C.V. Starr & Company Inc
Argo Group
SPARTA Insurance Holdings, Inc.
Safety National Group
The Cincinnati Insurance Companies
Ironshore Insurance Group
ISMIE Mutual Group
The Hanover Insurance Group Property and Casualty Companies
Allied World Assurance Group

United Educators Insurance, a Reciprocal Risk Retention Group
Swiss Reinsurance Company Limited
ProMutual Group
ProAssurance Group
Accident Fund Group
Everest Re Group Ltd
Selective Insurance Group
HCC Insurance Group
QBE Insurance Group Limited
EMC Insurance Companies
Texas Mutual Insurance Company
Doctors Company Insurance Group
The NORCAL Group
Navigators Insurance Group
Alterra Capital Holdings Limited
Blue Cross / Blue Shield
Church Mutual Insurance Company
Westfield Group
Assurant Insurance Group
Beazley Group
ICW Group
Aegis Security Insurance Group
Catlin Group Limited
AmTrust Financial Group
RLI Group
Century Holding Company, Inc.
Hiscox Insurance Group
Louisiana Workers' Compensation Corporation
ACUITY, A Mutual Insurance Company
IAT Insurance Group
Signal Mutual Indemnity Assn Ltd
Canal Group
Amerisafe Insurance Group

Progressive Insurance Group
The North of England Protecting and Indemnity Association Limited
The Gray Insurance Group
Aspen Insurance Holdings Limited
PA School BDS Assoc
MS&AD US Insurance Group
Employers Insurance Group
United Fire & Casualty Group
The MLMIC Group
MDAdvantage Holdings, Inc
State Compensation Insurance Fund of California
Allstate Insurance Group
Torus Insurance Holdings Limited
Applied Medico-Legal Solutions Risk Retention Group, Inc.
Physicians' Reciprocal Insurers
BrickStreet Mutual Insurance Company
Franklin Holdings Group
State Auto Insurance Companies
Assuranceforeningen SKULD (Gjensidig)
LUBA Mutual Holding Company
Sentry Insurance Group
Western World Insurance Group
Endurance Specialty Group
COUNTRY Financial
FCCI Insurance Group
Pinnacol Assurance Company
Fidelity National Group
Companion Property and Casualty Group
United States Aircraft Insurance Group
Tower Group Companies
Manitoba Public Insurance
United America Indemnity Group

Gallagher is a full service Property & Casualty, Surety, and Employee Benefits Broker/ Consultants. Lines of Coverage include:

- General Liability
- Products Liability
- Contractual Liability
- Warranty/Representation
- Reputational Risk
- Cyber/Internet
- Personal Injury
- Umbrella Liability
- Excess Liability
- Property
- Inland Marine
- Ocean Marine
- Watercraft
- Cargo & Other Transit
- Equipment Breakdown
- Builders Risks
- Auto
- Workers Compensation
- Non-subscriber /Occupational Injury
- Crime
- Bonds
    - Notary
    - License
    - Performance
    - Bid
    - Construction
    - Payment
    - Misc/others
    - Credit
- Management Liabilities:
- Directors & Officers
- Employment Practices
- Fiduciary Liability
- Workers Compensation
- Aviation
- Environmental/Pollution
- Professional Liability/Errors & Omissions all types
    - Law Enforcement
    - Public Officials
    - Medical
    - Contractors/Design/Build
    - Lawyers
    - Accountants
    - Educators
    - Technology
    - Other Misc Professions
- Life
- Group Health
- Vision
- Long Term Care
- Dental
- Financial

PROPRIETARY INFORMATION: Gallagher represents every major insurer in the United States and throughout the world. See on the following pages a representative list of both domestic and international carriers with Premium Volume:

9.3.9 Carriers & Premium Volume

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:** { No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 1	Travelers Group	414,693,803	104,498,501	519,192,304	448,728,162	112,757,485	561,485,647	42,293,343	8.1%
	American International Group	280,255,368	208,147,379	488,402,748	269,146,741	227,026,855	496,173,597	7,770,849	1.6%
	Zurich Financial Services Ltd	240,338,748	174,688,479	415,027,227	279,442,785	177,094,807	456,537,591	41,510,364	10.0%
	Liberty Mutual Insurance Companies	377,919,353	41,632,481	419,551,833	320,880,711	38,072,414	358,953,126	(60,598,708)	(14.4%)
	Chubb Group of Insurance Companies	183,081,200	59,369,740	242,450,940	219,082,974	54,630,019	273,712,993	31,262,053	12.9%
	The Hartford Insurance Group	124,927,016	68,966,665	193,893,680	135,314,806	98,759,499	234,074,305	40,180,625	20.7%
	The ACE Group of Companies	130,075,519	33,095,158	163,170,677	135,619,986	29,400,652	165,020,637	1,849,961	1.1%
	Allianz Group	97,787,591	13,667,515	111,455,105	86,299,425	16,774,334	103,073,759	(8,381,347)	(7.5%)
	CNA Insurance Companies	67,333,262	16,682,425	84,015,687	76,925,278	20,130,369	92,055,648	13,039,961	15.5%
	Subtotal	**1,916,411,858**	**720,748,343**	**2,637,160,201**	**1,971,440,868**	**774,646,435**	**2,746,087,302**	**108,927,101**	**4.1%**
Tier 2	Old Republic Insurance Group	93,129,307	15,660,029	108,789,336	115,653,733	20,151,254	135,804,968	27,015,652	24.8%
	Tokio Marine US Group	43,235,842	17,086,967	60,322,810	70,657,327	16,933,341	87,590,668	27,267,858	45.2%
	Berkshire Hathaway Insurance Group	37,468,347	5,823,712	43,292,058	60,703,807	8,312,056	69,015,863	25,723,805	59.4%
	W. R. Berkley Group	41,768,625	3,802,368	45,570,993	55,988,439	10,185,476	66,173,915	20,602,922	45.2%
	Great American Property and Casualty Insurance Group	35,937,388	6,031,676	41,969,064	55,918,176	9,373,526	65,291,702	23,322,637	55.6%
	Nationwide Group	28,365,309	2,392,616	30,757,925	56,191,196	2,387,556	58,578,753	27,820,828	90.5%
	Fairfax Financial Holdings Limited	42,675,339	(1,995,333)	40,680,006	41,532,568	14,315,348	55,847,916	15,167,910	37.3%
	C.V. Starr & Company Inc	25,772,025	14,768,645	40,540,670	35,861,686	19,501,191	55,362,877	14,822,207	36.6%
	Arch Insurance Group	23,918,168	22,224,520	46,142,687	26,268,044	26,163,295	52,431,339	6,288,652	13.6%
	XL Group Ltd	23,116,349	10,530,788	33,647,137	32,983,345	15,761,518	48,744,862	15,097,726	44.9%
	The Hanover Insurance Group Property and Casualty Companies	29,765,850	4,864,121	34,629,971	40,155,175	4,005,328	44,160,503	9,530,531	27.5%
	White Mountains Insurance Group	33,391,926	4,588,168	37,982,394	36,543,882	4,954,511	41,498,393	3,515,999	9.3%
	Ironshore Insurance Group	11,218,800	8,143,796	19,362,596	20,463,985	10,696,046	31,160,031	11,797,435	60.9%
	Everest Re Group Ltd	8,310,002	18,792,375	27,102,377	10,961,852	16,056,105	27,017,957	(84,420)	(0.3%)
	AXIS Capital Holdings Limited	19,248,637	7,475,737	26,724,373	18,945,171	7,000,101	25,945,272	(779,102)	(2.9%)
	EMC Insurance Companies	14,179,090	2,416,525	16,595,615	22,974,620	774,142	23,748,761	7,153,146	43.1%
	Argo Group	25,712,829	3,198,946	28,911,775	19,935,356	3,250,914	23,186,270	(5,725,505)	(13.8%)
	Allied World Assurance Group	13,626,910	4,284,239	17,911,148	17,562,720	2,921,711	20,484,431	2,573,283	14.4%
	QBE Insurance Group Limited	21,246,225	465,560	21,711,785	17,190,794	1,239,373	18,430,116	(3,281,668)	(15.1%)
	Accident Fund Group	15,013,837	(1,526)	15,012,309	16,905,238	421,728	17,326,966	2,314,656	15.4%
	Westfield Group	13,295,880	537,613	13,833,493	15,418,099	639,412	16,057,511	2,224,018	16.1%
	Munich-American Holding Corporation	6,270,362	9,424,457	15,694,819	5,147,398	8,380,020	13,527,418	(2,167,402)	(13.8%)
	Progressive Insurance Group	8,614,814	10,672	8,625,486	11,566,834	(27,918)	11,538,915	2,913,429	33.8%
	Navigators Insurance Group	8,347,853	3,867,051	12,214,904	6,958,309	1,214,312	8,172,621	(4,042,282)	(33.1%)
	STAR AVIATION AGENCY INC.	0	0	0	26,892	456	27,348	27,348	/0

Jan 10, 2014 1 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**{ No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 2	**Subtotal**	**673,631,994**	**164,393,739**	**788,025,733**	**812,514,644**	**204,610,751**	**1,017,125,395**	**229,099,663**	**29.1%**
Regional	The Cincinnati Insurance Companies	31,495,180	247,953	31,743,133	52,586,368	461,481	53,047,849	21,304,716	67.1%
	Texas Mutual Insurance Company	23,176,920	4,929	23,181,849	23,503,383	0	23,503,383	321,534	1.4%
	HCC Insurance Group	11,521,249	7,616,151	19,137,400	14,205,608	8,354,124	22,559,732	3,422,331	17.9%
	Assurant Insurance Group	9,645,930	(1,984)	9,643,946	13,400,948	246,100	13,647,047	4,003,101	41.5%
	Louisiana Workers' Compensation Corporation	12,354,754	39	12,354,793	12,708,922	0	12,708,922	354,130	2.9%
	ACUITY, A Mutual Insurance Company	9,028,023	9,332	9,037,356	12,346,150	15,470	12,361,620	3,324,264	36.8%
	Argo Security Insurance Group	1,132,622	7,336,465	6,469,087	1,469,322	10,790,801	12,260,123	3,791,037	44.8%
	ICW Group	8,226,830	(2,535)	8,224,295	9,220,287	(6,851)	9,213,436	989,141	12.0%
	Citizens Property Insurance Corporation	2,969,385	(1,071)	2,968,314	2,322,120	1,071	2,323,190	(645,124)	(21.7%)
	Missouri Employers Mutual Insurance Company	1,860,692	214	1,860,906	1,732,136	(802)	1,731,334	(129,573)	(7.0%)
	Seabright Holdings, Inc.	5,131,755	23,843	5,155,598	1,236,077	0	1,236,077	(3,919,521)	(76.0%)
	Subtotal	**116,543,339**	**15,233,337**	**131,776,676**	**144,731,319**	**19,861,394**	**164,592,713**	**32,816,037**	**24.9%**
Specialty	FM Global Group	22,047,488	69,654,398	91,701,886	27,617,992	54,871,079	82,489,072	(9,212,814)	(10.0%)
	UnitedHealth Group	100,344,008	0	100,344,008	77,316,358	0	77,316,358	(23,027,650)	(22.9%)
	SPARTA Insurance Holdings, Inc.	34,581,765	516,737	35,098,502	55,484,766	157,586	55,642,352	20,543,850	58.5%
	Safety National Group	14,787,116	22,537,962	37,325,078	19,250,290	28,319,963	47,570,253	10,245,175	27.4%
	ISMIE Mutual Group	47,184,425	0	47,184,425	45,606,367	0	45,606,367	(1,578,058)	(3.3%)
	United Educators Insurance, a Reciprocal Risk Retention Group	9,997,504	22,071,983	32,069,486	14,148,389	24,651,192	38,799,581	6,730,094	21.0%
	ProAssurance Group	33,474,776	(1,025)	33,473,750	31,880,948	(42,948)	31,838,000	(1,635,751)	(4.9%)
	Selective Insurance Group	12,037,206	11,676	12,048,882	27,991,715	13,920	28,005,635	15,956,753	132.4%
	Doctors Company Insurance Group	20,788,807	63,039	20,851,846	21,174,669	0	21,174,669	322,824	1.5%
	Blue Cross / Blue Shield	20,278,078	1,390,963	21,669,041	16,672,260	495,294	17,167,553	(4,501,487)	(20.8%)
	The North of England Protecting and Indemnity Association Limited	4,409,897	(78,967)	4,330,930	10,619,291	1,416,098	12,035,389	7,704,459	177.9%
	The Gray Insurance Group	11,709,923	717,770	12,427,693	11,369,086	20,954	11,390,040	(1,037,654)	(8.3%)
	Amerisafe Insurance Group	7,792,434	647	7,793,070	10,893,944	180,771	11,074,716	3,281,345	42.1%
	The MLMIC Group	768,624	44,170	812,794	9,647,554	(4,927)	9,642,627	8,829,833	1,086.4%
	State Compensation Insurance Fund of California	5,790,638	167,776	5,958,414	9,570,873	1,056	9,571,929	3,613,515	60.6%
	Applied Medico Legal Solutions Risk Retention Group, Inc.	6,189,325	52,063	6,241,389	9,138,431	0	9,138,431	2,897,042	46.4%
	Physicians' Reciprocal Insurers	5,144,887	0	5,144,887	8,007,846	855,606	8,863,452	3,718,564	72.3%
	BrickStreet Mutual Insurance Company	6,785,809	2,887,419	9,673,228	8,803,676	0	8,803,676	(869,552)	(9.0%)
	American Steamship Owners Mutual Protection and Indemnity Association, Inc.	4,600,910	114,493	4,715,402	4,921,592	17,132	4,938,724	223,322	4.7%
	The National Catholic Risk Retention Group, Inc.	4,250,695	754,799	5,005,494	3,883,198	656,809	4,540,007	(465,488)	(9.3%)
	WellPoint Group	17,285,845	1,942,228	19,228,073	3,986,790	466,396	4,453,186	(14,774,887)	(76.8%)

Jan 10, 2014 2 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**(No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Specialty	Food Service Insurance Managers, Inc.	521,523	0	521,523	1,943,901	0	1,943,901	1,422,378	272.7%
	UPMC Health Insurance Group	4,533,657	0	4,533,657	597,582	0	597,582	(3,936,075)	(86.8%)
	Cam RRG	484,712	(18)	484,694	435,734	(2,415)	433,319	(51,375)	(10.6%)
	Pennsylvania School Boards Assn, Inc.	4,201,970	2,591,472	6,793,442	14,190	410,624	424,814	(6,368,628)	(93.7%)
	JM Woodworth RRG Inc	516,133	(9,558)	506,565	358,044	0	358,044	(148,521)	(29.3%)
	Florida Doctors Insurance Company	232,941	0	232,941	306,035	0	306,035	73,094	31.4%
	Kaiser Foundation Group of Health Plans	2,014,893	0	2,014,893	235,332	0	235,332	(1,779,560)	(88.3%)
	Emergency Physicians Insurance Co., RRG (EPIC)	1,785,664	0	1,785,664	146,534	0	146,534	(1,639,130)	(91.8%)
	Unitedhealthcare	1,736,505	0	1,736,505	0	0	0	(1,736,505)	(100.0%)
	Health Network Providers Mutual Insurance Co., RRG	3,256,306	0	3,256,306	0	0	0	(3,256,306)	(100.0%)
	Pennsylvania School Boards	3,497,328	1,386,556	4,883,884	0	0	0	(4,883,884)	(100.0%)
	North of England P&I Assn (Bermuda) Ltd	6,849,472	931,599	7,781,072	0	0	0	(7,781,072)	(100.0%)
	Subtotal	**419,881,244**	**127,748,182**	**547,629,426**	**432,023,390**	**112,483,690**	**544,507,079**	**(3,122,347)**	**(0.6%)**
Tier 3	Swiss Reinsurance Company Limited	4,459,586	7,885,285	12,344,871	13,864,014	11,128,262	24,992,276	12,647,405	102.5%
	Coverys RRG, Inc.	0	0	0	23,428,446	0	23,428,446	23,428,446	/0
	Brit Global Specialty USA	129,592	0	129,592	10,890,454	11,736,514	22,626,968	22,497,376	17,360.2%
	Unmapped Carrier	2,897,138	0	2,897,138	21,272,275	327,624	21,599,899	18,702,761	645.6%
	The NORCAL Group	14,645,227	46,927	14,692,154	21,340,860	(61,129)	21,279,731	6,587,577	44.8%
	International Medical Group	18,908,182	1,085	18,909,267	14,720,785	2	14,720,787	(4,188,480)	(22.2%)
	United Heartland	0	0	0	13,203,198	307,594	13,510,792	13,510,792	/0
	AmTrust Financial Group	6,218,823	374,590	6,593,412	12,940,181	451,969	13,392,150	6,798,738	103.1%
	Century Holding Company, Inc.	15,875,991	288,376	16,164,367	18,615,559	(5,623,107)	12,992,452	(3,171,915)	(19.6%)
	Signal Mutual Indemnity Assn Ltd	17,758,115	1,708	17,759,823	11,888,864	0	11,888,864	(5,870,959)	(33.1%)
	Allianz SE	0	0	0	10,234,269	649,226	10,883,495	10,883,495	/0
	PA School BDS Assoc	(50,555)	695,589	645,034	7,821,480	2,549,930	10,371,389	9,726,355	1,507.9%
	Employers Insurance Group	6,191,806	16,653	6,208,460	9,880,771	6,312	9,887,083	3,678,624	59.3%
	ProMutual Group	10,847,887	0	10,847,887	9,856,261	0	9,856,261	(991,626)	(9.1%)
	United Fire & Casualty Group	6,815,993	117,920	6,933,912	9,573,386	99,658	9,673,044	2,739,132	39.5%
	MDAdvantage Holdings, Inc	889,253	0	889,253	9,577,567	0	9,577,567	8,688,314	977.0%
	Allstate Insurance Group	6,135,405	57,791	6,193,196	9,495,205	(4,020)	9,491,185	3,297,989	53.1%
	MS&AD US Insurance Group	4,294,300	2,394,125	6,688,425	5,262,361	3,310,855	8,573,216	1,884,791	28.2%
	Assurantieinveningen SKULD (Gjensidig)	0	5,835,924	5,835,924	147,269	7,894,226	8,041,495	2,205,571	37.8%
	LUBA Mutual Holding Company	7,007,646	0	7,007,646	7,838,576	0	7,838,576	830,930	11.9%
	Sentry Insurance Group	3,550,562	1,302,240	4,852,801	5,739,163	2,046,391	7,785,554	2,932,753	60.4%
	SAIF Corporation	101,453	0	101,453	7,179,999	0	7,179,999	7,078,546	6,977.2%
	New York Marine Group	896,905	2,274,276	3,171,181	6,911,626	3,516	6,915,142	3,743,962	118.1%
	IAT Insurance Group	2,694,715	7,857	2,702,572	6,778,288	79,267	6,857,555	4,154,983	153.7%
	COUNTRY Financial	607,256	0	607,256	6,782,046	0	6,782,046	6,174,790	1,016.8%
	Beazley Group	3,992,354	1,276,412	5,268,766	4,916,876	1,829,251	6,746,127	1,477,361	28.0%

Jan 10, 2014 3 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**(No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	FCCI Insurance Group	3,985,235	(18,921)	3,966,314	6,743,018	(435)	6,742,584	2,776,270	70.0%
	Pinnacol Assurance Company	4,118,923	5,711	4,124,534	6,700,436	26,445	6,726,881	2,602,347	63.1%
	Companion Property and Casualty Group	5,214,736	324,255	5,538,991	6,476,475	95,774	6,572,249	1,033,258	18.7%
	Fidelity National Group	5,772,943	5,388	5,778,331	6,373,611	38,326	6,411,937	633,606	11.0%
	UPMC Health Benefits	0	0	0	6,356,661	0	6,356,661	6,356,661	/0
	United States Aircraft Insurance Group	2,379,680	1,022,048	3,401,728	5,141,003	1,206,923	6,347,926	2,946,198	86.6%
	Highmark Inc. Group	11,088	0	11,088	6,269,264	0	6,269,264	6,258,176	56,441.0%
	Manitoba Public Insurance	3,383,799	1,512,226	4,896,025	3,923,695	2,180,607	6,104,302	1,208,277	22.2%
	Houston International Ins. Group, Ltd.	0	0	0	2,439,770	3,500,535	5,940,305	5,940,305	/0
	RLI Group	3,607,989	1,041,336	4,649,325	4,526,124	1,259,933	5,786,057	1,136,732	24.4%
	State Auto Insurance Companies	5,329,791	12,166	5,341,957	5,640,959	33,689	5,674,647	332,691	6.2%
	Regional Insurance Services Company	4,626,649	72,773	4,699,422	5,500,511	23,693	5,524,204	824,782	17.6%
	Aetna Inc. Group	5,028,316	0	5,028,316	5,459,798	0	5,459,798	431,482	8.6%
	West Bend Mutual Group	4,994,840	31,772	5,026,612	5,450,097	1,361	5,451,458	424,846	8.5%
	Nonprofits Insurance Alliance Group	1,590,343	(4,813)	1,585,530	5,109,958	27,160	5,137,118	3,551,588	224.0%
	Catlin Group Limited	3,895,367	688,797	4,584,164	3,898,339	1,134,674	5,033,012	448,848	9.8%
	National Medical Professional Risk Retention Group, Inc.	0	2,681,262	2,681,262	0	4,995,913	4,995,913	2,314,651	86.3%
	Magna Carta Companies	20,632	0	20,632	4,804,373	1,075	4,805,448	4,784,816	23,191.2%
	RSA Insurance Group plc	2,432,079	1,164,004	3,596,083	3,276,623	1,453,098	4,729,721	1,133,637	31.5%
	Capson Physicians Insurance Company	2,333,046	0	2,333,046	4,671,736	1,731	4,673,467	2,340,421	100.3%
	Markel Corporation Group	2,599,582	41,851	2,641,433	4,318,188	353,565	4,671,752	2,030,319	76.9%
	Sompo Japan US Group	2,696,300	757,610	3,453,910	3,586,130	939,882	4,526,012	1,072,102	31.0%
	The National Group	3,037,570	0	3,037,570	4,522,010	0	4,522,010	1,484,440	48.9%
	CorePointe Insurance Company	106,566	362,750	469,316	4,422,704	90,455	4,513,159	4,043,843	861.6%
	OneBeacon Services, LLC	0	0	0	4,337,968	28,010	4,365,978	4,365,978	/0
	SECURA Insurance Companies	4,012,173	11,686	4,023,859	4,197,787	0	4,197,787	173,928	4.3%
	Auto-Owners Insurance Group	2,284,985	1,363	2,286,348	4,191,358	3,288	4,194,646	1,908,298	83.5%
	HDI U S Group	2,261,408	503,587	2,764,995	3,259,349	915,899	4,175,248	1,410,253	51.0%
	Alterra Capital Holdings Limited	2,226,448	1,078,534	3,304,983	2,986,996	1,132,717	4,119,712	814,730	24.7%
	Greater New York Group	77,254	0	77,254	4,098,490	231	4,090,721	4,013,467	5,195.2%
	MHIC Group, Inc.	4,469,771	3,886	4,473,657	4,028,155	38,720	4,066,875	(406,782)	(9.1%)
	Global Aerospace, Inc	2,782,705	397,948	3,180,653	3,706,777	347,650	4,054,427	873,774	27.5%
	Tower Group Companies	4,045,786	683,597	4,729,384	3,926,314	(41,713)	3,884,601	(844,783)	(17.9%)
	Mutual of Omaha Group	2,014,854	0	2,014,854	3,699,409	150,387	3,849,791	1,834,937	91.1%
	Intact Insurance Group	3,719,633	50,980	3,770,613	3,802,231	6,184	3,808,415	37,802	1.0%
	Western National Insurance Group	3,778,978	7,298	3,786,276	3,732,779	12,938	3,745,717	(40,560)	(1.1%)
	Nestle, S.A.	565,561	0	565,561	3,721,487	0	3,721,487	3,155,926	558.0%
	Plymouth Rock Companies	0	0	0	3,671,396	4,895	3,676,291	3,676,291	/0
	The PURE Group of	867,732	0	867,732	3,648,126	0	3,648,126	2,780,394	320.4%

Jan 10, 2014 4 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**{ No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Insurance Companies								
	Endurance Specialty Group	192,252	1,923,385	2,115,633	1,582,816	2,058,100	3,640,916	1,525,278	72.1%
	Petlife Auto & Home Group	1,325,876	0	1,325,876	3,557,507	1,572	3,559,079	2,233,203	168.4%
	Central Insurance Companies	2,957,282	341	2,957,623	3,503,033	950	3,503,983	546,360	18.5%
	Alaska National Corporation	4,310,435	10,782	4,321,217	3,469,904	(3,879)	3,465,025	(836,193)	(19.4%)
	RAG Mutual Group	0	0	0	3,468,435	0	3,468,435	3,468,435	/0
	WRM America Holding Company, LLC	1,526,677	688,933	2,215,610	2,991,054	440,792	3,431,846	1,216,236	54.9%
	Alabama Self-Insured Worker's Compensation Fund	1,991,556	0	1,991,556	3,401,969	0	3,401,969	1,410,413	70.8%
	The MEMIC Group	1,616,184	0	1,616,184	3,313,766	0	3,313,766	1,697,582	105.0%
	Penn National Insurance	925,331	30,925	956,256	3,272,467	4,875	3,277,342	2,321,086	242.7%
	Aviva Group	4,204,003	33,873	4,237,877	3,220,359	4,291	3,224,689	(1,013,187)	(23.9%)
	NCMIC Group	3,103,155	0	3,103,155	3,185,523	0	3,185,523	82,368	2.7%
	SEM Insurance Group	3,113,571	(34)	3,113,537	3,171,918	0	3,171,918	58,380	1.9%
	Allied International Holdings, Inc.	1,875,918	0	1,875,918	2,801,826	366,296	3,168,122	1,292,204	68.9%
	COPIC Group	2,419,122	0	2,419,122	3,143,834	0	3,143,834	724,711	30.0%
	GuideOne Insurance	2,907,834	294,928	3,202,762	2,871,774	57,795	2,929,569	(273,193)	(8.5%)
	Lumbermen's Underwriting Alliance	3,036,212	0	3,036,212	2,803,267	0	2,803,267	(232,946)	(7.7%)
	Mutual Marine Office, Inc.	605,089	103,654	708,743	1,953,310	763,897	2,717,207	2,008,464	283.4%
	Liberty Mutual Surety	0	0	0	2,390,929	287,152	2,678,081	2,678,081	/0
	Through Transport Mutual Insurance	856,598	668,240	1,524,838	866,388	1,741,107	2,607,495	1,082,666	71.0%
	Texas Medical Insurance Company	1,409,631	0	1,409,631	2,573,497	(421)	2,573,076	1,163,445	82.5%
	AXA Financial Group	1,709,364	170,334	1,879,698	2,277,675	265,735	2,543,410	663,712	35.3%
	Kemper Insurance Companies	2,449,484	28,356	2,477,841	2,510,214	210	2,510,424	32,583	1.3%
	Mountain States Insurance Group	1,008,323	0	1,008,323	2,429,326	0	2,429,326	1,421,003	140.9%
	Franklin Mutual Group	63,702	347	64,049	2,336,631	3,339	2,339,970	2,275,921	3,553.4%
	Church Mutual Insurance Company	1,325,538	1,009,310	2,334,848	1,557,745	781,651	2,339,396	4,548	0.2%
	Lexington National Insurance Corporation	0	0	0	2,258,406	0	2,258,406	2,258,406	/0
	Associated Electric & Gas Insurance Services Limited (AEGIS)	187	1,583,391	1,583,578	0	2,242,215	2,242,215	658,637	41.6%
	Energy Insurance Mutual Limited	0	1,135,691	1,135,691	0	2,184,647	2,184,647	1,048,956	92.4%
	Kentucky Employers' Mutual Insurance	1,170,611	0	1,170,611	2,164,792	0	2,164,792	1,043,181	93.2%
	Conventus Inter-Insurance Exchange	46,960	0	46,960	2,009,324	0	2,009,324	1,962,364	4,178.8%
	IFIC Group	1,952,665	7,213	1,959,878	1,913,843	1,366	1,915,196	(44,683)	(2.3%)
	Frankenmuth Insurance	1,785,095	1	1,785,096	1,881,690	31,519	1,913,209	128,113	7.2%
	Meadowbrook Insurance Group Inc.	3,006,526	1,160,001	4,166,527	1,246,166	646,884	1,893,050	(2,273,477)	(54.6%)
	Main Street America Group	750,772	787	751,558	1,804,773	0	1,804,773	1,053,215	140.1%
	Ally Insurance Group	0	0	0	1,742,234	0	1,742,234	1,742,234	/0

Jan 10, 2014 5 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**(No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		[illegible]			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	PGIT (Preferred Governmental Insurance Trust)	606,185	892,563	1,498,748	77,181	1,638,962	1,716,143	217,395	14.5%
	Guardian Life Group	3,812	12,078	15,889	1,661,029	0	1,661,029	1,645,140	10,353.8%
	ARX Holding Corp	237,078	0	237,078	1,645,048	0	1,645,048	1,407,970	593.9%
	Berkley North Pacific Group	259,011	0	259,011	1,545,901	26,465	1,572,366	1,313,355	507.1%
	Lancer Insurance Group	1,406,016	91,292	1,497,308	1,012,829	537,166	1,549,995	52,687	3.5%
	CompSource Oklahoma	1,550,399	0	1,550,399	1,533,872	0	1,533,872	(16,527)	(1.1%)
	Meadowbrook Insurance Group	1,174,766	1,176,990	2,351,756	1,337,942	166,781	1,524,723	(827,033)	(35.2%)
	Hiscox Insurance Group	2,073,894	570,703	2,644,597	1,442,364	65,025	1,507,389	(1,137,208)	(43.0%)
	American Safety Insurance Holdings, Ltd.	65,896	(150)	65,746	73,234	1,402,625	1,475,858	1,410,112	2,144.8%
	Pennsylvania Lumbermens Mutual Insurance Company	927,009	(3,724)	923,285	1,441,217	0	1,441,217	517,932	56.1%
	Guarantee Company of North America Group	1,559,956	18,736	1,578,692	1,424,189	844	1,425,033	(153,658)	(9.7%)
	Sun Life Group	226,075	683,940	910,015	664,810	696,117	1,360,927	450,912	49.5%
	Aspen	134,600	207,993	342,593	907,224	452,642	1,359,866	1,017,273	296.9%
	Builders Mutual Insurance Group	729,805	0	729,805	1,356,013	0	1,356,013	626,209	85.8%
	MAPFRE U.S.A. Group	10,469	0	10,469	1,351,705	2,501	1,354,206	1,343,736	12,834.3%
	Republic Companies Group	2,702,902	26,037	2,728,939	1,300,891	14,592	1,315,483	(1,413,455)	(51.8%)
	The Motorists Insurance Pool	1,947,023	0	1,947,023	1,309,675	0	1,309,675	(637,348)	(32.7%)
	Coface SA	2,956,964	238	2,957,202	1,208,049	9,048	1,217,097	(1,740,106)	(58.8%)
	XVI America Insurance Co.	0	0	0	1,213,114	0	1,213,114	1,213,114	/0
	CAIC Holding Company, Inc.	0	0	0	1,147,801	0	1,147,801	1,147,801	/0
	Assicurazioni Generali S.p.A.	0	672,355	672,355	31,763	1,109,464	1,141,226	468,871	69.7%
	* Lloyd's of London	3,924,663	664,895	4,589,558	1,781,471	(673,305)	1,108,165	(3,481,392)	(75.9%)
	Eastern Alliance Insurance Group	201,417	0	201,417	1,104,459	0	1,104,459	903,042	448.3%
	American Southern Group	0	671,842	671,842	0	1,090,802	1,090,802	418,960	62.4%
	Torus Insurance Holdings Limited	815,627	1,426,017	2,241,644	846,523	243,040	1,089,563	(1,152,081)	(51.4%)
	Merchants Bonding Co (Mutual) Group	1,118,538	11,299	1,129,837	1,056,056	14,430	1,070,486	(59,352)	(5.3%)
	Pekin Insurance Group	736,998	706	737,704	1,063,346	5	1,063,351	325,647	44.1%
	Service Insurance Group	797,000	(187)	796,813	1,035,286	0	1,035,286	238,473	29.9%
	Pennsylvania Manufacturers Insurance	2,847,594	1,001,664	3,849,258	563,236	408,743	971,979	(2,877,279)	(74.7%)
	GenWorth U.S. Insurance Group	974,552	0	974,552	971,242	0	971,242	(3,311)	(0.3%)
	Paladin Group	545,652	422,564	968,216	556,695	384,931	941,626	(26,590)	(2.7%)
	Axis Global Accident & Health	0	0	0	933,137	0	933,137	933,137	/0
	Amlin plc	167,317	0	167,317	925,284	0	925,284	757,967	453.0%
	Water Quality Insurance Syndicate	799,015	317,967	1,116,982	618,052	301,851	919,903	(197,079)	(17.6%)
	First Nonprofit Group	322,942	421,609	744,551	449,928	449,947	899,875	155,325	20.9%
	NBIC Insurance Group	0	0	0	851,591	4,980	856,571	856,571	/0
	Highmark Group	4,969,317	0	4,969,317	851,798	0	851,798	(4,117,519)	(82.9%)

* Lloyds - Refer to the individual Syndicate Rating

Jan 10, 2014 6 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**(No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Fire Districts Insurance Group	195,184	0	195,184	843,809	0	843,809	648,625	332.3%
	HCC Specialty Underwriters Inc.	0	0	0	823,100	4,200	827,300	827,300	/0
	Beacon Mutual Group	178,392	0	178,392	784,140	0	784,140	605,748	339.6%
	Merchants Insurance Group	2,426	0	2,426	773,021	0	773,021	770,595	31,764.0%
	Utica National Insurance Group	351,337	(19,512)	331,825	639,064	86,488	725,552	393,728	118.7%
	Mercury General Group	501,796	2,020	503,816	722,565	0	722,565	218,749	43.4%
	Falcon Insurance Company (HK)	0	20,598	20,598	223,200	490,562	713,762	693,164	3,365.1%
	Samsung Fire & Marine Insurance Co., Ltd.	0	0	0	702,161	0	702,161	702,161	/0
	Louisiana Home Builders Association	718,750	0	718,750	697,287	0	697,287	(21,463)	(3.0%)
	Midwest Financial, LLC	17,602	0	17,602	696,604	0	696,604	679,002	3,857.5%
	Travelers Insurance Company of Canada	0	0	0	468,394	216,313	684,707	684,707	/0
	Iron-Starr	635,000	0	635,000	675,000	0	675,000	40,000	6.3%
	Mercer Insurance Group	883,499	0	883,499	668,839	0	668,839	(214,660)	(24.3%)
	Amerind Risk Mgmt Corp	96,252	0	96,252	663,648	0	663,648	567,396	589.5%
	Capital Insurance Group	320,598	0	320,598	640,154	600	640,754	320,156	99.9%
	Andover Companies Pool	0	0	0	630,651	7,530	638,181	638,181	/0
	MetLife Brokerage	1,778,459	0	1,778,459	605,615	0	605,615	(1,172,844)	(65.9%)
	New Mexico Mutual Group	240,436	67,732	308,168	537,508	66,950	604,458	296,290	96.1%
	Sequoia Insurance Group	580,776	0	580,776	602,997	0	602,997	22,221	3.8%
	Alleghany Insurance Holdings	761,469	17,312	778,781	293,703	308,253	601,957	(176,824)	(22.7%)
	The Insco Dico Group	340,888	5,808	346,696	571,342	13,325	584,667	237,971	68.6%
	Cathay Century Insurance Co Limited	0	742,748	742,748	0	582,000	582,000	(160,748)	(21.6%)
	Mutual Insurance Co Ltd	372,749	0	372,749	300,163	261,322	561,485	188,736	50.6%
	Texas Medical Liability Insurance Underwriting Association	1,114,815	0	1,114,815	551,920	0	551,920	(562,895)	(50.5%)
	Columbia Insurance Group	158,843	(2,207)	156,636	537,992	0	537,992	371,357	222.9%
	Primerica Group	440,072	0	440,072	537,731	0	537,731	97,659	22.2%
	Aspen Insurance Holdings Limited	168,781	2,000	170,781	538,094	(2,000)	536,094	365,312	213.9%
	GUARD Insurance Group	90,823	0	90,823	523,715	0	523,715	432,892	476.6%
	Standard Insurance Group	301,678	0	301,678	518,816	0	518,816	217,137	72.0%
	Arrowpoint Capital Group	194,748	0	194,748	511,833	6,230	518,063	323,315	166.0%
	PLICA	7,260	0	7,260	(190)	471,989	471,799	464,539	6,398.6%
	Lexon Bond Group	436,517	1,295	437,812	473,744	(2,235)	471,509	33,697	7.7%
	SureTec Financial Corp	286,736	(2,224)	284,512	470,662	(1,433)	469,229	184,717	64.9%
	CIGNA Group	640,414	950	641,364	466,931	950	467,881	(173,483)	(27.0%)
	First Acceptance Insurance Group	890,418	0	890,418	459,591	0	459,591	(430,827)	(48.4%)
	NHRMA Mutual Insurance Company	187,760	0	187,760	455,560	0	455,560	267,800	142.6%
	Unum Insurance Group	276,298	10,369	286,667	444,463	8,055	452,518	165,851	57.9%
	Universal Insurance Group of Puerto Rico	876,122	8,519	884,641	440,692	11,129	451,821	(432,820)	(48.9%)
	Atradius U.S. Companies	399,737	345,663	744,390	508,624	(63,886)	444,937	(299,363)	(40.2%)

Jan 10, 2014 7 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**{ No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Donegal Group	137,406	0	137,406	438,932	0	438,932	301,526	219.4%
	HSAAD Insurance Group Holdings, Inc.	0	0	0	435,291	0	435,291	435,291	/0
	Lackawanna Insurance Group	2,818,080	0	2,818,080	432,853	0	432,853	(2,385,227)	(84.6%)
	KESA the KY Workers Compensation Fund	117,275	0	117,275	432,805	0	432,805	315,530	269.1%
	Quaker Special Risk	0	0	0	393,416	35,651	429,066	429,066	/0
	NYCM Insurance Group	488,568	0	488,568	399,270	0	399,270	(89,298)	(18.3%)
	Midwest Family Mutual Insurance Company	0	0	0	385,237	0	385,237	385,237	/0
	Westport Insurance Company	0	346,327	346,327	0	379,388	379,388	33,061	9.5%
	Grain Insurance and Guarantee Company	48,496	0	48,496	362,359	0	362,359	313,863	647.2%
	Hardy Bermuda Ltd	81,862	0	81,862	356,127	0	356,127	274,265	335.0%
	American Nuclear Insurers	2,125	35,876	38,001	2,125	351,531	353,656	315,655	830.6%
	ULLICO P&C Group	143,600	30,160	173,760	336,226	15,015	351,241	177,481	102.1%
	American Strategic Insurance Group	1,716,966	0	1,716,966	344,464	0	344,464	(1,372,502)	(79.9%)
	Northbridge Indemnity Corporation	0	0	0	260,908	76,000	336,908	336,908	/0
	Louisiana Restaurant Association	232,419	0	232,419	325,775	0	325,775	93,356	40.2%
	Oil Insurance Group	1,626,868	0	1,626,868	317,041	0	317,041	(1,309,827)	(80.5%)
	Franklin Holdings Group	412,634	0	412,634	316,135	0	316,135	(96,499)	(23.4%)
	Underwriters at Lloyd's London (IL)	34,049	291,213	325,262	309,819	5,989	315,808	(9,454)	(2.9%)
	Lincoln Financial Group	264,508	0	264,508	312,321	0	312,321	47,813	18.1%
	GARD MARINE & ENERGY LTD. (GARDM)	72,474	27,810	100,285	63,831	242,295	306,126	205,841	205.3%
	AIOI Insurance Company, LTD	264,581	267,857	532,437	294,861	0	294,861	(237,576)	(44.6%)
	State Farm Group	242,017	0	242,017	281,007	0	281,007	38,990	16.1%
	Trisura Guarantee Insurance Company	295,499	14,875	310,374	260,629	14,875	275,504	(34,870)	(11.2%)
	Sterling Insurance Company	269,375	0	269,375	269,915	0	269,915	540	0.2%
	Generali Group	211,836	269,557	481,393	220,154	47,372	267,526	(213,867)	(44.4%)
	Medmarc Insurance Group	160,814	5,040	165,854	249,932	9,678	259,610	93,756	56.5%
	Ariel Holdings, Ltd.	266,442	0	266,442	256,521	0	256,521	(9,921)	(3.7%)
	Hanseatic Insurance Co (Bda) Ltd	180,172	86,500	266,672	177,913	72,868	250,781	(15,891)	(6.0%)
	Aspen American Insurance Company	32,500	9,000	41,500	260,135	(13,230)	246,905	205,405	495.0%
	ProAlliance Group	237,072	0	237,072	240,796	0	240,796	3,724	1.6%
	Sheffield Group	324,863	0	324,863	234,582	0	234,582	(90,282)	(27.8%)
	Leading Insurance Group Insurance Co., Ltd. (United States Branch)	126,829	0	126,829	232,670	0	232,670	105,841	83.5%
	The Auto Club Group	140,321	0	140,321	232,012	0	232,012	91,691	65.3%
	Principal Life Group	183,978	0	183,978	229,002	0	229,002	45,024	24.5%
	Mutual Benefit Group	360,917	(98)	360,819	222,461	0	222,461	(138,358)	(38.3%)
	A.I.M. Mutual Insurance Companies	456,299	0	456,299	220,160	0	220,160	(236,138)	(51.8%)

Jan 10, 2014 8 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**{ No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Mosaic Underwriting Services Inc	994,496	663,550	1,658,045	42,100	175,242	217,342	(1,440,703)	(86.9%)
	Builders Insurance Group	129,504	0	129,504	216,533	0	216,533	87,029	67.2%
	Universal Reinsurance Company	0	166,400	166,400	0	214,000	214,000	47,600	28.6%
	Chandler Insurance Company, Ltd.	309,711	0	309,711	213,297	0	213,297	(96,414)	(31.1%)
	ATLANTIC STATES GROUP	0	0	0	203,689	6,022	209,711	209,711	/0
	The Standard Steamship Owners' Protection & Indemnity Association (London) Limited	0	528,348	528,348	0	204,400	204,400	(323,948)	(61.3%)
	Integon National Group	234,631	0	234,631	199,711	0	199,711	(34,920)	(14.9%)
	Vermont Mutual Group	202,927	0	202,927	198,194	0	198,194	(4,733)	(2.3%)
	PrideMark-Everest Insurance Services	204,517	0	204,517	193,448	0	193,448	(11,069)	(5.4%)
	AXI Asset Protection Jersey, Ltd.	202,586	0	202,586	189,254	0	189,254	(13,332)	(6.6%)
	Arrogee Insurance Group	0	0	0	186,997	170	187,167	187,167	/0
	The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)	275,270	13,312	288,582	171,952	13,312	185,265	(103,317)	(35.8%)
	Housing and Redevelopment Insurance Exchange	0	305,589	305,589	0	184,619	184,619	(120,970)	(39.6%)
	ULLICO Group, Inc.	0	0	0	152,068	32,082	184,150	184,150	/0
	Kansas Medical Mutual Insurance Company	405,467	63,561	469,028	137,539	42,152	179,691	(289,337)	(61.7%)
	Amerisure Companies	490,250	0	490,250	179,518	0	179,518	(310,732)	(63.4%)
	Safeguard Service Insurance Company	306,525	0	306,525	174,033	0	174,033	(132,492)	(43.2%)
	Argus Group Holdings Limited	79,641	0	79,641	165,250	0	165,250	85,609	107.5%
	Reliamax Insurance Company	138,128	0	138,128	158,846	0	158,846	20,718	15.0%
	The West of England Ship Owners Mutual Insurance Association (Luxembourg)	109,932	52,665	162,597	157,487	0	157,487	(5,110)	(3.1%)
	NEW EMPIRE GROUP LTD	69,662	900	70,562	150,859	1,468	152,327	81,765	115.9%
	Rehab Services Corporation	6,248	0	6,246	148,884	0	148,884	142,636	2,282.8%
	Montana State Fund	0	141,863	141,863	0	144,665	144,665	2,802	2.0%
	FHM Insurance Company	799,620	708	800,328	143,126	0	143,126	(657,202)	(82.1%)
	Steamship Mutual U/W Assoc.	140,303	0	140,303	139,644	0	139,644	(659)	(0.5%)
	Maxum Specialty Insurance Group	164,453	(750)	163,703	137,985	0	137,985	(25,718)	(15.7%)
	First Cardinal Corporation	158,308	0	158,308	128,188	0	128,188	(30,120)	(19.0%)
	The Argos Group	124,811	0	124,811	125,458	0	125,458	647	0.5%
	Abbaszadeh Dental Group, Inc.	25,003	0	25,003	123,778	0	123,778	98,775	395.1%
	Charter Insurance Group	311,016	21,799	332,815	123,575	0	123,575	(209,240)	(62.9%)
	Universal Insurance Holdings Group	155,128	0	155,128	98,585	0	98,585	(56,543)	(36.4%)
	Canal Group	616,124	0	616,124	92,539	0	92,539	(523,585)	(85.0%)
	Allstar Financial Group	171,900	11,159	183,059	111,818	(22,700)	89,118	(93,941)	(51.3%)
	British Marine	117,445	0	117,445	82,950	0	82,950	(34,495)	(29.4%)
	Protective Life Corp.	109,573	0	109,573	79,478	0	79,478	(30,095)	(27.5%)

Jan 10, 2014 9 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**{ No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	NJM Insurance Group	141,004	0	141,004	64,317	12,470	76,788	(64,216)	(45.5%)
	AEGON USA Group	55,522	0	55,522	74,718	0	74,718	19,196	34.6%
	NLASCO Group	67,449	0	67,449	63,663	0	63,663	(3,786)	(5.6%)
	Lawyers' Mutual Insurance Company	120,706	0	120,706	61,985	0	61,985	(58,721)	(48.6%)
	Quirk Group	64,200	0	64,200	59,281	0	59,281	(4,919)	(7.7%)
	Berkley Specialty Underwriting Managers LLC	0	0	0	10,206	48,501	58,707	58,707	/0
	National Financial Group	0	0	0	27,538	28,875	56,413	56,413	/0
	Steven Harmon Trust	6,697	0	6,697	54,558	0	54,568	47,871	714.8%
	AIC Insurance Group	12,940	0	12,940	54,472	0	54,472	41,532	321.0%
	SOCIETY INSURANCE, a mutual company	145,601	0	145,601	53,308	0	53,308	(92,293)	(63.4%)
	MetLife Inc.	0	0	0	50,356	0	50,356	50,356	/0
	Oregon Mutual Group	133,900	0	133,900	49,401	0	49,401	(84,499)	(63.1%)
	US Risk of Virginia	37,389	0	37,389	48,927	0	48,927	11,538	30.9%
	Grange Mutual Casualty Group	6,624	0	6,624	47,744	0	47,744	41,120	620.8%
	Totten Group Insurance	34,823	0	34,823	47,256	0	47,256	12,433	35.7%
	Centene Group	48,109	0	48,109	47,078	0	47,078	(1,030)	(2.1%)
	Atlantic Mutual Insurance Company	429,263	0	429,263	45,005	0	45,005	(384,258)	(89.5%)
	Torchmark Corp.	56,595	0	56,595	44,925	0	44,925	(11,670)	(20.6%)
	Grupo Nacional Provincial S.A.	0	5,425	5,425	37,481	6,862	44,343	38,918	717.4%
	California Earthquake Authority	24,708	0	24,708	44,273	0	44,273	19,564	79.2%
	Michigan Commercial Insurance Mutual	397,488	0	397,488	41,353	0	41,353	(356,135)	(89.6%)
	American Hull Insurance Syndicate	15,593	588,824	604,418	0	39,588	39,588	(564,830)	(93.5%)
	Banker's Solutions	34,252	0	34,252	37,623	0	37,623	3,371	9.8%
	Strickland Insurance Group	46,234	0	46,234	34,812	0	34,812	(11,422)	(24.7%)
	Glenn Harris & Associates	25,511	0	25,511	34,649	0	34,649	9,138	35.8%
	NKSJ Holdings, Inc.	26,957	0	26,957	33,902	0	33,902	6,945	25.8%
	Travelers Assigned Risk MO	0	0	0	33,289	0	33,289	33,289	/0
	Berkley Offshore Underwriting Managers, LLC	0	0	0	4,948	26,744	31,691	31,691	/0
	Legal & General America Group	13,486	0	13,486	31,688	0	31,688	18,202	135.0%
	Vision Service Plan Group	23,344	0	23,344	30,762	0	30,762	7,418	31.8%
	United Marine Underwriters	22,511	0	22,511	28,385	0	28,385	5,874	26.1%
	NLC Mutual Insurance Company	0	0	0	26,186	0	26,186	26,186	/0
	Louisiana Safety Association of Timber	0	0	0	25,138	0	25,138	25,138	/0
	The Westaim Corporation	45,336	6	45,341	24,949	0	24,949	(20,392)	(45.0%)
	First Indemnity of America Insurance Company	0	0	0	23,291	0	23,291	23,291	/0
	Humana Group	(308)	0	(308)	23,088	0	23,088	23,396	(7,596.2%)
	Shipowners Insurance & Guaranty Co Ltd	149,339	23,043	172,382	19,470	3,306	22,776	(149,606)	(86.8%)
	DRC Insurance Holdings,	33,608	0	33,608	21,157	0	21,157	(12,451)	(37.0%)

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**{ No Bill Type }, Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2014			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Inc.								
	Health Care Service Corporation Group	67,370	0	67,370	21,015	0	21,015	(46,355)	(68.8%)
	Dentegra Group	144,807	0	144,807	19,755	0	19,755	(125,052)	(86.4%)
	Aspen Holdings, Inc.	284,712	0	284,712	19,721	0	19,721	(264,991)	(93.1%)
	First American Corporation Property Casualty Companies	787	0	787	17,052	0	17,052	16,265	2,066.7%
	Trean Corporation	11,798	0	11,798	16,763	0	16,763	4,965	42.1%
	Bankers Insurance Group	5,256	0	5,256	16,372	0	16,372	11,116	211.5%
	Louisiana Commerce & Trade Association	0	0	0	13,846	0	13,846	13,846	/0
	Transport Mutual Insurance Association Ltd.	24,283	0	24,283	12,500	0	12,500	(11,783)	(48.5%)
	Symetra Life Group	0	0	0	12,169	0	12,169	12,169	/0
	MAPFRE S.A.	0	0	0	11,334	0	11,334	11,334	/0
	United America Indemnity Group	29,136	25	29,161	10,603	0	10,603	(18,558)	(63.6%)
	Zenith-Redfield & Assoc. Inc.	3,266,816	138,442	3,405,257	10,500	0	10,500	(3,394,757)	(99.7%)
	Infinity Property & Casualty Group	7,510	0	7,510	9,692	0	9,692	2,182	29.1%
	Flagstaff Insurance Inc.	0	7,887	7,887	0	8,485	8,485	598	7.6%
	Hull Insurance Company	(5,781)	0	(5,781)	7,795	0	7,795	13,576	(234.8%)
	American Marine Insurance	3,553	(1,093)	2,460	6,816	0	6,816	4,356	177.1%
	South Western Ins. Group Ltd.	(4,071)	7,928	3,857	449	3,968	4,416	559	14.5%
	Non-Profits United Vehicle Insurance Pl	17,820	0	17,820	4,158	0	4,158	(13,662)	(76.7%)
	Universal Surety Group	180	0	180	4,052	30	4,082	3,902	2,167.8%
	American Contractors Insurance Group	5,849	0	5,849	3,962	0	3,962	(1,887)	(32.3%)
	The Berkely Group	10,080	322	10,402	3,551	0	3,551	(6,851)	(65.9%)
	Injured Workers Insurance Fund	380,815	0	380,815	2,951	0	2,951	(377,864)	(99.2%)
	Rain and Hail Insurance Service, Inc.	0	0	0	2,792	0	2,792	2,792	/0
	HCC Surety Group	0	0	0	2,271	0	2,271	2,271	/0
	OneAmerica Group	(10,535)	0	(10,535)	2,153	0	2,153	12,688	(120.4%)
	American Federated Group	(1,469)	0	(1,469)	2,070	0	2,070	3,539	(240.9%)
	URIFI Companies	0	0	0	2,015	0	2,015	2,015	/0
	Intco Insurance Services, Inc.	271,118	0	271,118	1,701	0	1,701	(269,417)	(99.4%)
	MassMutual Financial Group	391	0	391	1,447	0	1,447	1,056	269.9%
	FMIHC, Inc.	2,352	0	2,352	1,388	0	1,388	(964)	(41.0%)
	Palisades Group	18,946	0	18,946	1,310	0	1,310	(17,636)	(93.1%)
	Louisiana Medical Mutual Insurance Company	459,213	0	459,213	1,223	0	1,223	(457,990)	(99.7%)
	AIMCO Mutual Insurance Company	215	0	215	992	0	992	777	361.4%
	Warranty Group Inc	0	0	0	856	0	856	856	/0
	USPlate Glass Insurance Company	428	0	428	798	0	798	370	86.4%
	GE Capital Services Group	131,826	0	131,826	607	0	607	(131,219)	(99.5%)

Jan 10, 2014 11 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**(No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commision	Premium Fee	Premium Total	$	%
Tier 3	Independence Holding Company Group	7,226	0	7,226	485	0	485	(6,741)	(93.3%)
	Lowndes Lambert (B.C.) Ltd	91,774	89,187	180,961	8,600	(8,129)	471	(180,490)	(99.7%)
	HDFC Group	360	0	360	360	0	360	0	0.0%
	Windsor-Mount Joy Mutual Insurance Company	252	0	252	284	0	284	32	12.7%
	Travel Guard Group, Inc.	359	0	359	177	0	177	(182)	(50.7%)
	BASI Holdings, Inc.	24,463	0	24,463	90	0	90	(24,373)	(99.6%)
	Kingsway America Group	0	0	0	10	0	10	10	/0
	Brit Insurance Holdings N.V.	96,908	0	96,908	0	0	0	(96,908)	(100.0%)
	Falcon Aviation	(1,351)	0	(1,351)	0	0	0	1,351	(100.0%)
	PMI Mortgage Group	0	3,534	3,534	0	0	0	(3,534)	(100.0%)
	ACMAT Corporation	4,317	0	4,317	0	0	0	(4,317)	(100.0%)
	Ameriguard Risk Retention Group, Inc.	0	(509,558)	(509,558)	0	0	0	509,558	(100.0%)
	Western World Insurance Group	0	0	0	0	0	0	0	/0
	COMMERCIAL UNION	7,945	0	7,945	0	0	0	(7,945)	(100.0%)
	Discovery Insurance Company	0	(12)	(12)	0	0	0	12	(100.0%)
	PIC Wisconsin Group	0	0	0	0	0	0	0	/0
	Lackawanna Casualty Co.	0	0	0	0	0	0	0	/0
	AAA Mid-Atlantic Insurance Group	0	0	0	0	0	0	0	/0
	Economical Insurance Group	436,402	0	436,402	(7,502)	0	(7,502)	(443,904)	(101.7%)
	Majestic Capital, Ltd.	(12,996)	0	(12,996)	0	0	0	12,996	(100.0%)
	Security Mutual Life Insurance Company of New York	6,247	0	6,247	0	0	0	(6,247)	(100.0%)
	Surety Company of the Pacific	390	0	390	0	0	0	(390)	(100.0%)
	Brit Insurance Holdings PLC	682,039	356,311	1,038,350	0	0	0	(1,038,350)	(100.0%)
	American Physicians Group	168,593	0	168,593	0	0	0	(168,593)	(100.0%)
	American Capital Assurance Group	52,522	0	52,522	0	0	0	(52,522)	(100.0%)
	Medical Assurance Company of Mississippi	0	0	0	0	0	0	0	/0
	Zurich National Life Assurance Company Limited	0	3,188	3,188	0	0	0	(3,188)	(100.0%)
	National Benefit	20,585	0	20,585	0	0	0	(20,585)	(100.0%)
	Oriska Insurance Companies	157,690	0	157,690	0	0	0	(157,690)	(100.0%)
	PartnerRe Ltd	0	92,631	92,631	0	0	0	(92,631)	(100.0%)
	GMAC Insurance Group	24,752	0	24,752	0	0	0	(24,752)	(100.0%)
	Quanta Insurance Group	0	0	0	0	0	0	0	/0
	State Workers' Insurance Fund	0	0	0	0	0	0	0	/0
	Berkley Underwriting Partners, LLC	0	0	0	0	0	0	0	/0
	American Longshore Mutual Assn Ltd	787,310	57,500	844,810	0	0	0	(844,810)	(100.0%)
	Arbella Insurance Group	23,514	0	23,514	0	0	0	(23,514)	(100.0%)

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:**(No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Pacific Underwriters	4,940	0	4,940	0	0	0	(4,940)	(100.0%)
	Professional Liability Insurance Company	165,416	0	165,416	0	0	0	(165,416)	(100.0%)
	Shoreline Mutual (Bermuda) Ltd	51,252	13,568	64,820	0	0	0	(64,820)	(100.0%)
	The People's Insurance Company (Group) of China Limited	0	0	0	0	0	0	0	/0
	Valiant Insurance Group	647	0	647	0	0	0	(647)	(100.0%)
	Alternative Insurance Services, Inc.	100	0	100	0	0	0	(100)	(100.0%)
	FIN Acquisition Limited	0	3,500	3,500	0	0	0	(3,500)	(100.0%)
	Michigan Millers Mutual Insurance Company	175,068	0	175,068	(1,045)	0	(1,045)	(176,113)	(100.6%)
	Preferred Professional Insurance Company	0	(4,691)	(4,691)	0	0	0	4,691	(100.0%)
	Speed Service Insurance Group, Inc.	103,800	65,067	168,867	0	0	0	(168,867)	(100.0%)
	A1 South Insurance Company	0	0	0	0	0	0	0	/0
	Alwin Insurance Companies	0	0	0	0	0	0	0	/0
	Guardian Insurance Group	0	1,625	1,625	0	0	0	(1,625)	(100.0%)
	HIP Group	1,337,538	0	1,337,538	0	0	0	(1,337,538)	(100.0%)
	NBIC Holdings, Inc.	92,858	0	92,858	0	0	0	(92,858)	(100.0%)
	Colonial Insurance Group	0	0	0	0	0	0	0	/0
	Loews Corporation	23,300	0	23,300	(1,740)	0	(1,740)	(25,040)	(107.5%)
	Amwest Surety Insurance Company	7,500	0	7,500	0	0	0	(7,500)	(100.0%)
	AmTrust Financial Services, Inc	683,859	0	683,859	0	0	0	(683,859)	(100.0%)
	GE Global Insurance	2,858	0	2,858	0	0	0	(2,858)	(100.0%)
	North Carolina Insurance	3,804	0	3,804	0	0	0	(3,804)	(100.0%)
	Utica Insurance Company	53,133	2,191	55,324	0	0	0	(55,324)	(100.0%)
	Allied Administrators	665	0	665	0	0	0	(665)	(100.0%)
	Kramer Wilson Company Inc	61,159	0	61,159	(3,546)	0	(3,546)	(64,705)	(105.8%)
	Ohio National Life Group	2,055	0	2,055	(1,027)	0	(1,027)	(3,082)	(150.0%)
	CG Investor, LLC	106,148	0	106,148	(6,645)	0	(6,645)	(112,793)	(106.3%)
	Healthcare Underwriters Group of Florida	889,162	0	889,162	(203,563)	0	(203,563)	(1,092,725)	(122.9%)
	Ontario Teachers' Pension Plan	561,369	191,072	752,442	0	0	0	(752,442)	(100.0%)
	Arrak Ltd	14,465	0	14,465	0	0	0	(14,465)	(100.0%)
	Capitol Insurance Company	(1,743)	0	(1,743)	0	0	0	1,743	(100.0%)
	Co-operators Group	351,421	0	351,421	0	0	0	(351,421)	(100.0%)
	International Transport Intermediaries Club Limited	28,725	0	28,725	(3,000)	0	(3,000)	(31,725)	(110.4%)
	Metropolitan Life and Affiliated Companies Group	85,309	0	85,309	0	0	0	(85,309)	(100.0%)
	Quanta Specialty Lines Insurance Company	0	0	0	0	0	0	0	/0
	Transamerica Insurance Company	366	0	366	0	0	0	(366)	(100.0%)
	Atlantic Surety & Insurance	0	0	0	(15)	0	(15)	(15)	/0
	Educators Mutual Life	0	0	0	(731)	0	(731)	(731)	/0

Jan 10, 2014 13 Carriers by Tier & Branch - Sorted on Current Year Premium Total

PROPRIETARY INFORMATION

Carriers by Tier - Sorted on Current Year Premium Total

For Years: 2013 **And Months:** January, February, March, April, May, June, July, August, September, October, November, December
Region: BSD - Florida Region, BSD - Information Technology, BSD - Management, BSD - Midwest Region, BSD - North Central Region, BSD - Northeastern Region, BSD - South Central Region, BSD - Southeast Region, BSD - Western Region **Branch:** All
Product Line Type: Commercial, Personal **Bill Type:** (No Bill Type), Agency Bill, Direct Bill, Lienholder Bill, Unmapped Bill Type

		2012			2013			Premium Year over Year	
		Premium Commission	Premium Fee	Premium Total	Premium Commission	Premium Fee	Premium Total	$	%
Tier 3	Insurance Company								
	Subtotal	**373,715,673**	**58,943,338**	**432,659,011**	**610,977,815**	**81,813,854**	**692,791,669**	**260,132,658**	**60.1%**
Total		**3,450,184,107**	**1,087,066,939**	**4,537,251,046**	**3,971,688,035**	**1,193,416,124**	**5,165,104,159**	**627,853,113**	**13.8%**

Jan 30, 2014 14 Carriers by Tier & Branch - Sorted on Current Year Premium Total

9.4 Experience

9.4.1 A list of all current public sector clients in the *State of Texas*, the dates of engagement for each client. Include the following information for each public sector client:

9.4.1.1 Name and address of the client; See Client List Following

9.4.1.2 Name and telephone number of contact person; See Below and Client List

9.4.1.3 Summary of the savings and/or cost reductions obtained on behalf of the client as a result of your services

Gallagher is not permitted to disclose client information. Please contact the client directly for information regarding their insurance program. Typical areas where we often find or are able to negotiate cost reductions include:

- Utilizing our aggressive client centric marketing process to secure the lowest possible premium in the marketplace.
- Misclassification of Employees in Workers Compensation coverage
- Misclassification of automobiles and trucks
- Misclassification of exposures and/or the description of client operations
- Incorrect building location and/or description and/or construction and protection
- Specifically on Fort Bend's property program, Gallagher was able to obtain greater detail of the building construction, roof supports and other secondary building characteristics. This additional information improved the RMS Property model which enabled Fort Bend to obtain a very competitive property rate.
- Changing of Policy dates and/or Program Restructuring
- Often times we encourage clients to move their expiration dates particularly if the client has property located in Tier 1 or Tier 2 Texas – coastal. Clients will receive better terms and conditions, and stable pricing when property insurance is not being purchased during hurricane season. There is already a huge demand for coverage during this time which makes for a crowded market, and if a storm does occur, pricing tends to soar.
- We were able to move Fort Bend County from October 1 to April 1 this past year.
- Carrier Loss Control visits- saves the client valuable premium dollars when the insurance carrier understands the client's risk. Further, often times we are able to negotiate additional loss control credits from the insurers.
- Recommending higher deductibles and/or self-insured retentions based upon historical analysis of claims.
- Updating Claim data- particularly by attending claim reviews, we can determine if a claim is over-reserved based upon new information regarding a particular claim.
- Program Consolidation- often by consolidating a program with common expiration dates and the ability to "package" coverages will often yield better scale economies.

- Bringing in new carrier partners-Gallagher's size in the market place (we are ranked #3 in the U.S) provides us with the ability to bring our "clout" into the negotiation process with underwriters. We have "preferred" status with many of our companies which enables us to obtain reduced rates without impacting broad coverage structures we negotiate; given the volume of business we place with them.

OTHER CURRENT CLIENTS:

Allen ISD
612 Bethany Dr.
Allen, TX 75002
John Palm: 972-236-0645

Alamo Community College
799- Pat Booker Rd. Ste 111
Live Oak, TX 78233
Michael Legg: 210- 485-0206

Central Texas College
6200 West Central Expressway
Killeen, TX 76549
Deborah Shibley: 254- 526-1347

City of Beaumont
801 Main St. Room 135
Beaumont ,TX 77701
Joel Sistrunk: 409- 880-3126

City of Coppell
255 Parkway Blvd.
Coppell, TX 75019
Vivyon Bowman 972-304-3648

City of Harlingen
118 E. Tyler St.
Harlingen, TX 78550
Belinda Castillo: 956- 216-5042

City of Plano (Gallagher, LA office services)
1520 Avenue K
Plano, TX 75075
Jim Miller: 972-941-5660

City of San Angelo
72 W. College Ave
San Angelo, TX76903
Corina Martinez: 325-657-4359

Coleman County Tax District
105 Commercial
Coleman, TX 76834

Bill Jones 915-625-4155

Collin County
2300 Bloomdale Road, Suite 4117
McKinney, TX 75071
Erica Johnson: 972-548-4782

Collin County Healthcare Foundation
2300 Bloomdale Road, Suite 4117
McKinney, TX 75071
Erica Johnson: 972-548-4782

Dallas County
509 Main St. Suite 100
Dallas, TX 75202
Urmit Graham:214-653-7604

Dallas County Community College District
4343 N. Hwy 67
Mesquite, TX 75050
John King:972-860-7752

Fort Worth Transportation Authority
1600 E. Lancaster
Ft. Worth, TX 76102
Melanie Kroeker: 817
Fort Bend County
301 Jackson Suyite 224
Richmond, TX 77469
Wyatt Scott: 281-341-4493

Harris County
1310 Prairie, Suite 400
Houston, TX 77002
Kelly Nichols: 713-274-5462

Henderson County Community Supervision
109 W Corsicana St, Ste 100,
Athens TX 75751
Sharon Blackmon: 903- 675-6122

Houston ISD
5827 Chimney Rock, Suite 5827
Houston, TX 77081
Mary Margaret (Peggy) Roberts: 713-556-9229

Capital Metro Transit of Austin (Gallagher Houston)
2910 East Fifth Street
Austin, Texas 78702
Michael Nyren: 512-389-7549
Montgomery County
501 N. Thompson, Ste 202
Conroe,TX 77301
Virginia Little: 936-760-6935

Rockwall County Central Appraisal
841 Justin Rd.
Rockwall, Texas 75087
Tara Moffatt: 972-771-2034

San Antonio Police Officers & Fire Fighters Benefit
Plan & Trust
C/O Boon-Chapman Benefit Administrators, Inc.
P. O. Box 9201
Austin, TX 78766
Cynthia Ramirez: 512-233-7180

Plano ISD
6301 Chapel Hill Blvd.
Plano, TX 75093
Darla Bishop: 469-752-4756

Texas Eastern 911
132 N. Marshall St.
Henderson, TX 75652
Pam Allen: 903:657-0911

Young County Appraisal District
P.O.Box 337
Graham, TX 76450
Luke Robbins 940-549-2392

State of Texas
300 West 15th Street #6,
Austin, TX 78701
Michelle Tooley 512-936-2942

State of Texas includes the following divisions:

Adjutant General's Office
Office of the Attorney General
Office of Court Administrators
Texas Comptroller of Public Accounts
Court of Criminal Appeals
Court of Appeals - First District of Texas
Court of Appeals - Second District of Texas
Court of Appeals - Fourth District of Texas
Court of Appeals - Fifth District of Texas
Court of Appeals - Sixth District of Texas
Court of Appeals - Seventh District of Texas
Court of Appeals-Fourteenth Court
8th Judicial District Community Supervision
Texas Credit Union Department
Department of Banking
Department of State Health Services
Texas Employees Retirement System
Texas General Land Office
Office of Court Administration
Office of Injured Employee Counsel
Texas Parks & Wildlife
Sam Houston State University
State Office of Risk Management
Midwestern State University
State Preservation Board
Stephen F. Austin State University
Sul Ross State University
Supreme Court of Texas Childrens' Commission
Teacher Retirement System
Texas Board of Architectural Examiners
Texas Board of Nursing
Texas Board of Professional Engineers
Texas Board of Professional Geoscientists
Texas Department of Housing and Community Affairs
Texas Department of Insurance

Texas Department of Motor Vehicles
Texas Department of Transportation
Texas Higher Education Coordinating Board
Texas Historical Commission
Texas Juvenile Probation Commission
Texas Lottery Commission
Texas Pre-paid Higher Education Tuition Board
Texas School for the Blind and Visually Impaired
Texas Public Finance Authority
Texas State Board of Public Accountancy
Texas Southern University
Texas State University System Foundation
Texas State Board of Public Accountancy
Texas State Library and Archives Commission
Texas State Technical College - Abilene
Texas State Technical College – Breckenridge
Texas State Technical College – Brownwood
Texas State Technical College – Marshall
Texas State Technical College – Sweetwater
Texas State Technical College System
Texas State University - San Marcos
Texas State University System
University of Houston
University of Houston - Clear Lake
University of Houston – Downtown
University of Houston - Victoria
University of North Texas at Dallas
University of North Texas at Denton
University of North Texas Health Science Center at Fort Worth
University of North Texas System Administration
University of Texas System (Gallagher Houston services)

9.4.1.4 Provide a three (3) year list of Texas local governments of current and past clients with an explanation of why past clients are no longer with your firm.

Texas Local Governments: Current Clients

Public Entity Reference	Since 2010
Firm/Company Name:	**Collin County**
Contact Name	Erica Johnson
Address, City, State, Zip Code:	2300 Bloomdale Road, Suite 4117, McKinney, TX
Telephone No:	972-548-4782
E-mail Address:	erjohnson@collincountytx.gov

Public Entity Reference	Since 2003
Firm/Company Name:	**Montgomery County**
Contact Name	Virginia Little
Address, City, State, Zip Code:	50l N. Thompson Ste 202, Conroe, TX 77301
Telephone No:	936-760-6935
E-mail Address:	Virginia.Little@mctx.org

Public Entity Reference	Since 2002
Firm/Company Name:	**State of Texas**
Contact Name	Michelle Tooley, Senior Insurance Consultant
Address, City, State, Zip Code:	300 West 15th Street #6, Austin, TX 78701
Telephone No:	512) 475-1440
E-mail Address:	michelle.tooley@sorm.state.tx.us

Also: Fort Bend County: Contact Wyatt Scott and/or Sandy Kucera. Fort Bend has been a Gallagher client since 2008 (Gallagher Dallas) and 2004 (Gallagher Houston).

Texas Local Governments: Past Clients

Term:	2000 to 2009
Firm/Company Name:	**Mesquite ISD**
Contact Name	James Huckaby
Address, City, State, Zip Code:	405 E. Davis, Mesquite, TX 75149
Telephone No:	972-882-7333
E-mail Address:	JHuckaby@mesquiteisd.org
Reason for leaving:	RFP Process

Term:	1998 to 2011
Firm/Company Name:	**City of Carrollton**
Contact Name	Bob Scott or Karen Rodgers
Address, City, State, Zip Code:	1945 E. Jackson Road,Carrollton, TX 75006
Telephone No:	872-466-3110 (B.Scott) 972-466-4844
E-mail Address:	Bob.scott@ cityofcarrollton.com or Karen.Rodgers@cityofcarrollton.com
Reason for leaving:	Risk Pool: Texas Municipal League

Term:	1985 or earlier to 2006
Firm/Company Name:	**City of University Park**
Contact Name	Luanne Hanford
Address, City, State, Zip Code:	3800 University Blvd. University Park, TX 75205
Telephone No:	214-987-5305
E-mail Address:	lhanford@uptexas.org
Reason for leaving:	Risk Pool: Texas Municipal League

9.4.2 Provide a list of past Public Sector clients with an explanation of why past clients are no longer with your firm. Include the date you originally obtained the client and the date terminated. Please include a contact number for the past client(s).

Other former clients:

Mesquite ISD
James Huckaby
972-882-7333
Term: 2000 to 2009
Reason for leaving: RFP Process

City of Carrollton
Bob Scott or Karen Rodgers
872-466-3110 (B.Scott) 972-466-4844 (Karen Rodgers)
Term: 1998 to 2011
Reason for leaving :Risk Pool: Texas Municipal League

City of University Park
Luanne Hanford
214-987-5305
Term:1985 (?) to 2006
Reason for leaving: Risk Pool: Texas Municipal League

Bexar County
Gary O'Bar:
210-335-2219
Term: 1994-2006(?)
Reason for leaving: Unknown/ RFP Process

Brazos County
Bill Jeanes
979- 361-4247
Term: 2000-2005?
Reason for leaving: Unknown/ RFP Process

City of Dallas
Pamela Robertson
214-670-3576
Term: 1999-2007
Reason for leaving: Unknown/RFP Process

Henderson County
Claudia Donoho
903-675-6145
Term: 2002-2010
Reason for Leaving: Unknown/RFP Process

Midland County
Julie Marks
432-688-1823
Term: 1999-2008
Reason for Leaving: Unknown/RFP Process

Beaumont ISD
Patty Barnett
409- 617-5000
Term: 2006-2011
Reason for leaving: Consolidated Equipment Breakdown Program Gallagher had in place with Property Coverage

Denton County Transportation Authority
Anna Mosqueda
972-315-6090
Term: 2005-2010
Reason for leaving: Unknown/RFP Process/ Risk Pool

City of Tyler
Sara McCracken
903-531-1149
Term: 2002-2008
Reason for leaving: Unknown/RFP Process

City of Pasadena
Karen Wallace
713-475-4997
Term: 2000 (?) to 2007
Reason for Leaving: Unknown/RFP Process

9.4.3 Résumés for the key personnel to be involved in providing services to Fort Bend County to include a list of all insurance licenses held.

Program Manager and Primary Contact

Cyndi Boehle , CIC CRM
Area Sr. Vice President
Two Lincoln Center, Suite 400
5420 LBJ Fwy. | Dallas, TX 75240
T 972-663-6126 | M 214-455-7611
cyndi_boehle@ajg.com

Cyndi holds the following Texas licenses: General Agent, Surplus Lines Agent , and Risk Manager .

As your program manager, Cyndi will have direct accountability for the performance of all team members. She will be responsible for managing all resources committed to your account, including but not limited to:

- Successful delivery of all products and services
- Managing the work flow and scheduling of services and deliverables
- Oversight of all services
- Scheduling and attending meetings
- Learning and understanding any concerns of the City and proposing solutions
- All Marketing and Coverage Review of the City's operational insurance program
- Contract review including lease agreements and other contractual insurance requirements
- Provide recommendations and coverage enhancements of the insurance program
- Identification of additional exposures and provide cost effective solutions
- Provide information: Market conditions and any proposed legislative change
- Provide support and information related to any special projects or needs
- Overall responsibility for the protecting the interests of the City

Cyndi is Gallagher Dallas' Public Entity Practice leader. Cyndi has **over 30 years** of industry experience, and has served many types of public entity accounts, including cities, counties, school districts, transportation authorities and other Texas special districts. She has extensive marketing experience with both the domestic and international insurance carriers, providing public entity clients with insurance program design and structure, marketing and placement, including owner-controlled construction insurance programs

Cyndi is a member of numerous trade association groups, including PRIMA. She holds a B.S. in Economics and Finance from the University of Texas at Dallas.

Account Executive

Paulina Jesionek
Arthur J. Gallagher & Co., Dallas
T: 972-663-6193
M: 469-867-3527
Paulina_Jesionek@ajg.com

Paulina holds a Texas General Agents License

Paulina Jesionek, Account Executive is dedicated to supporting the needs of our current Public Entity clients, as well as bringing in new ones. Paulina's responsibilities include but are not limited to:

- Development and successful acquisition of new business revenue
- Client service and policy management
- Growth, client retention, and process efficiency
- Marketing and negotiating with underwriters
- Strategy functions on coverage design

Paulina started out at Gallagher in the Summer of 2013 as a Sales Intern and worked part-time as an Assistant Account Manager while finishing a Bachelor of Science in Marketing and Bachelor of Science in Global Business at The University of Texas at Dallas. She came to Gallagher full-time as an Account Executive in the Summer of 2014 and is currently working on a Master of Science in Healthcare Management and a Master of Business Administration at The University of Texas at Dallas.

Market Specialist

Cheryl Kelley
Area Vice President, Gallagher Dallas
T: 972-663-6130 or 800-777-9418
M: 972-467-7295
cheryl_kelley@ajg.com

Cheryl holds a Texas General Agents License

Cheryl will assist the team in providing additional back up to and will be available to respond to your questions, address your concerns, manage and coordinate Gallagher resources in Cyndi's absence. Cheryl's responsibilities include:

- Support all service tasks
- Attending the City's meetings periodically
- Learn and understand the City's account
- Support marketing endeavors
- Support with Gallagher resource coordination
- Resource for questions and Gallagher added value
- Support the Team in protecting the interests of the City

Cheryl has over 25 years of insurance experience, including 13 years working with higher education and public entity accounts.

Cheryl has over 20 years of service Gallagher's Dallas office and has served in all aspects of client service, marketing and managing carrier relationships, agency administration and internal auditing.

Assistant Account Manager

Shirley Qualls, ACSR
Gallagher Dallas
T: 972-663-6173
shirley_qualls@ajg.com

Shirley holds a Texas General Agents License

Shirley is the Team assistant account manager, designated to support the Team in all aspects of clerical support.

Shirley's responsibilities include but are not limited to:

- Responding to our clients' needs and services daily
- Supporting team scheduling and assisting with service delivery
- Invoicing Support and Policy management
- Client document management support
- Preparing insurance reports
- Assist with Certificates of Insurance and Automobile ID Cards
- Distribution of information including current legislative and other important news events of interest to our public entity accounts.

Shirley has over 20 years of insurance experience. Her primary focus is client service, including policy administration, checking and processing endorsements, verifying invoices, managing certificates of insurance, reviewing and verifying accuracy of client documents, and agency support administration.

Assistant Account Manager

Paula Jensen
Gallagher Dallas
T: 214.365.7964
Paula_Jensen@ajg.com

Paula Holds a Texas General Agents License

Assistant Account Manager with over 25 years of experience in the insurance industry. Paula will support the Account Managers on Fort Bend account and help with certificate issuance and other day-to-day administrative activities.

<table>
<tr><td></td><td>Regional Claims Manager

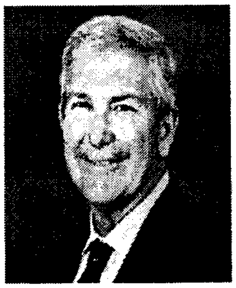
Toby A. Grist, CCLA
Vice President of Claims, South Central Region
T: 972.663.6147
M: 214.505.7912
toby_grist@ajg.com

Toby holds the following licenses and designations:
Casualty Claims Law Associate designation (CCLA) – American Education Institute, Inc.
Texas All-lines Adjuster License – Texas Department of Insurance
Texas Managing General Agency License – Texas Department of Insurance
Louisiana All-lines Adjuster License – Louisiana Department of Insurance
New Mexico All-lines Adjuster License – New Mexico Department of Insurance</td></tr>
</table>

Toby will be the lead in providing claims advocacy in all aspects of managing the City 's claims. Toby will be a key Gallagher resource assisting in controlling claims costs. Toby and his team's responsibilities include but are not limited to:

- Client Claim Advocate: interfacing with adjusters daily
- Identify Claims within the data provided by TPA for review
- Schedule and coordinate quarterly claim reviews with TPA,
- Discuss and report on all open items following claim reviews
- Prepare claim reports
- Conduct and report on findings of semi-annual claim audits
- Identify qualified providers of TPA services
- Assist and coordinate marketing of TPA services
- Provide TPA comparisons of services and costs and provide Gallagher's recommendation
- On –going reporting of recommendations to improve upon claims cost and services

Toby has over 25 years of experience in building and leading high performing claim operations that improve customer service and financial results. Toby began his career as a claims investigator and adjuster, then moved into claims operation management for several different insurance companies (with in-house and TPA operations). Toby has managed claim offices across the U.S., managed post-acquisition transitions, led national consolidation and regionalization initiatives, and overseen various size and formats of claim operations that cover as many as 31 states and 450 associates.



Senior Property Claims Specialist

Jeffrey W. Perkins
Area Vice President, Claims
T: 972.663.6152 | M: 214.412.8043
jeff_perkins@ajg.com

Jeff holds the following licenses:
Licensed Multi-Adjuster since 1980
Licensed in Texas, Oklahoma, Kentucky and South Carolina
Licensed Agent Oklahoma 1988, Texas 1998

Jeff has more than 30 years of proven experience in complex commercial property, equipment, inland marine, and general liability claims. He extensively pursues continuing education in all aspects of claims handling, negotiation, litigation, vendor and consultant management to at the forefront of ever-changing issues. Jeff has personally handled plant explosions, multimillion dollar hurricane and earthquake losses, flood and fatality transportation claims. He has extensive training and experience with insurers, TPAs, major engineering and consulting firms, and national insurance defense firms. He has experience in admitted and non-admitted markets, Lloyd's and state-run pools and corporations. Jeff's specialty is complex property and business interruption claims.

Senior Casualty Claims Specialist

Steven R. Ballard, CPCU, SCLA
Area Vice President, Claims
O: 214-365-7925 | C:817-269-7143
Steve_ballard@ajg.com

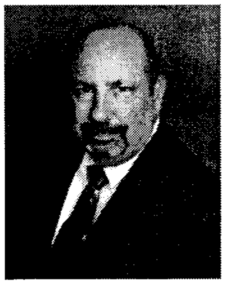
Steve holds the following licenses:
Licensed Adjuster since 1979
Licensed Adjuster in Texas since 1985

Steve has over 30 years of extensive training and knowledge of the various facets of claims handling, investigation, and negotiation. He has the expertise and experience needed to evaluate claims and advise clients as to the various exposures facing them, the risks associated with the exposures, and recommend options available to facilitate amicable resolutions. Steve also has extensive multiline experience involving Commercial General Liability, Workers Compensation, • Professional Liability, Commercial Property, and Personal Lines claims. Extensive background in insurance related litigation.

CREDENTIALS

- B.B.A. Finance — Specialization in Insurance, University of Arkansas at Little Rock

• Awarded 1989 Employers Insurance of Texas' Home Office Award of the Year for Outstanding performance
• Senior Claims Law Associate Designation from the American Education Institute, Inc.
• Completed Chartered Property Casualty Underwriter program



Senior Loss Control Specialist

Troy J. Guidry, CSP
Area Vice President, Loss Control
Troy_Guidry@ajg.com

Troy holds the following licenses:
Certified Safety Professional - #19804

Degreed professional with 20 years' experience in loss control with specialization in oil and gas, transportation and construction risks.

Evaluation of prospect safety programs, identified gaps provided solutions to control risk.

Certified Driver Trainer of Liberty Mutual's Decision Driving train the trainer program.

Collaborated with consultant teams to establish transportation best practices for Driver Profile, vehicle accident investigation workshops, driver training implementation protocols, motor carrier fleet safety workshops and energy risk assessments.

Developed and managed loss control service plans for major oil and gas policyholders.

CREDENTIALS

B.S. - Industrial Technology, University of Southwestern Louisiana

Certified Safety Professional - #19804

Professional Member- American Society of Safety Engineers

Associate Member – Association of Energy Service Contractors – HSE Committee

EMPLOYMENT EXPERIENCE

Loss Control Specialist – Arthur J. Gallagher & Co. – 2013-present

Sr. Loss Control Consultant – Liberty Mutual Insurance – 1996-2013

Senior Environmental Specialist

Richard Rogers, SCLA
Area Vice President, Claims
Richard_Rogers@ajg.com

Richard holds the following licenses:
Licensed Adjuster since 1990
Licensed Adjuster in Texas, Louisiana and Oklahoma

EXPERIENCE

A degreed professional with more than 22 years' experience in complex casualty claim litigation with a specialization in oil & gas casualty losses in addition to GL, Auto, Product, Premises, Security, Personal liability exposures.
Extensive technical, legal, managerial, evaluation, negotiation and leadership continuing education.
Extensive contract, master service agreement, indemnity and additional insured analysis and coverage skills over multiple jurisdictions.
Participant on development/rewrite of Energy policy coverage forms and endorsements.
Have personally handled multimillion dollar claims, including rig/well loss, fatalities, severe burns, sexual assaults, traumatic brain injury, quad/paraplegia, amputation and other serious injuries.
Favorable mediation resolution of over 400 cases.

CREDENTIALS

B.B.A. – Specialization in Marketing University of Texas at Arlington
Licensed Adjuster since 1990
Licensed Adjuster in Texas, Louisiana and Oklahoma
Senior Claims Law Associate Designation from the American Education Institute, Inc.
Claim Liaison, Chubb Southwest, Region Cornerstone Agent
Petroleum Strategic Committee member, Chubb Energy Resources
Claim ReEngineering Liability Team, AEtna Home Office, 1994
Claim Team Building Team initiative, AEtna Home Office, 1993
"Tops in Class," AEtna Casualty Claim Skill School
AEtna National Pride in Professionalism Gold Award (1 of 3 in company)

EMPLOYMENT EXPERIENCE

Senior Claims Advocate — Arthur J. Gallagher & Co. – 2012-Present
Senior Litigation Examiner — Chubb & Son, a Division of Federal Insurance Company – 1996-2012

Executive Account Sponsor

Daniel M. Tropp, CIC
Area President, Dallas
T: 972.663.6184
Dan_Tropp@ajg.com

Dan holds the following licenses:
Texas General Agent and Surplus Lines licenses
25+ non-resident state General Agent Licenses

FIELDS OF EXPERTISE

- Private Equity / Merger & Acquisitions consulting
- Alternative Loss Funding Mechanisms
- Risk Management Consulting
- National & Multi-National Commercial Accounts
- Public Entity, Scholastic and Higher Education
- Loss Sensitive and Self Insurance Programs

EXPERIENCE

- Over 15 years as commercial insurance broker, concentrating on mid-size and large entities
- Consulted buyers and sellers on over 250 M&A transactions from a risk management perspective
- Developed and implemented traditional and non-traditional insurance programs for public entity, higher education and large commercial accounts
- Developed procedures and administrative guidelines for evaluating agent/broker, TPA and insurer performance against client service, loss and premium objectives

CREDENTIALS

- BA – Economics, Loras College, Dubuque, IA
- MBA – Finance, Lake Forest Graduate School of Management, Lake Forest, IL
- Certified Insurance Counselor designation achieved in 2005

PROFESSIONAL AFFILIATIONS

- Risk and Insurance Management Society
- Managing Director, Gallagher Equity Advisors
- Member Gallagher Public Entity Practice
- Member Gallagher Construction Practice
- Independent Insurance Agents of Texas

9.5 Proposal

Work Plan

Gallagher's Services go beyond those described in Section 8.0 of the RFP. Our Services for Fort Bend County include but are not limited to :

Retail Property/Casualty Brokerage

Insurance Brokerage Services

Marketing/Program Design

- Obtain loss history, schedules, and copies of all polices currently in force from the underwriting companies and prior broker to assure a smooth transition of file management.
- Begin discussions with the County Risk Management staff to develop a marketing strategy for all coverages, and service requirements for underwriting submission
- Prepare RMS-13 analytics for property, compare to RMS-11
- Prepare underwriting submissions and review with Fort Bend County Risk Management staff prior to delivery to market place
- Identify markets for Property and Casualty lines of coverage. All carriers approached will maintain A.M. Best ratings of A-VII or higher in accordance with Gallagher Professional Standards doctrine
- Negotiate most advantageous coverage and pricing terms
- Schedule meetings with underwriters and Fort Bend County Risk Management staff.
- Analyze policy forms and negotiate appropriate enhancements and extensions
- Evaluate alternative plans and present objective comparisons of options
- Prepare and report recommendations to client
- Prepare Market Summary Reports on Marketing endeavors
- Prepare Insurance Summary Reports

Review and Verification of all Policies, Plan Documents and Premiums

- Review of new and renewal insurance policy terms, conditions, rates and premiums prior to delivery to Fort Bend County with a list of open items pending corrections.
- Maintain and update schedules of locations and statements of values of all assets
- Review and update Named Insured schedules
- Maintain and update vehicle schedules
- Interim endorsements and changes
- Premium audits
- Loss sensitive rating plan adjustments/dividend calculations

Comprehensive Risk Analysis Reports

- Identify risk exposures through carrier supported loss control inspections, personal visits and client interviews and claims history
- Develop recommendations on risk transfer options for each identified area of exposure
- Analyze appropriate deductible/retention levels and limits of liability
- Evaluation claims potential and claims handling
- Review Loss Trends and other risk management reports
- Identify and explain uninsured areas, recommend new coverages

Program Administration

- Prepare on a timely basis binders, certificates of insurance, schedules of insurance, etc.
- Communicate information to lenders and others who might have an insurable interest in various assets being covered in Fort Bend County's insurance program
- Communicate with insurance companies for timely delivery of endorsements, etc.
- Allocate premiums by entity or profit center
- Transmit invoices
- Prepare information required by client auditors

Risk Management Activities

- Coordinate with and monitor insurance company loss control representatives and independent loss control engineers
- Review indemnity and insurance sections of contracts including leases and sub-contractor agreements. Gallagher has been reviewing most all of the proposed agreements from Fort Bend County vendors and other service providers. Some of the contracts we have reviewed include:
  - Volunteer Workers
  - Volunteer Minors/Tabaco Decoy Agreement
  - Indemnification Agreements
  - Recommended insurance requirements- minimum limits, and higher limits on
  - hazardous work or services
  - Insurance requirements-small business
  - Insurance requirements- movers
  - Workers Compensation requirements vs. one owner firms
  - Landfill Risk Transfer Recommendations
  - University of Houston Library Agreement
  - Adopt a Road
  - Homeowner Association Contracts- Law Enforcement

- Mutual Service Agreements with other surrounding governments including Missouri City
- Medical Professional (Oak Bend Medical)
- Cyber risk insurance requirements for certain vendors having access to Fort Bend's information and/or information systems
- Lease of Premises insurance requirements
- Any many others.

Provide consulting on risk management implications of new acquisitions or new endeavors including new construction and major renovation projects

Claims Management

- Provide Claims Status Reports
- Review any written insurer or third party administrator claims handling standards
- Recommend innovative approaches on individual cases to help resolve claims at lowest possible cost
- Report claims and monitor timeliness of insurer response
- Act as client advocate on claims with difficult or contentious coverage issues to obtain broadest possible coverage interpretations
- Assist with negotiation of complex property and business interruption claims

Risk Management Information

- Maintain data base of prior premium and claims history that is updated based on current claims valuations no less frequently than annually
- Maintain data base of historical exposure bases such as revenues, square footage, property values, payroll and vehicle schedules
- Provide loss runs from insurers

Client Communications

- Provide insurance policy registers and summaries of Coverage
- Perform account status meetings and other meetings as needed
- Provide continual updates on insurance market conditions as they relate to cost and availability of coverage for future renewals
- Communicate adverse developments promptly so that there are as few surprises as possible
- Discuss evaluation of the performance of Arthur J. Gallagher at every opportunity
- Provide industry related information on proposed legislation and industry

trends which may have an impact Fort Bend County s Risk Management Program

Other services

- Perform special projects/site visits/hazard evaluations as requested
- Provide day to day risk management advice and counsel
- Other services to be determined as needs may develop induding claim reviews, claim services, and loss control.

9.5.1 Performance measures and management procedures used to track and ensure quality of work and deliverables described in Section 8 of this RFP.

Service Standards

Our service teams are structured based on the client's needs and service requirements. Workloads are analyzed to ensure individuals have the time to commit to your account, especially during critical renewal periods. Finally, we look for experienced individuals who we believe are easy to work with, who will relate well with you and their fellow team members.

We commit to providing Fort Bend County, Texas with full access to our team for consultation and answers to operational and plan design and coverage issues on day-to-day issues as part of our customer service philosophy which is summarized according to the following five tenets:

Partnership: We view our relationship as a professional partnership whose mission is to provide a cost-effective, quality risk management program for Fort Bend County, Texas.

Accountability: We are accountable for our services and our work.

Accessibility: We are accessible to Fort Bend County, Texas personnel. Whether in person, on the phone, via e-mail, or through our web-based platforms, we are responsive to client requests and concerns.

Reliability: We use our expertise in brokerage, higher education risk management, program design, actuarial analysis, legal review, and long-term planning to provide practical advice that can be relied upon when making critical decisions.

Flexibility: We recognize that Fort Bend County, Texas is a dynamic place to work and study. As such, plans change and so do service demands. We are flexible in meeting your changing needs.

Our renewal service standards (outlined below) and our day-to-day client service standards speak to our timeliness of availability and turnaround time for responses. Our client service standards include the following:

Phone Calls Returned within 3-6 hours with the exception that calls received after 5:00 p.m. may be returned the following morning. All team members are available via cell phones.

Certificates of Insurance Issued within 24 hours of receipt of request. Rush certificates are accommodated (InSight available).

Request for Information/Data We will confirm expected time frame for projects requiring more than one week and will regularly advise Fort Bend County, Texas on status of request.

Policy Delivery We strive to deliver all polices within 60 days of renewal, via paper or electronically (CD-ROM or flash drive).

AJG Renewal Service Standards

Initiative	Task	Critical Date
Program Analysis	• Deductible/Retention Analysis • Exposure/Coverage Analysis • Review of Alternative Risk Financing Options • Update Uninsured/Underinsured Insurables • Prepare request for underwriting information • Discussions with potential markets	180 days prior to renewal
Pre-Renewal Meeting	• Review Goals and Objectives • Discuss Market Conditions • Define key renewal objectives by line of coverage • Develop Marketing Plan • Review Marketing Strategy including analysis of individual market's financial condition, experience, service capabilities • Estimate Timeline/Renewal Goals • Update new exposures, changes in exposures, etc. • Review Uninsured/Underinsured Insurables	180 days prior to renewal
Program Design	• Analyze existing program • Consider new exposures, acquisitions, new partnerships • Review existing policy contracts for adequacy of coverage; identify deficiencies or gaps in coverage • Review loss experience • Develop program design – analyze alternative coverages and retention levels to determine the most appropriate program structure and develop a program that meets your objectives	180 days to 120 days prior to renewal
Market Selection	• Survey and evaluate potential markets • Qualify the financial security of the insurer/reinsurer; ask questions regarding their financial strength, claims paying ability, appetite for higher education risks, etc. Begin preliminary discussions • Identify those markets that match your program's needs	120 to 90 days prior to renewal/Proposal delivery date
Marketing	• Receipt of updated exposure information • Preparation of Underwriting Specifications • Review Specifications with Client • Specifications to Underwriters • Review Coverage Documents • Negotiations with markets to achieve the best possible terms, conditions, and pricing • Status Reports	Between 90 days and 60 days prior to renewal/Proposal delivery date
Final Renewal Negotiations	• Analyze and compare each alternative in scope of coverage, limits, and retentions • Preparation of Proposal • Presentation to Client • Arrange meetings with underwriters, if required • Finalize terms and conditions • Issue binders, invoices, etc.	60 days to 30 days prior to renewal/ Proposal delivery date

Performance Criteria

Gallagher executes customer service with a "no-surprises" philosophy and acknowledges that responsiveness is paramount to maintaining client confidence. The following is an illustration of our standards of service and/or response timeframes. Within Gallagher, we believe the client defines quality. We adhere to a documented, disciplined process to measure and confirm that we consistently exceed client expectations.

Technical Service Standards	Within:
Return phone calls	Same day (within 24 hours)
Issue binders, invoices, and related documents	7 work days of effective date
Incorporate policy changes	3 work days of receipt
Issue certificates	24 hours of receipt or as needed
Process premium-bearing endorsements	5 work days of receipt from carrier
Process non-premium-bearing endorsements	15 work days of receipt from carrier
Perform audits	5 work days of receipt from carrier
Issue auto ID cards	24 hours
Check policies and deliver	60 work days of effective date

Our services do not end once a policy is renewed. As your broker, we believe we need to take a proactive approach in partnership with the Fort Bend County, Texas to design alternative risk financing structures that best meet your need. This requires us to continually update our capabilities and approach to handling your account.

9.5.2 Proposed quality control mechanisms that ensure a high level of quality and commitment to excellence.

Fort Bend County's program administration will be driven by our Professional Standards program, which is enforced at all levels of our company worldwide to ensure consistent quality of service, accuracy, timeliness and professionalism (see **Appendix** for detailed information on this program and audit practices).

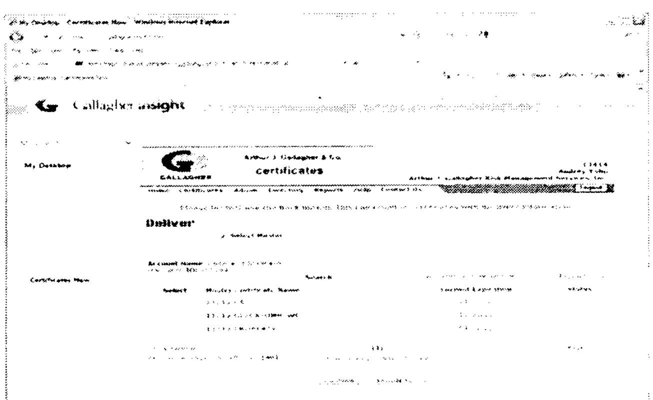
As part of our Professional Standards, *Fort Bend County*'s policies will be examined using an extensive policy checklist process (see **Appendix** for a sample policy checklist and a sample insurance summary). The policy review must take place within 30 days from receiving the policy from the carrier by your Account Manager as follows:

30-60 Days	Policy received from carrier and stamped into Gallagher's system
60-90 Days	Policy reviewed by technical staff member • Checked against binder • Checked against prior policy • Policy coverage checklist completed & saved on Gallagher's system • Letter to carrier on errors • Follow-up timeline entered in our system to ensure all errors are addressed
90 Days	Policy sent to *Fort Bend County* with cover memo detailing the results of the review, any outstanding errors and a timeline for delivery on corrections.

At Arthur J. Gallagher & Co., we are committed to:

- Continuous improvement of our Professional Standards program through a dedicated corporate unit that strictly focuses 100% of their efforts on implementing and monitoring the program.
- Mandatory training for all employees on how to use and implement our Professional Standards.
- Enforcement of personal accountability through our regular internal corporate audit system.
- The Professional Standards program is a technology driven program that contains "best practices" including general workflow to ensure our service and our commitment to *Fort Bend County*.

Certificates – Issuance and Tracking



We understand the importance and urgency in getting certificates to your certificate holders. We utilize a system called *CertificatesNow* and have a team dedicated solely to this function. *CertificatesNow* has the capability to allow *Fort Bend County* to create, manage and send certificate of insurance. However, it is our standard practice that your team of two Account Managers and two Assistant Account Managers will issue the certificates (within 24 hours, if not sooner) on behalf of *Fort Bend County* and provide you with electronic copies of all certificates issued.

CertificatesNow is a feature-rich, secure and reliable online Certificate of Insurance and Auto ID Card management system and it provides the following benefits:

- **Automation** – electronic certificate and Auto ID creation, delivery, storage and management;
- **Convenience** – quick and easy issuance or renewals for large and small volumes of certificates with delivery by email, fax or postal service;
- **Compliance** – meets all business requirements for ISO and ACORD forms, Auto ID cards, attachments and endorsements, cancellations and reinstatements, and comprehensive reporting;

We spend numerous hours prior to renewal cross referencing the locations on a statement of values and making any additions, deletions and corrections necessary to your certificate holder list. We also continue to issue additional certificates on an as-needed basis. Our system allows us to respond to *Fort Bend County*'s immediate needs – keeping vehicles on the road, providing prompt bid request responses, or closing escrows. Part of this service also includes working directly with lenders to ensure compliance with all loan requirements and various other parties with respects to leases, management agreements, etc.

Accounting Reconciliation, Surplus Lines Tax, Billings, Collection and Remittance of Premium to Carriers, Audits

Individual billings per asset or a group of assets for all policies on your program will be created by Gallagher within fifteen (15) days from inception of coverage. The invoicing process is done after calculating the premium and corresponding surplus lines taxes for the various non-admitted policies in each exposure state based on the premium allocation prepared by Gallagher and reviewed and approved by *Fort Bend County*. Upon receipt of the numerous checks and wire transfers from client and lenders, these payments are then applied separately to each of the policies to ensure timely remittance of premium to the insurance companies. The same set of procedures applies to the quarterly audits being processed by Gallagher for location additions and deletions to the portfolio.

Policy Issuance and Endorsements

We recognize the importance of delivering quality policies and endorsements to *Fort Bend County* within our three month service goal. We strive to communicate on a weekly, if not daily basis, with insurance carriers with the objective of delivering our best customer service. We diligently monitor our suspense system for outstanding carrier endorsements assuring we receive each endorsement within our service standard timeframe.

CSO CLIENT SERVICE OPERATIONS

Arthur J. Gallagher Risk Management Services, Inc.

Professional Standards

We push
for professional
excellence.

#3 - THE GALLAGHER WAY

Gallagher requires a high standard of Professionalism, Quality Control, and Errors & Omissions Prevention. We have a committee comprised of National, Regional, and Branch personnel dedicated to the development, implementation, and monitoring of our quality procedures and best practices.

Region and Branch Professional Standards Coordinators are responsible for communicating policy changes, merger integration, and mentoring of our Professional Standards program to ensure adherence to our quality program.

All BSD employees have on-line access to our Gallagher Online Portal which provides procedures, best practices, and standardized documents for our Professional Standards program. Examples of content include:

- Documentation
- Risk Analysis
- Submissions
- Proposals
- Marketing
- Solvency
- Client Servicing
- Certificate Issuance
- Policy Review
- Claims Advocacy

To monitor adherence of our standards, Branch Peer Review Audits are conducted throughout the calendar year and are reported on a semi-annual basis with a minimum passing score requirement established each year (for 2014 the passing score requirement is 91%). In addition, independent audits are performed by a dedicated Corporate PS Audit team who review all of our branches in a cycle of every two years. When audits are conducted, they result in report outcomes that are designed to encourage process improvement:

- Audit Report Package which summarizes results by Unit
- Branch Action Plan designed to encourage corrective action
- Training recommendations as needed

The results of the audits are assigned to a dedicated Corporate PS Auditor who then follows up with their assigned branches to ensure that corrective action is taken.

As demonstrated above, our employees take an active role in this process and as a team; we achieve results across regions and within the division.

Arthur J. Gallagher & Co.

PROPRIETARY INFORMATION

BASIC POLICY CHECKING — Completed By Service Center

Client Name:		CSR/AM Name:	
Ins Carrier Name:		Producer Name:	
Policy No:		Reviewed By (Service Ctr):	
Policy Type:		Date Reviewed(Service Ctr):	
Policy Term:		Checked By (Service Ctr):	
File Name:		Name of Branch Reviewer:	
		Date Reviewed(CSR/AM):	

Signature of Branch Reviewer:	Signature of Producer (optional):

		Source Document		Policy			
Question No*	Service Center Checklist Questions	Yes	No	Yes	No	N/A	Discrepancy
01	Correct Named Insureds listed?						
02	Correct Client Mailing Address?						
03	Correct Policy Period?						
04	Correct Underwriting Company?						
05	Correct Policy Premium?						
06	Correct Additional Insureds as Proposed (including individual and blanket)?						
7	*Forms*						
7a	Do the Forms, Endorsements and Edition Dates match the expiring policy?						
7b	If form numbers are listed on the proposal, are they also listed on the policy?						
7c	Are the forms and endorsements listed attached?						
8	*Location Limits Deductibles*						
8a	Correct Locations Listed in the Schedule? and/or						
8b	Policy shows composite rating or Per Schedule on File w/Carrier						
8c	Correct Limits?						
8d	Correct Deductibles, Participation, or Retention Amounts?						
9	*Premium Audit*						
9a	Subject to Audit?						
9b	Correct Inception Exposure Basis shown?						
10	*Auto Polices Only*						
10a	Correct Autos on the Schedule?						
10b	Correct Covered Auto Designation?						
11	*Workers Compensation Policies Only*						
11a	Do the States covered by the Policy match with the Proposal - Item 3A?						
11b	Are Other States (except Monopolistic States) covered as Proposed-Item 3C?						
11c	Correct class codes and payrolls?						
11d	Correct rates (only if provided on proposal)?						
12	*Excess Property or Excess Liability / Umbrella Policies Only*						
12a	Correct Primary or Underlying Schedule of Limits?						
13	*Claims Made Policies Only*						
13a	Correct Pending & Prior Litigation Date, if applicable?						
13b	Correct Retroactive Date, if applicable?						
14	*Captive Policies Only*						
14a	Are all of the Unusual Terms and Conditions cited in the Proposal also included on the Policy?						

11/14/2013 Tab 1-Service Center Checklist 1

PROPRIETARY INFORMATION

Client Name:	
Ins Carrier Name:	
Policy No:	
Policy Type:	
Policy Term:	
File Name:	
Signature of Branch Reviewer:	

All Policies - New & Renewal		Source Document		Policy			
Branch Checklist Questions		Yes	No	Yes	No	N/A	NOTES
Question No	Short Form - All Policies						
1	Do the terms, conditions and exclusions in the Proposal and/or Binder match the policy?						
2	Correct Minimum Earned Premium, Minimum Premium, and Minimum and Deposit Terms (if applicable)?						
3	Correct Classifications, Rating Basis used (i.e. Sales, Payroll, Area, Composite Rated, etc.) as proposed?						
4	Is Insured's & Branch Policy "Stamped –Surplus Lines" (or is correct state form attached)?						
5	Correct Taxes and Fees?						
6	***All Claims-Made Policies***						
6a	If Claims-Made, does the Policy have the correct Continuity Date (if applicable)?						
6b	Does the policy definition of claim match what was proposed to the client?						
6c	Does the policy claims/incident reporting language match what was proposed to the client?						
6d	Do the optional Extended Reporting Period provisions (including length of time and premium) match what was proposed to the client?						
	All Excess Policies						
7	Do the Named Insureds match the Underlying Policies?						
7a	If the Named Insureds are not listed, does the Policy contain Omnibus or Follow-Form?						
8	Are the Underlying Schedule, Carriers, Policy Numbers, etc. correct?						
9	Are there any significant coverage gaps between the Primary and/or any Excess layers, and if so, have they been disclosed to the Client in writing?						
10	If Underlying Policies have non-concurrent dates, does the Policy include a Non-Concurrency endorsement?						
11	Are contributing (Quota Share) Policies using the same Policy forms?						
12	Policy includes a Drop Down Provision						
12a	When an Underlying Carrier is insolvent, *and*						
12b	Underlying Policy limits are exhausted by any claim covered by Underlying Policy and Excess Policy will follow form, *or*						
12c	Underlying Policy limits are exhausted by Claims covered under this Excess Policy and excluded coverages allowed to aggregate, *or*						
12d	Underlying Policy limits are exhausted only by Claims that would have been paid by this Excess Policy.						

New Business / Form Change Renewal Instructions

1) Click '+' (left margin) to Open Expanded Form
2) Choose Coverage Types - Input an "x" in the "Select" column next to the coverages to be checked
3) To Expand Coverages Select "x" from drop-down box. (Cell A39)

			Source Document		Policy			
	Branch Checklist Questions		Yes	No	Yes	No	N/A	NOTES
Select	Question No	New Business / Renewal Form Change						

9.6 Cost Proposal

Gallagher Consulting Fee

PROPRIETARY INFORMATION

Current Year: **4/1/14: $150,000**

Second Year **4/1/15: $135,000**

Third Year **4/1/16: $135,000**

Gallagher will represent the Fort Bend County in the procurement of insurance policies and others as they need may arise for special procurements currently not purchased: Property Insurance, including Boiler & Machinery, Electronic Data Processing Equipment , Contractors Equipment, Automobile Catastrophic Physical Damage,

- Excess Property (over Brit Package)
- General Liability
- Public Officials Liability
- Law Enforcement Liability
- Crime/Employee Dishonesty Insurance
- Workers Compensation
- Business Automobile
- Medical Professional Liability
- Pollution/ Storage Tanks
- Railroad Protective Liability
- Other insurance as may be required or may be considered for future purchases

NOTE: All insurance policies shall be procured net of commission.

Gallagher Services will include:

- Consult with FORT BEND COUNTY to formulate a marketing strategy that focuses on delivering a cost-effective risk management strategy and structure based upon current market conditions.
- Work with FORT BEND COUNTY to produce comprehensive underwriting data and criteria for insurance carrier negotiations.

- Formally present coverage submissions to agreed upon insurance carrier(s) and negotiate terms on behalf of FORT BEND COUNTY .
- Summarize the results of executing the marketing strategy developed with FORT BEND COUNTY.
- Provide consultation to FORT BEND COUNTY on exposures, existing coverage, and the desirability and/or feasibility of potential program changes when recommended by Gallagher or when requested by the client.
- Request change endorsements, when requested by the client or when otherwise necessary, ensuring accuracy and delivery in a timely manner.
- Administration of insurance program, including policy review and issuance, invoicing, coordination and/or issuance of required documentation, i.e., automobile identification cards, certificates of insurance, and other program administration, as required by the client.
- Review accounting and billing data received from insurance markets on client's behalf to ensure accuracy.
- Consult with FORT BEND COUNTY on Contracts; review of insurance requirements.

And

Marketing/Program Design

- Obtain loss history, schedules, and copies of all polices currently in force from the underwriting companies and prior broker to assure a smooth transition of file management.
- Begin discussions with the County Risk Management staff to develop a marketing strategy for all coverages, and service requirements for underwriting submission
- Prepare RMS-13 analytics for property, compare to RMS-11
- Prepare underwriting submissions and review with Fort Bend County Risk Management staff prior to delivery to market place
- Identify markets for Property and Casualty lines of coverage. All carriers approached will maintain A.M. Best ratings of A-VII or higher in accordance with Gallagher Professional Standards doctrine
- Negotiate most advantageous coverage and pricing terms
- Schedule meetings with underwriters and Fort Bend County Risk Management staff.
- Analyze policy forms and negotiate appropriate enhancements and extensions
- Evaluate alternative plans and present objective comparisons of options
- Prepare and report recommendations to client
- Prepare Market Summary Reports on Marketing endeavors
- Prepare Insurance Summary Reports

Review and Verification of all Policies, Plan Documents and Premiums

- Review of new and renewal insurance policy terms, conditions, rates and premiums prior to delivery to Fort Bend County with a list of open items pending corrections.
- Maintain and update schedules of locations and statements of values of all assets
- Review and update Named Insured schedules

- Maintain and update vehicle schedules
- Interim endorsements and changes
- Premium audits
- Loss sensitive rating plan adjustments/dividend calculations

Comprehensive Risk Analysis Reports

- Identify risk exposures through carrier supported loss control inspections, personal visits and client interviews and claims history
- Develop recommendations on risk transfer options for each identified area of exposure
- Analyze appropriate deductible/retention levels and limits of liability
- Evaluation claims potential and claims handling
- Review Loss Trends and other risk management reports
- Identify and explain uninsured areas, recommend new coverages

Program Administration

- Prepare on a timely basis binders, certificates of insurance, schedules of insurance, etc.
- Communicate information to lenders and others who might have an insurable interest in various assets being covered in Fort Bend County's insurance program
- Communicate with insurance companies for timely delivery of endorsements, etc.
- Allocate premiums by entity or profit center
- Transmit invoices
- Prepare information required by client auditors

Risk Management Activities

- Coordinate with and monitor insurance company loss control representatives and independent loss control engineers
- Review indemnity and insurance sections of contracts including leases and sub-contractor agreements. Gallagher has been reviewing most all of the proposed agreements from Fort Bend County vendors and other service providers.
- Provide consulting on risk management implications of new acquisitions or new endeavors including new construction and major renovation projects

Claims Management

- Provide Claims Status Reports
- Review any written insurer or third party administrator claims handling standards

- Recommend innovative approaches on individual cases to help resolve claims at lowest possible cost
- Report claims and monitor timeliness of insurer response
- Act as client advocate on claims with difficult or contentious coverage issues to obtain broadest possible coverage interpretations
- Assist with negotiation of complex property and business interruption claims

Risk Management Information

- Maintain data base of prior premium and claims history that is updated based on current claims valuations no less frequently than annually
- Maintain data base of historical exposure bases such as revenues, square footage, property values, payroll and vehicle schedules
- Provide loss runs from insurers

Client Communications

- Provide insurance policy registers and summaries of Coverage
- Perform account status meetings and other meetings as needed
- Provide continual updates on insurance market conditions as they relate to cost and availability of coverage for future renewals
- Communicate adverse developments promptly so that there are as few surprises as possible
- Discuss evaluation of the performance of Arthur J. Gallagher at every opportunity
- Provide industry related information on proposed legislation and industry trends which may have an impact Fort Bend County's Risk Management Program

Other services

- Perform special projects/site visits/hazard evaluations as requested
- Provide day to day risk management advice and counsel
- Other services to be determined as needs may develop including claim reviews, claim services, and loss control as mentioned earlier

Property Appraisal Services:

- Gallagher will offer Appraisal Services at reduced rates of:
  - Building Replacement Cost Appraisals $250.00 per building
  - Single Line Item Content Values for Selected Buildings $100.00 per building

Loss Prevention/Safety Services:

- Consult and assist the Fort Bend County with loss control support, including answering loss control questions, evaluating high-risk activities, property risk assessments, special event risk issues, and providing safety and loss control resources.

14.0 Required Forms

14.2 Vendor Information Forms

Fort Bend County Specification Download Acknowledgment

Request for Proposals
Insurance Broker of Record
RFP 14-046

VENDORS MUST IMMEDIATELY RETURN THIS FORM BY FAX TO 281-341-8645

Vendor Responsibilities:

- Vendors are responsible to download and complete any addendums. (Addendums will be posted on the Fort Bend County Website no later than 48 hours prior to Opening)
- Vendors will submit responses in accordance with requirements stated on cover of document.
- Vendors may not submit responses via email or fax.

Arthur J. Gallagher Risk Management Services, Inc.

Legal Name of Contracting Company

Cyndi Boehle, CIC, CRM

Contact Person

5420 LBJ Frwy., Suite 400, Dallas, TX 75240

Complete Mailing Address

972-663-6126 | 972-991-4061

Telephone Number | Facsimile Number

cyndi_boehle@ajg.com

Email Address

Cyndi Boehle | August 8, 2104

Signature | Date

Vendor Information

Arthur J. Gallagher Risk Management Services, Inc.
Legal Name of Contracting Company

Federal ID Number (Company or Corporation) or Social Security Number (Individual)

972.991.3700
Telephone Number

972.991.4061
Facsimile Number

5420 LBJ Freeway, Suite 400
Complete Mailing Address (for Correspondence)

Dallas, TX 75240
City, State and Zip Code

39683 Treasury Center
Complete Remittance Address (if different from above)

Chicago, IL 60694-9600
City, State and Zip Code

Cyndi Boehle, CIC, CRM -- Area Senior Vice President
Authorized Representative and Title (printed)

Cyndi_Boehle@ajg.com
Authorized Representative's Email Address

Cyndi Boehle

Signature of Authorized Representative

COUNTY PURCHASING AGENT
Fort Bend County, Texas

Gilbert D. Jalomo, Jr., CPPB
County Purchasing Agent

(281) 341-8640
Fax (281) 341-8642 or 341-8645

Vendor Information

Federal ID # or S.S #		Dun and Bradstreet # 07-442-4540
Type of Business	✓ Corporation/LLC ___ Sole Proprietor/Individual ___ Partnership ___ Tax Exempt Organization	
Legal Company Name	Arthur J. Gallagher Risk Management Services, Inc.	Year Business was Established 1927
Remittance Address	39683 Treasury Center	
City/State/Zip	Chicago, IL 60694-9600	
Physical Address	5420 LBJ Freeway, Suite 400	
City/State/Zip	Dallas, TX 75240	
County	___ Fort Bend County Other: Dallas County	
Phone/Fax Number	Phone: 972.991.3700 or 800.777.9418 Fax: 972.991.4061	
Contact Person	Cyndi Boehle 972.663.6126	
E-mail	Cyndi_Boehle@ajg.com	
Special Notes		
The Company listed above is a (check all that apply and attached certificate).	___ DBE-Disadvantaged Business Enterprise Certification # ________ ___ SBE-Small Business Enterprise Certification # ________ ___ HUB-Texas Historically Underutilized Business Certification # ________ ___ WBE-Women's Business Enterprise Certification # ________ ___ MBE-Minority Business Enterprise Certification # ________	
Company's gross annual receipts:	___ < $500,000 ___ $500,000-$4,999,999 ___ $5,000,000-$16,999,999 ___ $17,000,000-$22,399,999 ✓ >$22,400,000	
NAICs codes (Please enter all that apply).	64, 6411, 641101,641103,64110302, 641199	

PLEASE NOTE: W-9 needs to be attached in order to be entered into our system

14.3 W-9

Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
Arthur J. Gallagher Risk Management Services, Inc.

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
☐ Individual/sole proprietor ☑ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ ______

☐ Other (see instructions) ▶

Exemptions (see instructions):
Exempt payee code (if any) ______
Exemption from FATCA reporting code (if any) ______

Address (number, street, and apt. or suite no.)
5420 LBJ Freeway, Suite 400

City, state, and ZIP code
Dallas, TX 75240

Requester's name and address (optional)

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
[ ][ ][ ] – [ ][ ] – [ ][ ][ ][ ]

Employer identification number
[ ][ ] – [ ][ ][ ][ ][ ][ ][ ]

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person ▶ Daniel M. Tropp, Area President Date ▶ January 6, 2014

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at *www.irs.gov/w9*. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

CIQ: Conflict of Interest Questionnaire

CONFLICT OF INTEREST QUESTIONNAIRE FORM CIQ

For vendor or other person doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.

OFFICE USE ONLY

Date Received

This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. *See* Section 176.006, Local Government Code.

A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

1. Name of person who has a business relationship with local governmental entity.

No Conflicts

2. ☐ **Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3. Name of local government officer with whom filer has employment or business relationship.

Name of Officer

This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?

☐ Yes ☐ No

B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

Yes No

D. Describe each employment or business relationship with the local government officer named in this section.

4. NO CONFLICTS

Cyndi Boehle

Signature of person doing business with the governmental entity

8/21/14

Date

Cyndi Boehle, CIR, CRM

Area Senior Vice President

14.4 Tax Form/Debt/Residence Certification

Job No.:________

TAX FORM/DEBT/ RESIDENCE CERTIFICATION
(for Advertised Projects)

Taxpayer Identification Number (T.I.N. ________________

Company Name submitting Bid/Proposal: Arthur J. Gallagher Risk Management Services, Inc.

Mailing Address: 5420 LBJ Freeway, Suite 400

Are you registered to do business in the State of Texas? ■ Yes ☐ No

If you are an individual, list the names and addresses of any partnership of which you are a general partner or any assumed name(s) under which you operate your business

____

____

I. **Property:** List all taxable property in Fort Bend County owned by you or above partnerships as well as any d/b/a names. Include real and personal property as well as mineral interest accounts. (Use a second sheet of paper if necessary.)

Fort Bend County Tax Acct. No.*	Property address or location**
	245 Commerce Green Blvd, #290, Sugar Land, TX 77478

* *This is the property account identification number assigned by the Fort Bend County Appraisal District.*

** *For real property, specify the property address or legal description. For business personal property, specify the address where the property is located. For example, office equipment will normally be at your office, but inventory may be stored at a warehouse or other location.*

II. Fort Bend County Debt - Do you owe any debts to Fort Bend County (taxes on properties listed in I above, tickets, fines, tolls, court judgments, etc.)?

☐ Yes ■ No If yes, attach a separate page explaining the debt.

III. Residence Certification - Pursuant to Texas Government Code §2252.001 *et seq.*, as amended, Fort Bend County requests Residence Certification. §2252.001 *et seq.* of the Government Code provides some restrictions on the awarding of governmental contracts; pertinent provisions of §2252.001 are stated below:

(3) "Nonresident bidder" refers to a person who is not a resident.

(4) "Resident bidder" refers to a person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

[x] I certify that Arthur J. Gallagher Risk Management Services, Inc. [Company Name] is a Resident Bidder of Texas as defined in Government Code §2252.001.

☐ I certify that __________ [Company Name] is a Nonresident Bidder as defined in Government Code §2252.001 and our principal place of business is __________ [City and State].

Created 05/12

14.5 Proof of Insurance

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 10/01/2013

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).

PRODUCER 1-312-704-0100 Arthur J. Gallagher Risk Management Services, Inc. 300 South Riverside Plaza Suite 1900 Chicago, IL 60606	CONTACT NAME: Direct All Inquiries to Email PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: Chi_Certificates@AJG.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : ARCH INS CO (A XV)	11150
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Arthur J. Gallagher & Co.

14241 Dallas Parkway, Suite 300

Dallas, TX 75254

COVERAGES

CERTIFICATE NUMBER: 36125253 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			41GPP4938406	10/01/13	10/01/14	EACH OCCURRENCE	$ 1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 100,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$ 10,000
	X Gen Agg per loc subj.						PERSONAL & ADV INJURY	$ 1,000,000
	X to $10 MIL policy agg.						GENERAL AGGREGATE	$ 3,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$ 3,000,000
	POLICY PRO-JECT X LOC							$
A	AUTOMOBILE LIABILITY			41CAB4938306 (AOS)	10/01/13	10/01/14	COMBINED SINGLE LIMIT (Ea accident)	$ 2,000,000
A	X ANY AUTO			41CAB4939006 (MA)	10/01/13	10/01/14	BODILY INJURY (Per person)	$
	ALL OWNED AUTOS SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS X NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$
	DED RETENTION $							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			41WCI4938106 (AOS)	10/01/13	10/01/14	X WC STATU-TORY LIMITS OTH-ER	
A	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N: N (Mandatory in NH)	N/A		41WCI4938106 (WI)	10/01/13	10/01/14	E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

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

CERTIFICATE HOLDER	CANCELLATION
Evidence of Insurance	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 Thomas J. Gallagher

kcwikchi
36125253

ACORD® CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 08/25/2014

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).

PRODUCER 1-312-704-0100
Arthur J. Gallagher Risk Management Services, Inc.

300 South Riverside Plaza
Suite 1900
Chicago, IL 60606
Direct all inquires to email

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS: Chi_Certificates@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : LEXINGTON INS CO	19437
INSURER B : XL SPECIALTY INS CO	37885
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Arthur J. Gallagher Risk Management Services, Inc.

Two Lincoln Centre
5420 LBJ Freeway
Dallas, TX 75240

COVERAGES **CERTIFICATE NUMBER:** 41154640 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					WC STATU-TORY LIMITS / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Errors & Omissions			015012431	09/01/14	09/01/15	Each Wrongful Act	20,000,000
B	(Claims Made)			ELU13573314	09/01/14	09/01/15	Aggregate	20,000,000

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

CERTIFICATE HOLDER

Evidence of Coverage

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

Thomas J Gallagher

ACORD 25 (2010/05)
lavanyachi
41154640

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 08/28/2013

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).

PRODUCER 1-312-704-0100
Arthur J. Gallagher Risk Management Services, Inc.

300 South Riverside Plaza
Suite 1900
Chicago, IL 60606
Direct all inquires to email

CONTACT NAME:
PHONE (A/C, No, Ext):
FAX (A/C, No):
E-MAIL ADDRESS: Chi_Certificates@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : LEXINGTON INS CO	19437
INSURER B : XL SPECIALTY INS CO	37885
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Arthur J. Gallagher Risk Management Services, Inc.

Two Lincoln Centre
5420 LBJ Freeway
Dallas, TX 75240

COVERAGES

CERTIFICATE NUMBER: 35399239 REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $ $
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $ $
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE AGGREGATE	$ $ $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
A B	Errors & Omissions (Claims Made)			013345681 ELU13116713	09/01/13	09/01/14	Each Wrongful Act Aggregate	20,000,000 20,000,000

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

CERTIFICATE HOLDER

Arthur J. Gallagher Risk Management Services, Inc.

14241 Dallas Parkway, Suite 300

Dallas, TX 75254
USA

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

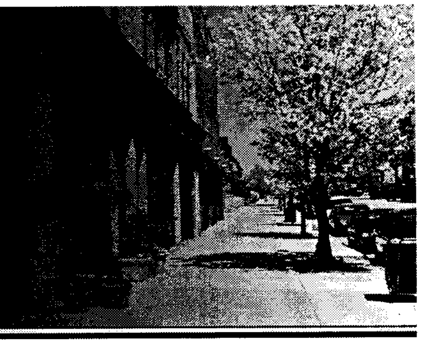
Thomas J. Gallagher

Appendix

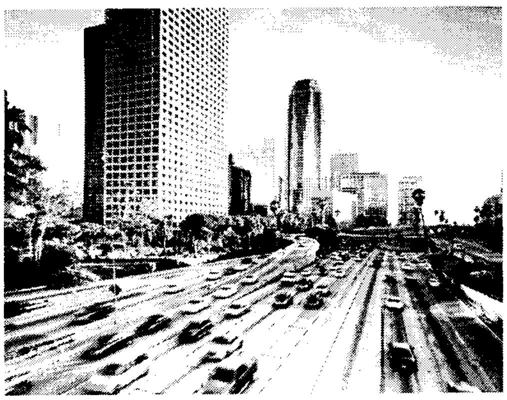
Practice Group Brochures

Arthur J. Gallagher & Co.

Risk Control for Public Entities



As your risk management partner, Gallagher will provide you with helpful tools to minimize your public entity risk.



Risk Control Products

PEP Talk eBulletins

Free monthly subscription. A sampling of topics:

- Bloodborne Pathogen Awareness
- Computer Laptop Security
- Comfort Tips for the Office
- Extension Cords
- Leading Cause of Staff Injuries—Slips and Falls
- Office Safety—What Are the Risks?
- Preventing Accidents/Injuries by Recognizing Potential Hazards
- Proper Lifting
- Safe Driving
- Safe Parking Lot
- Stair Accidents—How to Avoid Them

Webinars

Gallagher Public Sector offers a number of risk management education and training webinars specific to the public sector. All that is needed to attend is a computer with Internet access and a telephone to participate through a toll-free audio-conference number. Participants can watch the presentation, submit questions and participate in audience polls.

Many of our webinars are available for replay at your time and convenience.

Webinars are free to clients and invited guests.

Webinar topics include:

- Occupational Safety & Health
- General & Automobile Liability
- Employment Practices Liability
- Enterprise Risk Management
- Cyber Liability
- Loss Control
- Safety Compliance with Regulatory Agencies

CE Training Modules

- Reporting Child Abuse, Neglect and Exploitation of Children
- Food Services—General Safety
- Food Services—Proper Lifting Part 1
- Food Services—Proper Lifting Part 2
- Playground Supervision
- Proper Lifting in Library Operations
- New Employee Safety Orientation
- Bloodborne Pathogens Refresher
- Lockout, Tagout Refresher Training
- Hazard Communication Refresher Training

Consultative Services

Our team of risk control professionals will partner with your public entity to achieve results-oriented safety performance.

Arthur J. Gallagher & Co. offers "tailor-made" risk control services that cover:

Exposure Analysis and Assessment

- On-site Risk Assessments
- Safety and Risk Program Valuation
- Risk Assessments for All Job Classifications

Loss Trending and Analysis

- Claims Loss Analysis to Determine Loss Drivers
- Concise Reporting of Findings
- Evidence-Based Strategies for Risk Treatment and Mitigation
- Benchmarking

Program Management

- Procedural Development and Program Review
- Safety Committee Development and Assistance
- Accident Review Boards for Fleet Safety
- Fleet/Bus Safe Driver Plans
- Crisis Planning and Evaluation
- Safety Performance Meetings

Consultative Services are available to assist the public sector with safety-related questions or concerns, are looking to develop or enhance safety programs and materials, or want to prepare for and implement claims reduction strategies. Gallagher Public Sector offers a variety of results oriented safety and health consultation throughout the United States.

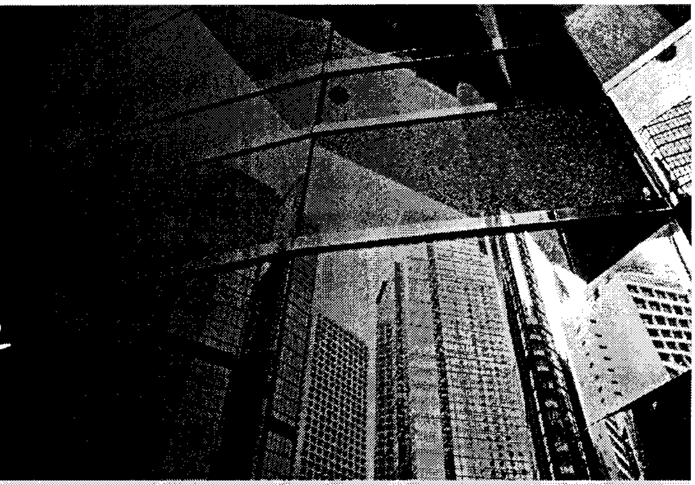
Arthur J. Gallagher & Co. is committed to helping your public entity manage risks. If your entity is in need of a service or product not listed, contact us.

The information contained in this report was obtained from sources, which to the best of the writer's knowledge, are authentic and reliable. Arthur J. Gallagher Risk Management Services, Inc. makes no guarantee of results, and assumes no liability in connection with either the information herein contained, or the safety suggestions herein made. Moreover, it cannot be assumed that every acceptable safety procedure is contained herein, or that abnormal or unusual circumstances not warrant or require further or additional procedures.

Arthur J. Gallagher & Co.

James D. Smith, M.S., CSP
Director, Risk Control Services
561.995.6706
www.ajg.com

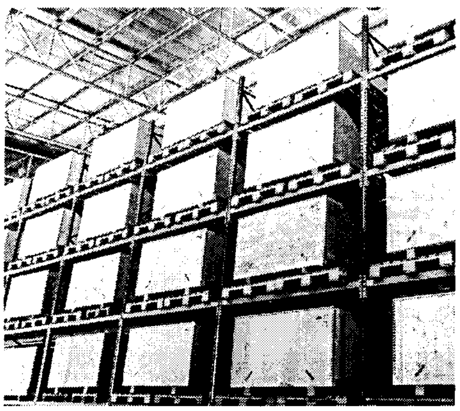
Arthur J. Gallagher & Co.



Property Market Update

December 2013

As the 2013 Atlantic hurricane season comes to an end, one that delivered the fewest hurricanes since 1982, property insurers continue to benefit from lower than average catastrophic losses and favorable financial results. The impact of Superstorm Sandy to the property market was relatively short-lived and insurers generally refrained from reacting with across-the-board measures. Clients with properties in the Northeast and those with losses or severe windstorm/flood exposures faced some rate pressure and restriction of terms. However, many insurers were willing to offer single digit rate decreases to retain clients with a handful of insurers attempting to hold current rates. These insurers faced being replaced by new capacity willing to offer coverage at reduced rates.



Reinsurance

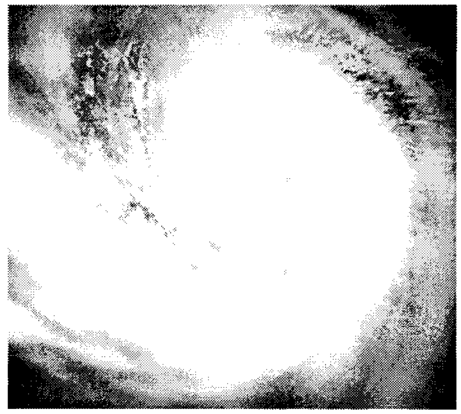
Reinsurance treaties also face significant rating pressure after a quiet Atlantic wind season and excellent financial results. The influx of capital into the reinsurance market has allowed alternative markets to increase share, causing pressure on the traditional reinsurers to respond to competition. July 1st treaty renewals saw significant rate reductions with the downward trend expected to continue for January 1st treaty renewals. Low double digit reductions are expected with more favorable terms and conditions available for reinsurance buyers, which should ultimately trickle down to the buyer.

Catastrophe Models

Catastrophe models continue to play a crucial role in the property underwriting process. There are several models available but RMS is the model most utilized. RMS version 13.0 was released in July and included changes to assumptions relating to medium-term hurricane landfall rates (MTR). The new lower MTR forecast varies based on region: the largest decrease is for Florida, the Southeast, and Mid-Atlantic; moderate decrease in the western Gulf and Texas and the least change for the Northeast. The new model is expected to free up aggregate for insurers, therefore allowing them to offer additional CAT capacity and further increase competition.

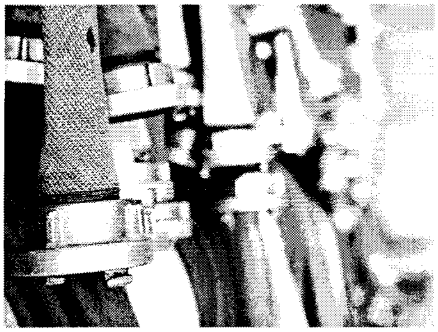
Catastrophe (CAT) Capacity

California earthquake capacity has increased due to new entrants such as Berkshire Specialty into the market and existing insurers looking to increase market share and offset lower rates and premium levels. California earthquake rates are generally down 10% on a portfolio basis and that trend is expected to continue for programs that renew in the first half of 2014 although older assets (pre 1970's) and smaller portfolios may not experience the same level of reductions. Zone A (San Francisco) capacity is typically more available and more competitive than Zone B (Los Angeles) capacity.



Although there continues to be plenty of capacity for windstorm coverage, pricing and terms depend on geographical location. Insurers that got pummeled with wind and hail losses in the Midwest have pulled back capacity and also instituted tougher terms and conditions. Consequently, percentage deductibles for wind and hail are becoming more common. This is particularly true for multifamily portfolios, which continue to be a challenging class of business for many insurers due to the frequency and severity of losses. Higher All Other Peril deductibles are also becoming the norm although deductible buy-downs are available to help satisfy lender requirements. Some regional insurers can be aggressive in this area but have very defined underwriting parameters. Properties that sustained losses in the Northeast, in addition to rate increases, also experienced a push for percentage deductibles and for windstorm although many did not take effect. Rate decreases for coastal wind property (non beachfront) remained flat or down 5%.

Flood continues to be a major loss driver for property insurers and most do not have the ability to accurately model flood loss



expectancies. Many have reduced their exposure to critical flood (100 year flood zones) this past year as the deployment of capacity and underwriting came under much greater scrutiny. This opened up a need for excess flood on a mono-line basis that was significantly more expensive and less available than in years past.

Areas of Concern

Flood — National Flood Insurance Program (NFIP)

One of the key provisions of The Biggert-Waters Flood Insurance Reform Act of 2012 was to improve the financial stability of the National Flood Insurance Program (NFIP) program by increasing rates to reflect true flood risk. Beginning October 1, 2013 premiums for subsidized properties began to increase 25% and will continue to increase each year until reaching full-risk rates. Non-subsidized properties are also being impacted by rate increases up to 10%. New policies or property purchased on or after July 6, 2012 are also written or renewed at full-risk rates. Several states have filed lawsuits against the Federal Government to attempt to block rates from increasing. Flood maps are constantly being redrawn and it has become increasingly important to monitor changes in flood zones and keep clients apprised of possible increase in flood insurance premiums and the application of potentially adverse flood deductibles.

Terrorism

It is widely believed that if TRIPRA expires, terrorism insurance will no longer be available to policyholders at the levels required to satisfy banks and other capital providers. Sunset clauses are returning for policy renewals that extend past December 31, 2014. Although some new capacity has entered the market the private market cannot handle the demand for terrorism insurance without TRIPRA in the Central Business Districts (CBD) of New York, San Francisco, Chicago, Boston, Washington, D.C. No early decision is expected from Congress and it will probably occur at the last minute, just as it has done for two prior reauthorizations of the federal backstop.

In conclusion, the outlook for 2014 is positive. For property portfolios with moderate CAT exposure and good loss history rate reductions in the 5-10% can be expected, barring any major insured event. Others with more challenging loss history will also benefit from the increase in capacity but not necessarily the same level of rate reductions.

For additional information contact:

Martha Bane
Managing Director
Gallagher Property Practice
818.539.1444
martha_bane@ajg.com

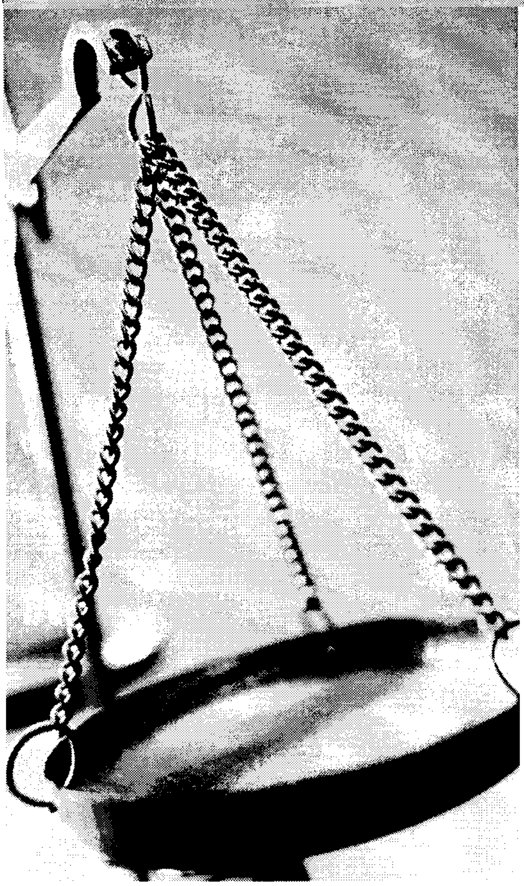
www.ajgrms.com

Gallagher | MANAGEMENT LIABILITY PRACTICE

Advisor

A REPORT ON INSURANCE FOR CORPORATE EXECUTIVES

OCTOBER 2013



What is continuity of coverage, and what is its value?

By Andrew R. MacLeod

Corporate America is always looking to cut overhead expenses, and risk managers are no exception to feeling pressure to cut costs. Before agreeing to change your Executive Liability carrier and coverage (including Directors & Officers, Employment Practices, Fiduciary, and Professional Liability) in order to reduce premium, and as you wrestle with the issue of shaving cost versus quality of coverage, you must carefully consider the value of maintaining continuity of coverage with your present carrier under your present policy. Continuity of coverage is a significant factor in quality of coverage, yet the concept of continuity of coverage is often misunderstood.

Continuity of coverage is not a defined term in the majority of Executive Liability policies. When defined, the scope is often so limited, e.g. the date of the prior and pending litigation exclusion, or the date of the first application, that the definition itself may mislead the policyholder relative to other facets of continuity of coverage. In this "Advisor," I offer my views on what constitutes "continuity of coverage" for those evaluating making a change in their Executive Liability coverage. While I will address the subject from the perspective of D&O insurance, it is important to note that the same issues apply to all claims made, Executive Liability policies.

I believe there are four elements—some with sub-elements—that constitute continuity of coverage in Executive Liability policies. The four elements are:

1. The policyholder completing a long-form application and answering the "warranty question" determines the most obvious element of continuity. When a policyholder responds to the warranty question and states they have no knowledge of circumstances that might give rise to a claim under the policy, that response limits the scope of past acts coverage under the new or replacement policy. All future claims will first be viewed from a perspective of whether an insured director or officer knew of the circumstances and wrongful acts alleged in a future claim at the time the warranty question was answered. Producing the same effect, a warranty may be given in the form of a letter to the underwriter, or the policyholder may agree to accept coverage with an exclusion for claims related to circumstances known as of the inception date of coverage.

   If there is a claim, and the carrier establishes that insureds had knowledge which was not disclosed when responding to the warranty question, then the insureds will likely face the worst case scenario of their carrier attempting to rescind the insurance policy. Even if the carrier does not attempt to rescind the policy, they will likely take a position of complete or partial denial of coverage for all insureds who knew of the circumstances.

   A side note, do not accept coverage under any policy with an evergreen exclusion for circumstances known as of the inception date of the policy, and do not respond to questions relating to knowledge of circumstances in any application provided for a policy's renewal. If you do not answer a warranty question, your insurer has one less issue to address when considering a future claim.

Contact your local AJG representative for more information.

Arthur J. Gallagher & Co.

www.ajg.com

Important Note: This publication of *Advisor* is not intended to offer legal advice. Any descriptions of coverage provided herein are not intended as an interpretation of coverage. Policy descriptions do not include all the policy terms and conditions contained in an actual policy, and should not be relied on for coverage interpretations. An actual insurance policy must always be consulted for full coverage details.

2. The second element of continuity relates to advancing the present D&O policy's prior and pending litigation exclusion date, and the prior claim exclusion date. These exclusions are not limited to litigation and claims under only the D&O policy. The exclusions apply to <u>all</u> litigation and to <u>all</u> claims. What is at stake? Coverage for a future D&O claim related to prior or pending litigation which initially did not name a director or officer, but is re-filed naming a director or officer. Similarly, insured persons may lose coverage for a future claim related to all prior insurance claims—including claims under other policies such as, General Liability, Workers Compensation, Employment Practices Liability, etc.

   There are times in the marketing process when insurance brokers can negotiate the underwriter's agreement to waive a warranty question, and also win the underwriter's agreement to use the existing policy's prior and pending litigation and prior claim dates in the new policy. Some then believe they have achieved an option for their client to make a change in carriers while maintaining continuity of coverage. Unfortunately, this strategy does not achieve continuity, as there are two more important elements of continuity to consider.

3. The third element of continuity of coverage relates to the content or wording in the present policy. Executive Liability policies are not standardized forms. With different terms and conditions in the present policy and the new policy, there is always a break in continuity of coverage whenever you switch from one carrier's policy to another. These differences may be as serious as adding entirely new exclusions or as simple as a one-word change in an insuring agreement or definition. Even with a detailed comparison of the present and replacement policy, you can only attempt to minimize the consequence of making a change. Unless policy terms and conditions are identical, changing policies always breaks continuity.

   Continuity of coverage is even more important with mergers and acquisitions as you consider the purchase of run-off D&O coverage. Most purchase and sale agreements include insurance provisions calling for run-off coverage to provide the "same" coverage during the prescribed run-off period. In a strategy concocted to save premium yet comply with the requirement to provide the same coverage during run-off, insurance brokers and underwriters have arranged deals where the new underwriter adopts the present policy's terms and conditions in order to successfully address the issue of using the "same" terms and conditions.

   This strategy involves a new carrier issuing a new excess, follow form policy over the existing D&O policy. The only exception to the follow form feature in the new policy is the three- or six-year policy period. The present policy is allowed to expire, and the new excess policy drops down to assume the primary position while "following" or adopting the present D&O policy's terms and conditions. While this inventive approach comes as close as possible to maintaining continuity of coverage, the strategy falls short of achieving true continuity due to the fourth and final element of continuity.

4. The fourth element of continuity of coverage lies behind the policy —the carrier. There are no inventive strategies to remedy the break in continuity of coverage related to a new and different carrier. What is at stake? I am aware of instances where the new carrier's underwriters agreed to all of the above strategies, and later denied coverage when presented with a claim. The new carrier denied coverage in the absence of a warranty question under the assertion that the insureds intentionally withheld information while negotiating for coverage.

In conclusion, no matter what placement strategy is employed, a change in your Executive Liability carrier will always break your continuity of coverage. Even when precautions are taken and underwriter agreements made, we cannot eliminate all of the potential pitfalls. The value of your continuity of coverage increases with each year that passes, as five-year old warranty questions and a five-year old prior or pending exclusion date are far less likely to manifest as coverage issues versus one-year old warranties and a one-year old prior and pending date. Risk Managers should carefully weigh whether or not to save premium by changing carriers, versus the inherent disadvantages of breaking continuity of coverage and risking denial of coverage for a future claim.

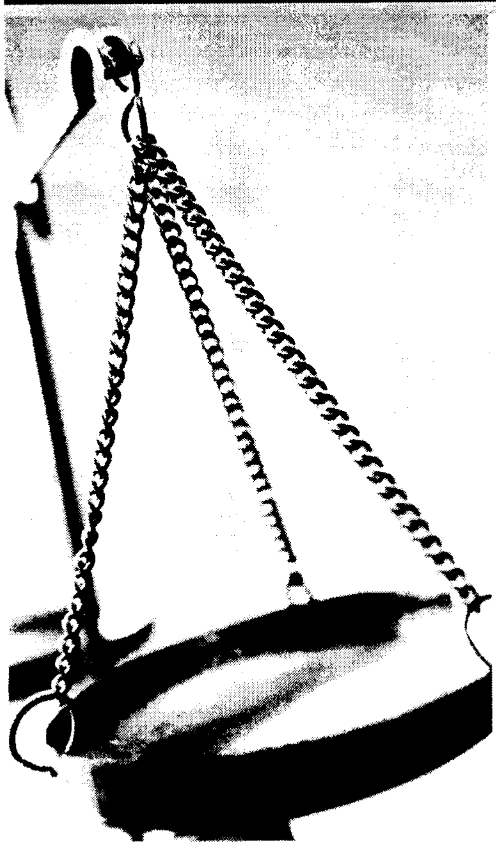
About the Author: Andrew MacLeod is a Managing Director of Arthur J. Gallagher's Management Liability Practice. This division focuses on risk management services related to executive and management liabilities. For additional information, please contact Mr. MacLeod 312.803.6302 or contact your local AJG representative.

Gallagher | MANAGEMENT LIABILITY PRACTICE

Advisor

A REPORT ON INSURANCE FOR CORPORATE EXECUTIVES

MARCH 2013



EEOC v. Dillard's: Corporate Policies Regarding Medical Information under Scrutiny

By Natalie Douglass, Esq.

Employers should be aware that the EEOC continues to scrutinize attendance and leave policies. On December 18, 2012, the EEOC announced that it had settled its case against Dillard's, the national department store chain, regarding its corporate policy requiring disclosure of specific medical information for medical leave. The case began in 2008 when an employee, Ms. Corina Scott, filed an EEOC charge of discrimination after allegedly being discharged in retaliation for failing to comply with company policy. The EEOC instituted the lawsuit on her behalf, as well as other specific employees who had also previously been discharged for the same reason, in addition to any other similarly situated individuals.

The complaint highlights two employees' experiences. Ms. Brittany Rios Kim called in sick to work. She was told that she was required to provide a doctor's note with specific medical reasons cited for the absence. She refused to provide one and was written up with an unexcused absence. Shortly thereafter, she left work in an ambulance due to her medical condition. She returned with a doctor's note which was not specific, providing only the dates that she was absent and that she required medical treatment. This was deemed not sufficient and she was ultimately terminated for her unexcused absences. Another charging party, Ms. Corina Scott, was terminated for failing to provide a specific note for medical leave after objecting twice to the corporate policy.

The Americans with Disabilities Act prohibits employers from making inquiries of employees regarding the existence of a disability or the nature/severity of a disability unless the employer can show that it is job-related and consistent with business necessity.[1] In denying Dillard's motion for summary judgment, the court analyzed a circuit split on these types of inquiries. The Second Circuit in *Conroy v. New York Dept. of Correctional Services*,[2] found that similar inquiries regarding medical absences constituted a violation of ADA, citing EEOC guidance that the inquiries "may tend to reveal a disability." On the other hand, the Sixth Circuit in *Lee v. City of Columbus*,[3] found that similar inquiries were not violations, but rather categorized as "legitimate and innocuous." In the Dillard's case, since the Ninth Circuit has not addressed this specific issue, the court looked to a similar question relating to medical exams under the ADA in *Indergard v. Georgia-Pacific Corporation*.[4] In that case, the court utilized the "may tend to reveal a disability" test. Applying that test, the Dillard's court denied motion for summary judgment. Dillard's was also unable to persuade the court that the inquiries were job-related and consistent with business necessity, a defense

[1] 42 U.S.C. § 12112(d)(4)(A) (2012).

[2] 333 F.3d 88 (2d. Cir. 2003).

[3] 636 F.3d 245 (6th Cir. 2011). This case was brought under the Rehabilitation Act.

[4] 582 F.3d 1049 (9th Cir. 2009).

Contact your local AJG representative for more information.

Arthur J. Gallagher & Co.

www.ajg.com

under ADA. The court found that Dillard's failed to present any evidence in this regard and also noted that Dillard's stopped requiring doctors' notes in 2007, in conflict with a finding of business necessity.

After the denial of summary judgment, Dillard's agreed to pay $2 million to class members. In addition, they must retain an ADA consultant to revise their corporate policies, post information on the settlement, train their personnel on the new policies, and develop a new system of tracking complaints of disability discrimination. Lastly, they will provide annual reports to the EEOC in order to affirm compliance with the terms of the settlement.

This is not the first time that the EEOC has scrutinized employer attendance policies under ADA.[5] In Verizon's $20 million high-profile settlement in 2011, the EEOC found that "no fault" attendance policies that resulted in termination potentially violated the ADA where leaves of absence might be considered a reasonable accommodation. Prior to that, the EEOC pursued Sears and UPS for their leave policies.

While these EEOC cases dealt largely with attendance policies specific to reasonable accommodation, the Dillard's case hones in on the information the employer requires under attendance policies. It is unclear what information employers can require from their employees under these policies or what circumstances meet the necessity defense. What is certain, however, is that the EEOC will scrutinize broad, blanket policies relating to ADA, especially as it relates to leave of absence. Many laws can be implicated, including ADA, FMLA, state workers compensation laws, among others. Employers should consult with outside counsel specializing in these areas to assist in assuring their attendance and leave policies adequately meet EEOC standards.

About the Author: Natalie Douglass, Esq., is a Vice President in Arthur J. Gallagher & Co.'s Management Liability Practice. The division focuses on risk management services related to executive and management liabilities. For additional information, please contact Ms. Douglass, 314.800.2283, or natalie_douglass@ajg.com.

[5] See July 2011 Advisor, EEOC to Employers: "Can you hear me now?" message loud and clear on attendance policies and Verizon's $20 million settlement

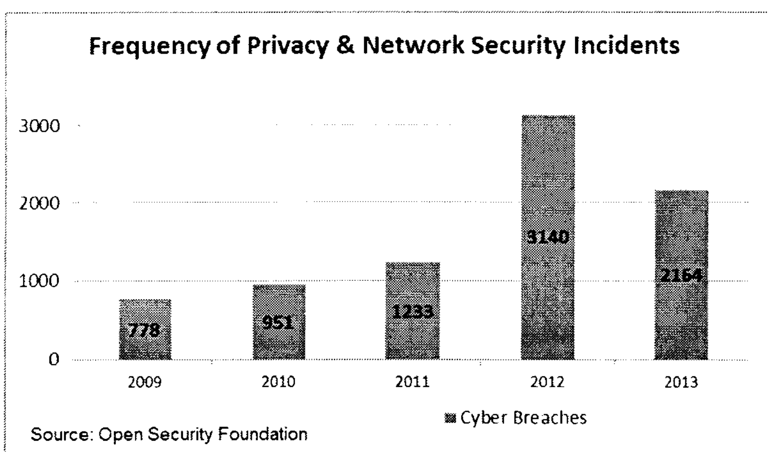
CYBER RISKS CONTINUE TO ESCALATE

Network Security and Privacy Insurance Moves Firmly to Center Stage

By Phil Norton, Ph.D. and Joe DePaul

Over the past year, we have read headlines about data breaches Target, Neiman Marcus and Snapchat. We have also had the opportunity to review numerous reports, advisories, newsletters, whitepapers, journals, expert discussions and news releases, focused in the space of network security and privacy. Each of these reports indicates that the risks and exposures inherent to transacting business in our electronic and connected world will continue to claw their way into our businesses, and that companies should remain vigilant concerning such risks. The number one discussion topic amongst our clients is "Why should we be concerned, what are the risks, how are we exposed, and what can we do to mitigate the risk operationally and financially, should an event occur?" Their concerns are valid.

According to Risk Based Security and the Open Security Foundation, the five year period from 2009-2013 had 8,266 reported breaches whereby almost 2 billion records were exposed. And though 2013 showed a small decline in the number of reported incidents, breaches over the 5 year period have more than doubled.



With virtually every state, federal agency and many international governments focused on privacy protection and notification requirements for such situations when Personally Identifiable Information (PII) or Protected Health Information (PHI) is known to be at risk due to a data breach, the cost of mitigating such an event continues to remain high for all entities and industries.

According to a recent study by the Ponemon Institute, the all-in cost of such breaches has been estimated to be about $188 per record, with incident costs now approaching $5.4 million per incident. Industries that have been especially hard hit by these data breaches include:

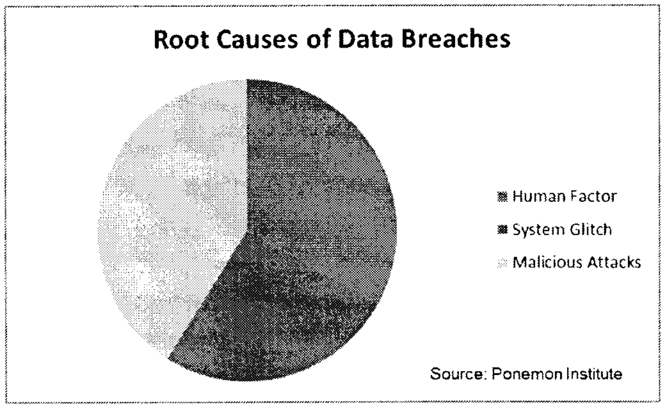
- Healthcare/Medical
- Educational
- Government/Military
- Financial/Banking
- Retail

The sources of these breaches are especially interesting as only 30% are strictly related to the company's inability to keep intruders out. Consider the top three reasons for a breach:

Hacking	30%
Stolen Laptops	12%
Fraud	11%

This underscores an extremely important point: Network Security and Privacy breaches are bound to happen regardless of how strong your Information Technology (IT) defenses are. Consider the pie chart below showing the root causes of data

2014 Cyber Market Update



breaches per Ponemon. What is not obvious is that some of the activities buried within those categories – as shown in the list below – do not necessarily relate to the strength of IT firewalls and other defenses. For example:

1. Lost Laptop or other computing device
2. Rogue Employee (or ex-employee)
3. Improperly disposed sensitive information
4. Media campaign gone wrong
5. Subcontractor error or omission (including breaches on those subcontracting vendors that are holding your data)

Regulation

The regulatory landscape of today continues to be complex and many companies are struggling to remain compliant. Consider just a few regulations such as HIPAA, FACTA and PCI compliance. HIPAA rules on Protected Health Information (PHI) are strict and are so broad as to include verbal dissemination of PHI. FACTA is especially controversial as it lacks clarity as to who should comply and even how an organization should comply. PCI Compliance is a consortium of entities (Visa, Mastercard, American Express and others) non-governmental based regulation regarding credit card company data security standards. The PCI DSS protocol requires that companies processing or storing credit card information be compliant.

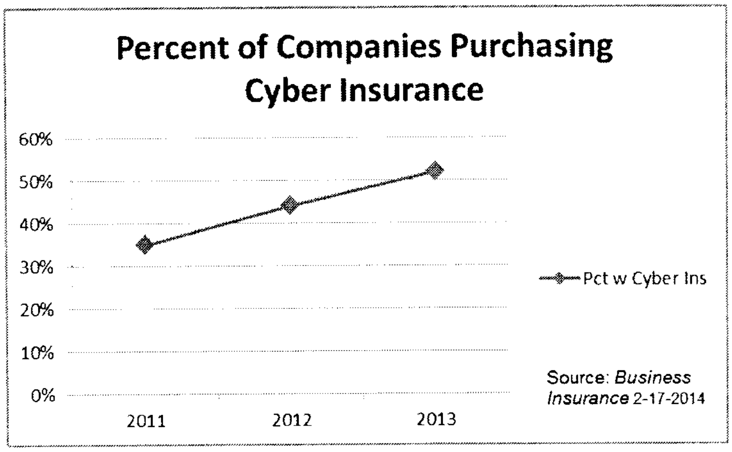
As we write this update, the retail industry is in the midst of what may prove to be the largest and most coordinated attack on a specific industry we have seen to date. Target, Neiman Marcus and Michael's Stores (so far) are three of the most recent victims. Target, at the moment, is the most prominently discussed due to the sheer size of the event – up to 110 million records incorporating credit and debit cards. While there has been public discussion regarding the amount of cyber liability insurance Target has in place (allegedly $110 million), this amount is unlikely to be sufficient to pay the significant amount of financial loss that will be experienced for the data incident to the organization. The forensic investigation continues for Target, and there is speculation that the nexus of the event is presumably as the result of a breach that has been traced back to their HVAC provider.

Although the vast majority of such breaches involve customer records, they are not the only type of records at risk. According to the Risk Based Security and Security Open Forum previously cited, we note that PII and PHI continue to be the most widely sought after information. This includes passwords, SSN's, medical information and financial information such as credit cards/debit cards and financial account information.

We also note that while many data incidents expose PII and PHI, Intellectual Property or Corporate Confidential Information continues to be a major and sometimes higher concern for organizations within the U.S.

With all of this happening, it is surprising to note that according to a recent Advisen study of 329 respondents in all industry segments, only about 52% of companies are buying cyber insurance coverage, although that is up significantly from 2011 (35% purchasing) as well as up from 2012 (44% purchasing).

2014 Cyber Market Update



This same survey also show that the percentage of Boards of Directors concerned about cyber risk is continuing to increase – now at 54%. Even more concerned are the C-suite leadership and the Risk Managers, with 64% and 56%, respectively, viewing Cyber Risk as a significant threat to their organization. Thus, it may be no surprise that amongst the non-buyers of this specialized insurance product, 53% are currently considering purchase – up from only 25% in 2012.

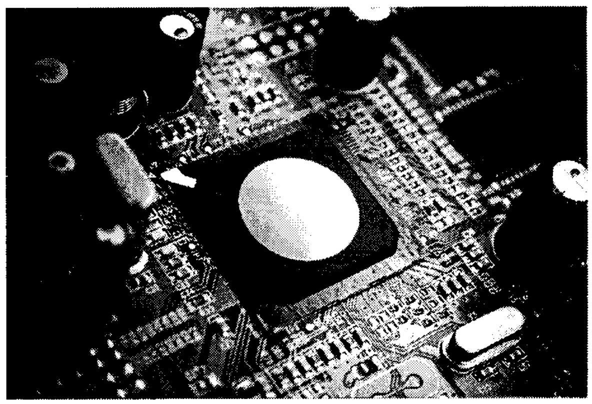
Insurance Coverage

The leading cyber liability insurance policies are offering much broader coverage and value in risk mitigation tools than even a couple of years ago. Components of the Network Security and Privacy policies typically include coverage for:

- Network Security
- Privacy Liability
- Regulatory
- Breach Response Expenses
    - Crisis Management
- Media Liability
- Cyber Extortion
- Business Interruption
- Data Restoration
- Professional Liability (Note Tech E&O may be combined with Cyber as applicable).

A very strong added value that comes with these policies is the professionals that are a provided as a component of coverage. This includes a Breach Coach, which is the first line of defense for an insured to determine how to navigate the complex and immediate response necessary when a data incident occurs. Additionally, the policies of today have been developed to quickly and efficiently mitigate all aspects of a data incident, and not just defense. Thus, other services may include:

- Forensics
- Crisis Management
- Notification
- Public Relations
- Call Center
- eDiscovery
- Credit Monitoring



Carriers

If there is some good news amongst the trends, it would be the capacity and strength of the cyber marketplace. The marketplace for this coverage is robust and continues to increase with more than 40 carriers now committed to this space and upwards of $350M in total capacity for the best risks. Such capacity comes with quality forms from several prominent Lloyd's syndicates, such as Brit, Kiln Aspen, Barbican and several others, as well as the following active domestic carriers:

AIG	AWAC
ACE	XL
Axis Pro	Liberty
Chubb	Zurich
CNA	Hartford.

2014 Cyber Market Update

THINK AHEAD

Best Practices

Whether you purchase Cyber insurance or not, every corporate risk management program needs to decide on how to approach this risk. Insurance (or self-insurance through a captive or other alternative) is becoming increasingly popular for many reasons, such as:

1. **Partnerships.** Carriers often subsidize [or pay for entirely] the services of cyber experts who can advise on system protections, software upgrades and even risk management in general. Many companies that may not have the insurance just yet, have already engaged these experts at full cost because they drive real value to the process of reducing risk. Carriers are willing to pay because these consulting services have been shown to mitigate both frequency and severity of cyber losses.
2. **Claims Handling.** The carriers have vast experience with literally thousands of cyber claims and stand ready to share that experience by advising and assisting their Insureds in defending against adversarial situations.
3. **Risk Transfer.** Network Security and Privacy claims have emerged as having real potential for catastrophic risk. As such, it makes sense to transfer such risk and maintain a more stable risk profile, especially if you are publicly traded. In a worst case scenario, mismanagement of a cyber event leads to a D&O claim as well.
4. **Brand Issue and Reputational Risk.** Though the value of this module of some cyber insurance offerings is unclear, there is no question that every resource counts when you are fighting threats to your brand or reputation. The Crisis management component of the Network Security and Privacy policy has been historically under-utilized, but we see that changing in the near future as clients access carrier money and expertise to protect their brand value.

Social Media

The popularity of Facebook, Twitter, LinkedIn, Instagram, Photobucket, Tumblr and Pinterest has surged dramatically – and so have their experiences with hacking, as the headlines can attest. How this evolves into additional corporate risk is unclear, but history suggests that companies are facing new exposures every day from Social Media usage.

The Marketplace

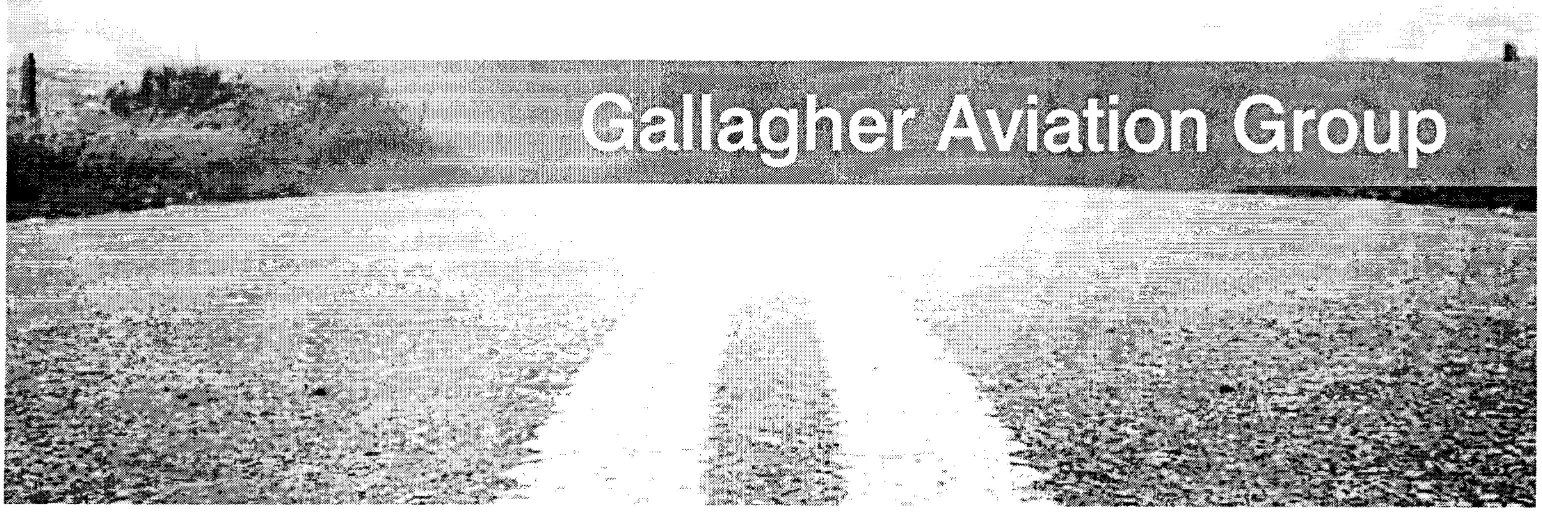
Premiums for Cyber products have been stable recently with pricing flat to mildly increasing for the most part. Dec pages have become crowded with options and sub-limits available have grown dramatically, with some having changed from 10% to 20% of limit to full limits in just the last 2 years. However, going into 2014, we see market conditions hardening somewhat and carriers will more cautiously offer such generous sub-limits. Additionally, they are already being much more selective on offering substantive enhancements to the policy form language. And we are expecting premium increases in 2014, especially for those companies with increased exposure data, though such increases should be small for the most part.

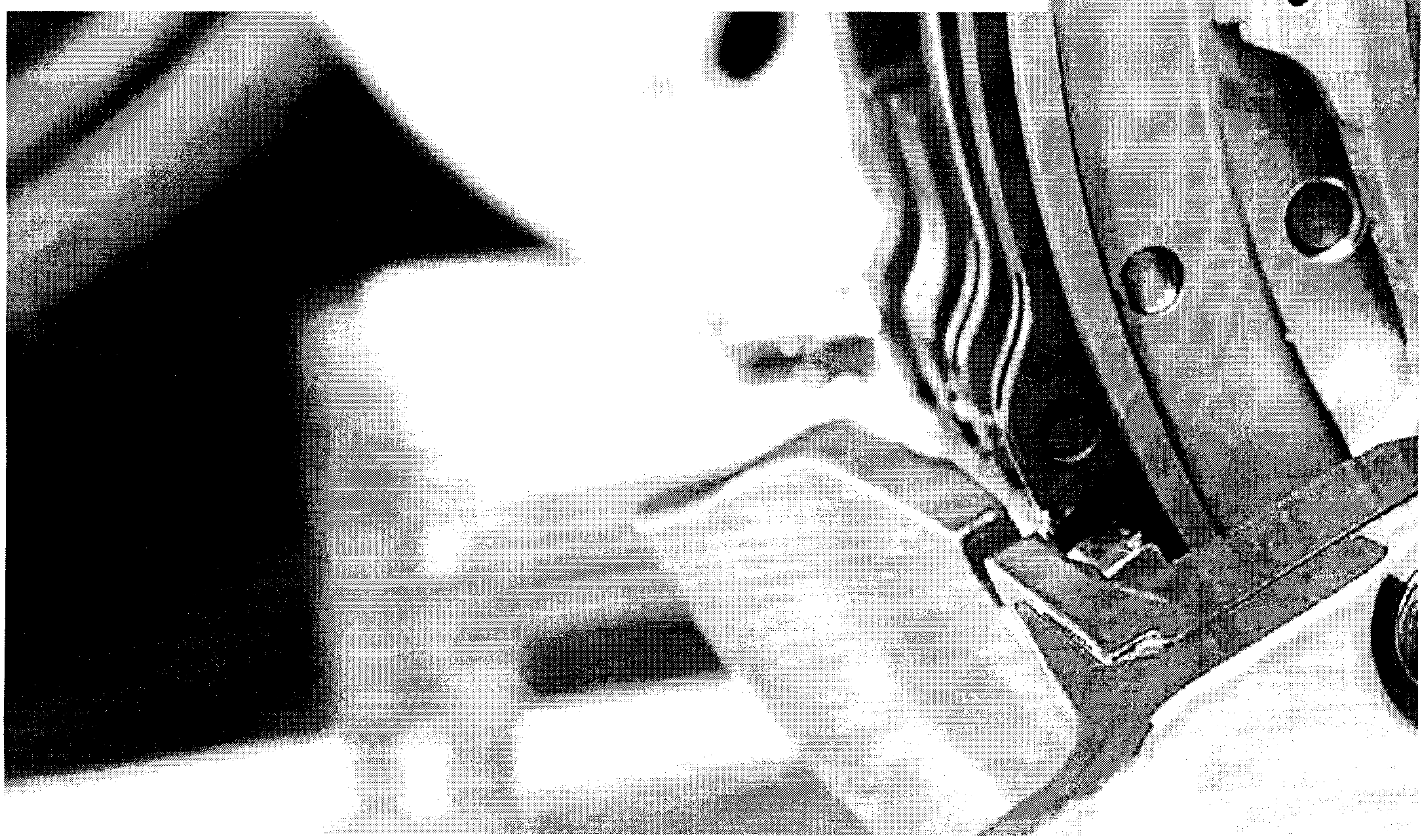
Conclusion

Attacks on network security and threats to privacy abound and are absolutely on the rise. So is the cost of such events. Not surprisingly, the attention of corporate boards toward these risks and the purchase of this type of insurance are both on the rise as well. Regardless of the ultimate purchase decision, finding and partnering with the right set of specialists for advice and assistance is now of paramount importance.

About the Authors: *Phil Norton is President of the Professional Liability Division at Gallagher, responsible for all management liability and specialty insurance. Joe DePaul is the national cyber risk practice leader for Gallagher. For more information, please contact Dr. Norton at (312) 803-7429 or phil_norton@ajg.com, or contact Mr. DePaul at (973) 939-3646 or joe_depaul@ajg.com.*

Arthur J. Gallagher Risk Management Services





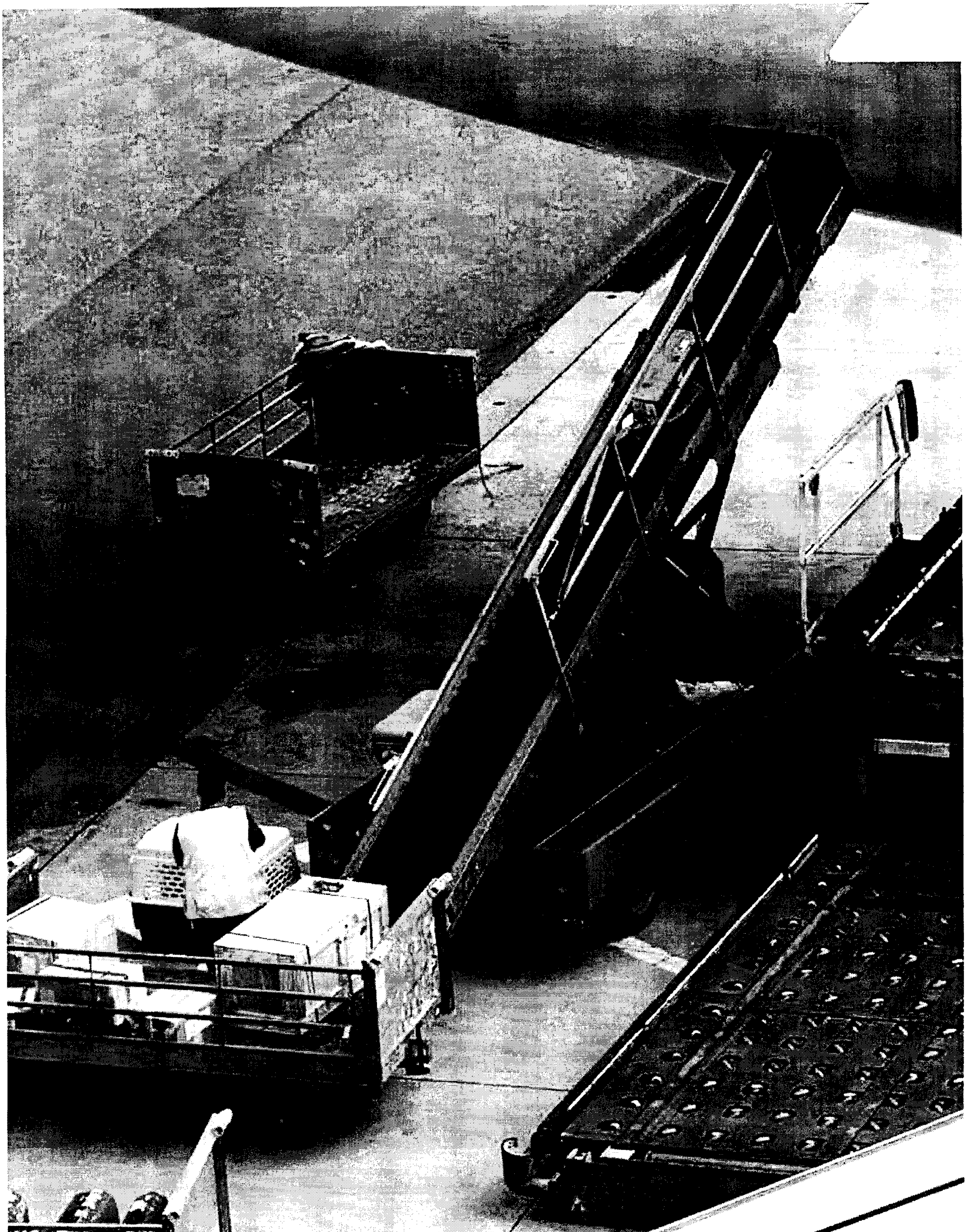
Local Presence, Global Reach

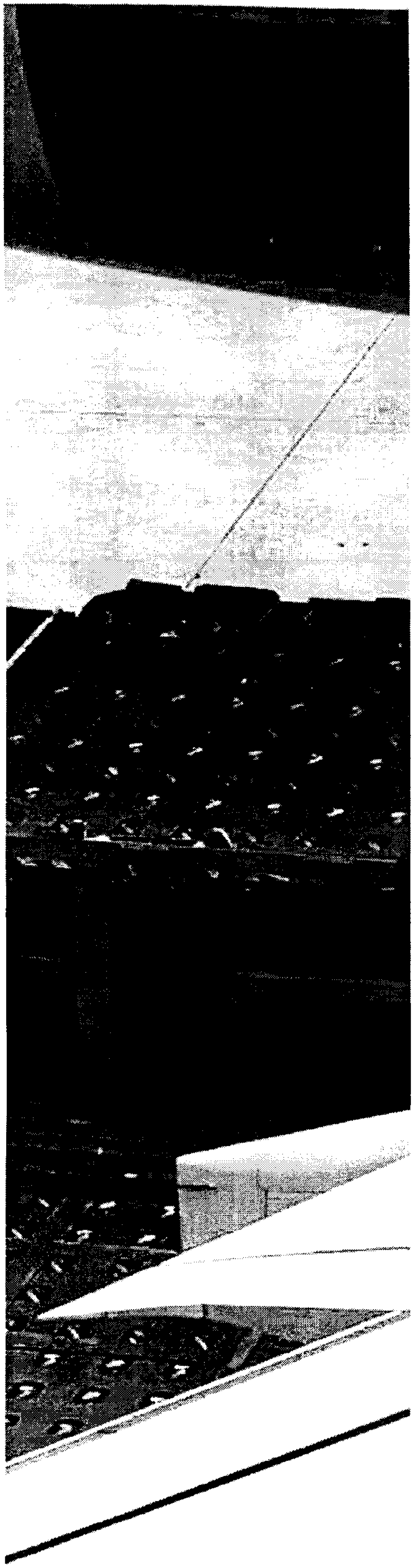
Around the world or just next door, the Gallagher Aviation Group has experienced professionals ready to help you protect your aviation and aerospace operations. Our seasoned aviation specialists are embedded in regional Arthur J. Gallagher Risk Management Services offices to respond to the needs of customers locally. Gallagher Aviation Group professionals have the knowledge, creativity and autonomy to respond quickly and effectively. They can also formulate teams that best match the unique requirements of your business. As a result, you benefit from worldwide expertise while you receive individual attention and service on a local level.

Strong Customer Focus

With Gallagher Aviation and Aerospace, you'll get to know your team of professionals. We'll be at your side, sleeves rolled up and ready to take action when you need us. We make every attempt to get to know you, your business and the challenges you face and anticipate potential liabilities before they become a problem. Our account representatives are backed up by an extensive team of customer support professionals as well as Gallagher Bassett, another Division of Arthur J. Gallagher & Co. that handles claims management. From obtaining certificates of insurance, to getting assistance processing a claim or evaluating your risk management strategies, the team at Gallagher Aviation Group is with you all the way.

You benefit from worldwide expertise while you receive individual attention and service on a local level.



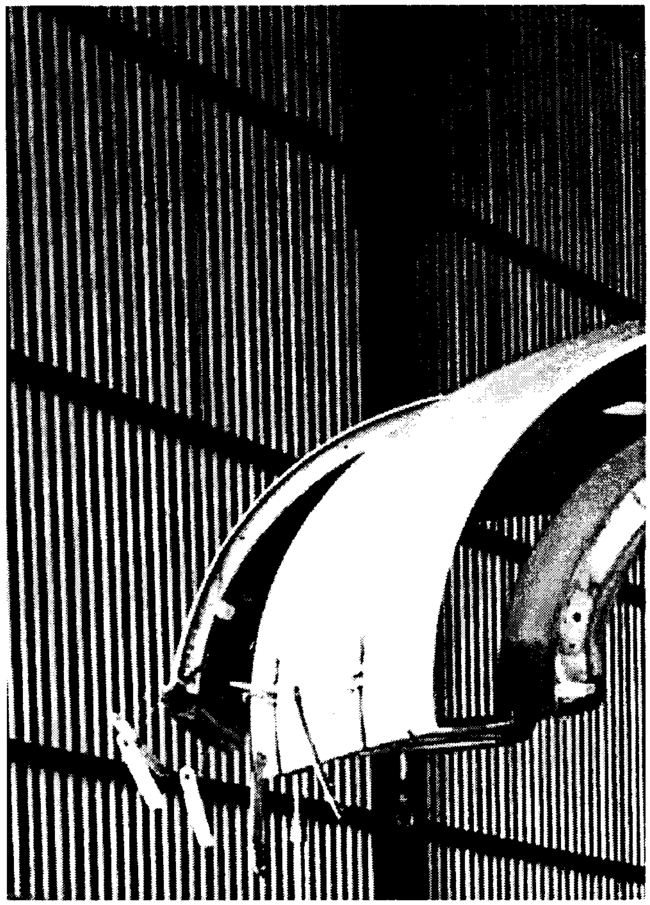


Key Coverages

Aviation and aerospace coverages we typically provide include:

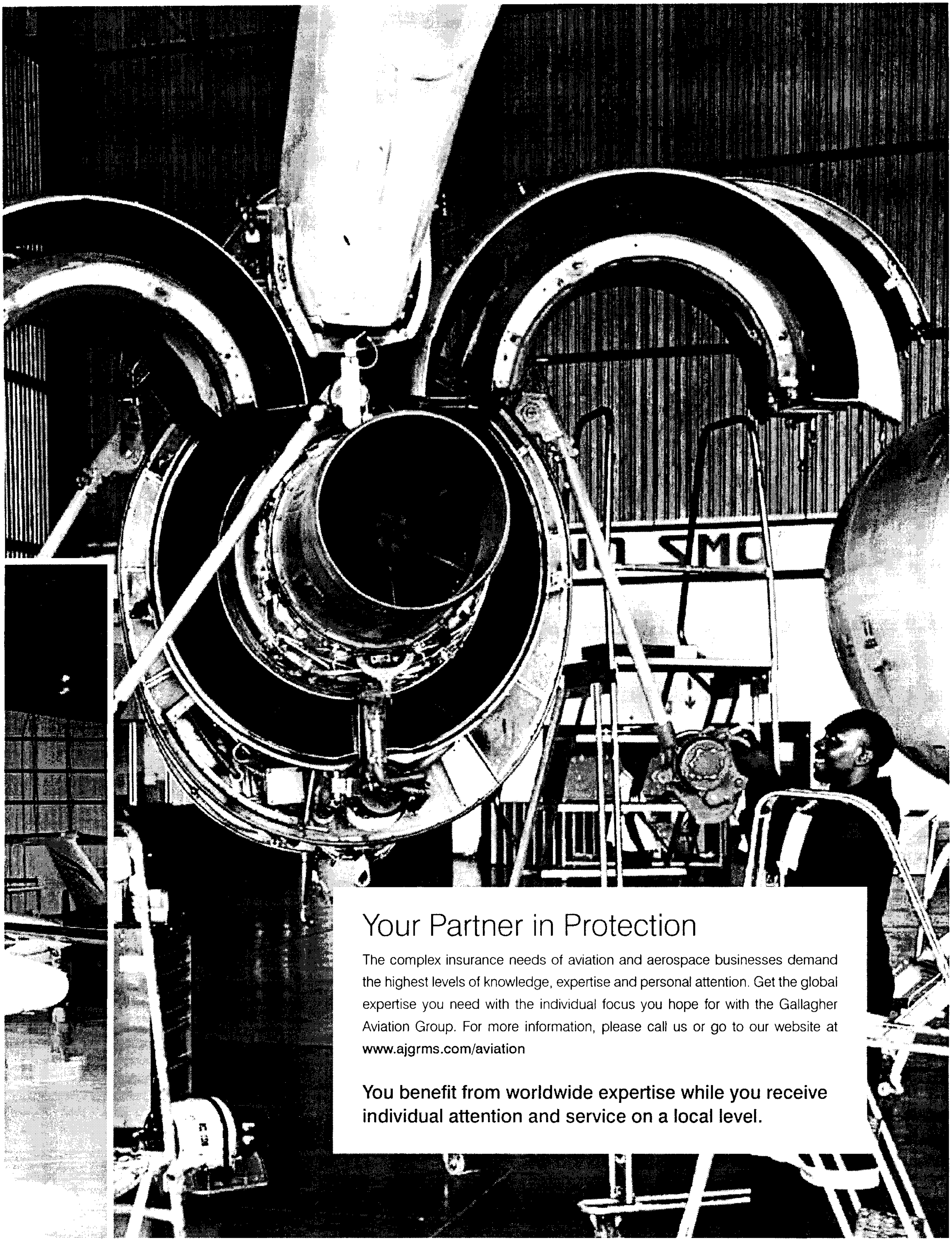
- Aircraft Hull & Liability Insurance
- Airport and Ground Handlers Liability
- Baggage, Mail and Cargo
- Deductible and Contingency Insurance
- Hangarkeepers Liability
- Hull and Liability War and Allied Perils Insurance
- Loss of License
- Aviation Products
- Personal Accident
- Residual Value Insurance
- Spare Parts and Mechanical Breakdown Insurance
- Hangar Property Insurance
- Fractional Aircraft Ownership Coverage
- Airshow Liability
- Helipad Liability Coverages

In addition to these coverages, the Gallagher Aviation Group professionals can assist you with contract and policy language and advise you on leasing and financial contracts.



A Worldwide Industry Leader

Gallagher Aviation & Aerospace is a division of Arthur J. Gallagher Risk Management Services, the commercial, retail Property & Casualty insurance subsidiary of Arthur J. Gallagher & Co., one of the largest insurance brokers in the world, with assets in excess of $3.2 billion. We bring the strength and stability of this financially sound organization to our aviation and aerospace clients. We are leaders in the global insurance market and have earned the respect in the marketplace to help you negotiate highly competitive rates for your coverages. Most importantly, you reap the benefits of our cumulative knowledge from around the world, in aviation and aerospace and in the insurance industry.


Your Partner in Protection
The complex insurance needs of aviation and aerospace businesses demand the highest levels of knowledge, expertise and personal attention. Get the global expertise you need with the individual focus you hope for with the Gallagher Aviation Group. For more information, please call us or go to our website at www.ajgrms.com/aviation
You benefit from worldwide expertise while you receive individual attention and service on a local level.

We're the world's largest broker with a first and last name.

In 1927 Arthur J. Gallagher, one of the pioneers of risk management, founded the commercial insurance agency that still bears his name. From one office in Chicago, the company has grown to 250 offices in nine countries, with revenues of more than $1 billion. Art's grandson, J. Patrick Gallagher, whose father and two uncles held leadership positions within the company, is president and chief executive officer. Throughout the company's incredible growth, our mission has remained to run this not as a "family business" but as a business of 9,000+ family members worldwide, whose commitment to excellence extends to our clients, stockholders and business partners. The history of Gallagher makes a compelling story of the insurance business and can be found on our Web site at **www.ajgrms.com.**

Arthur J. Gallagher Risk Management Services, Inc.
6399 S. Fiddler's Green Circle, Suite 200
Greenwood Village, CO 80111
800.333.3231 • fax 303.773.9776

Clay Hill, Vice President
303.889.2526 • clayton_hill@ajg.com

Doug Meyer, Account Executive
303.889.2592 • doug_meyer@ajg.com

www.ajgrms.com/aviation

Arthur J. Gallagher
Risk Management Services

Fort Bend County Specification Download Acknowledgment

Request for Proposals
Insurance Broker of Record
RFP 14-046

VENDORS MUST IMMEDIATELY RETURN THIS FORM BY FAX TO 281-341-8645 ✓ faxed 8-8-14

Vendor Responsibilities:

- Vendors are responsible to download and complete any addendums. (Addendums will be posted on the Fort Bend County Website no later than 48 hours prior to Opening)
- Vendors will submit responses in accordance with requirements stated on cover of document.
- Vendors may not submit responses via email or fax.

Arthur J. Gallagher Risk Management Services, Inc.

Legal Name of Contracting Company

Cyndi Boehle, CIC, CRM

Contact Person

5420 LBJ Frwy., Suite 400, Dallas, TX 75240

Complete Mailing Address

972-663-6126 — Telephone Number

972-991-4061 — Facsimile Number

cyndi_boehle@ajg.com

Email Address

Cyndi Boehle — Signature

August 8, 2104 — Date

Fort Bend County, Texas
Request for Proposals

Insurance Broker of Record for Fort Bend County RFP 14-046

SUBMIT BIDS TO:

Fort Bend County
Purchasing Department
Travis Annex
301 Jackson, Suite 201
Richmond, TX 77469

**NOTE:
All correspondence must include the term "Purchasing Department" in address to assist in proper delivery

SUBMIT NO LATER THAN:

Thursday, August 28, 2014
1:30 PM (Central)

MARK ENVELOPE:

R14-046
Insurance Broker of Record

ALL RFPS MUST BE RECEIVED IN COUNTY PURCHASING OFFICE BEFORE RECEIVING DATE AND TIME SPECIFIED. RFPS RECEIVED WILL THEN BE OPENED AND OFFERORS NAMES PUBLICLY READ. RFPS RECEIVED AFTER THE SPECIFIED TIME WILL BE RETURNED UNOPENED.

Results will not be given by phone.
Results will be provided to bidders in writing after Commissioners Court award.

Fort Bend County is always conscious and extremely appreciative of your effort in the preparation of this RFP. Requests for information must be in writing and directed to:
Gilbert Jalomo, CPPB County Purchasing Agent
Gilbert.Jalomo@fortbendcountytx.gov

Prepared: 07/01/14
Issued: 08/06/14

Vendor Information

Arthur J. Gallagher Risk Management Services, Inc.

Legal Name of Contracting Company

Federal ID Number (Company or Corporation) or Social Security Number (Individual)

972-991-3700

Telephone Number

972-991-4061

Facsimile Number

5420 LBJ Frwy., Suite 400

Complete Mailing Address (for Correspondence)

Dallas, TX 75240

City, State and Zip Code

39683 Treasury Center

Complete Remittance Address (if different from above)

Chicago, IL 60694-9600

City, State and Zip Code

Cyndi Boehle, CIC, CRM
Area Senior Vice President

Authorized Representative and Title (printed)

Cyndi_Boehle@ajg.com

Authorized Representative's Email Address

Cyndi Boehle

Signature of Authorized Representative

1.0 PURPOSE:

Fort Bend County, Texas (the "County") is issuing a request for proposal ("RFP") to qualified firms seeking to act as an insurance "broker of record" for the County with respect to the County's property and casualty insurance program. Respondents must offer a proposal that will meet the scope of services, qualifications and general description of work activities identified in this RFP.

It is the County's intention and expectation to pay a fixed sum only for the provision of those services, including all out-of-pocket expenses. The initial contract period and renewal(s) are based solely on the County's discretion and judgment.

In responding to this RFP, Respondents must follow the prescribed format as outlined in Section 9.0. By so doing, each Respondent will be providing the County comparable data submitted by other Respondents and, thus, be assured of fair and objective treatment in the County review and evaluation process.

2.0 PROPOSAL SUBMISSION:

2.1 Questions:

Questions concerning this RFP must be submitted in writing to Mr. Gilbert Jalomo, CPPB, County Purchasing Agent, via email to Gilbert.Jalomo@fortbendcountytx.gov. Responses to questions will be issued in writing only, verbal questions and responses will not be considered. Deadline for submission of questions and/or clarification is **Thursday, August 21, 2014 at 3:00 p.m. (CST)**. Requests received after the deadline will not be responded to due to the time constraints of this Proposal process.

2.2 When submitting a proposal in response to this request the following are required:

2.2.1 **One (1) original, ten (10) copies and one (1) electronic response on CD or flash drive. CD or flash drive must contain only one (1) file in PDF format and must match written response identically. Failure to provide proper CD or flash drive is cause for disqualification.**

2.2.2 Insure that this RFP is included in your proposal and that all the information requested on the cover of this RFP is completed.

2.2.3 Provide a title page showing the RFP subject, name of proposer, address, telephone number, fax number and email address. The title page must be signed by an officer of the firm.

2.2.4 Provide all required elements as stated.

2.2.5 Provide detailed pricing.

2.2.6 Provide completed W9, Tax Residence Certification and proof of insurance.

2.3 Proprietary Information:

If a proposal includes any proprietary data or information that the respondent does not want disclosed to the public, such data or information must be clearly identified on every page on which it is found. Data or information so identified will be used by Fort Bend County officials and representatives solely for the purpose of evaluating proposals and conducting contract negotiations.

2.4 Cost of Proposal Preparation:

The cost of preparing a response to this RFP is not reimbursable to respondent or selected provider.

2.5 Modification or Withdrawal of Proposals:

Any proposal may be withdrawn or modified by written request of the respondent prior to the deadline for submission. Modifications received after the submission deadline will not be considered. No proposal may be withdrawn for a period of 60 calendar days after opening without permission of Fort Bend County. Respondents will be accorded fair and equal treatment with respect to any opportunity for discussion and revision. Revisions will be permitted after submission and before final contract award for the purpose of obtaining the best and final offer.

2.6 Preparation of Proposal:

Proposals must be in correct format and complete. Respondents are expected to address all items in as much detail as necessary for Fort Bend County representatives to make a fair evaluation of the company and the proposal.

2.7 Confidentiality of Proposals:

Proposals will be opened on the date specified on the cover page and kept secret during the process of negotiations. Only the names of the respondents will be made public at time of opening. All proposals that have been submitted shall be open for public inspection only after final contract award, subject to the requirements of the Public Information Act.

2.8 Contract Award:

Fort Bend County Commissioners Court will award the contract to the responsible company(s) who has been determined to be the best evaluated offer resulting from negotiations. Fort Bend County reserves the right to reject any or all proposals and is not obligated to award a contract pursuant to this request for proposals. Final contract may be awarded to one (1) firm or multiple firms.

2.9 Exceptions RFP:

Any and all exceptions, conditions or qualifications to the provisions contained herein must be clearly identified as such together with reasons for taking exception, and inserted in the proposal along with associated costs.

3.0 PROPOSAL CONTACT:

This Proposal is being issued by the County Purchasing Agent on behalf of Fort Bend County, Texas. Thus, responses should be directed to the Purchasing Agent, as outlined below. **Respondents are specifically directed NOT to contact any County personnel for meetings, conferences or technical discussions that are related to this Proposal other than specified herein. Unauthorized contact of any County personnel will likely be cause for rejection of the Respondent's proposal. All communications regarding the Proposal shall be directed to the County's Proposal Contact.** Communication with the Proposal Contact is permitted via email, facsimile, or written correspondence.

PROPOSAL CONTACT:

Gilbert Jalomo, CPPB
County Purchasing Agent
Fort Bend County Travis Annex
301 Jackson, Suite 201
Richmond, Texas 77469
Gilbert.Jalomo@fortbendcountytx.gov

4.0 RESPONDENTS INSURANCE:

4.1 All respondents must submit, with RFP, a certificate of insurance indicating coverage in the amounts stated below. In lieu of submitting a certificate of insurance, respondents may submit, with RFP, a notarized statement from an Insurance company, authorized to conduct business in the State of Texas, and acceptable to Fort Bend County, guaranteeing the issuance of an insurance policy, with the coverage stated below, to the contractor named therein, if successful, upon award of this Contract. Failure to provide insurance certificate or notarized statement will result in disqualification of submittal.

4.2 The certificates of insurance to be satisfactory to Fort Bend County, naming the Contractor and its employees as insured:

4.2.1 Workers Compensation in accordance with the laws of the State of Texas. Substitutes to genuine Workers' Compensation Insurance will not be allowed.

4.2.2 Employers' Liability insurance with limits of not less than $1,000,000 per injury by accident, $1,000,000 per injury by disease, and $1,000,000 per bodily injury by disease.

4.2.3 Commercial general liability insurance with a limit of not less than $1,000,000 each occurrence and $2,000,000 in the annual aggregate. Policy shall cover liability for bodily injury, personal injury, and property damage and products/completed operations arising our of the business operations of the policyholder.

4.2.4 Business Automobile Liability coverage applying to owned, non-owned and hired automobiles with limits not less than $1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage combined.

4.2.5 Errors and Omissions Professional Liability insurance with a limit of $10,000,000.

4.3 County and the members of Commissioners Court shall be named as additional insured to all required coverage except for Workers' Compensation and Professional Liability (if required). All Liability policies written on behalf of Contractor shall contain a waiver of subrogation in favor of County and members of Commissioners Court.

4.4 If required coverage is written on a claims-made basis, Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of the Contract and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of 2 years beginning from the time the work under this Contract is completed.

4.5 Contractor shall not commence any portion of the work under this Contract until it has obtained the insurance required herein and certificates of such insurance have been filed with and approved by Fort Bend County.

4.6 No cancellation of or changes to the certificates, or the policies, may be made without sixty (60) days prior, written notification to Fort Bend County.

4.7 Approval of the insurance by Fort Bend County shall not relieve or decrease the liability of the Contractor.

5.0 INDEMNIFICATION:

RESPONDENT SHALL SAVE HARMLESS COUNTY FROM AND AGAINST ALL CLAIMS, LIABILITY, AND EXPENSES, INCLUDING REASONABLE ATTORNEYS FEES, ARISING FROM ACTIVITIES OF RESPONDENT, ITS AGENTS, SERVANTS OR EMPLOYEES, PERFORMED UNDER THIS AGREEMENT THAT RESULT FROM THE NEGLIGENT ACT, ERROR, OR OMISSION OF RESPONDENT OR ANY OF RESPONDENT'S AGENTS, SERVANTS OR EMPLOYEES.

5.1 Respondent shall timely report all such matters to Fort Bend County and shall, upon the receipt of any such claim, demand, suit, action, proceeding, lien or judgment, not later than the fifteenth day of each month; provide Fort Bend County with a written report on each such matter, setting forth the status of each matter, the schedule or planned proceedings with respect to each matter and the cooperation or assistance, if any, of Fort Bend County required by Respondent in the defense of each matter.

5.2 Respondent's duty to defend, indemnify and hold Fort Bend County harmless shall be absolute. It shall not abate or end by reason of the expiration or termination of any contract unless otherwise agreed by Fort Bend County in writing. The provisions of this section shall survive the termination of the contract and shall remain in full force and effect with respect to all such matters no matter when they arise.

5.3 In the event of any dispute between the parties as to whether a claim, demand, suit, action, proceeding, lien or judgment appears to have been caused by or appears to have arisen out of or in connection with acts or omissions of Respondent, Respondent shall never-the-less fully defend such claim, demand, suit, action, proceeding, lien or judgment until and unless there is a determination by a court of competent jurisdiction that the acts and omissions of Respondent are not at issue in the matter.

5.4 Respondent's indemnification shall cover, and Respondent agrees to indemnify Fort Bend County, in the event Fort Bend County is found to have been negligent for having selected Respondent to perform the work described in this request.

5.5 The provision by Respondent of insurance shall not limit the liability of Respondent under an agreement.

5.6 Respondent shall cause all trade contractors and any other contractor who may have a contract to perform construction or installation work in the area where work will be performed under this request, to agree to indemnify Fort Bend County and to hold it harmless from all claims for bodily injury and property damage that arise may from said Respondent's operations. Such provisions shall be in form satisfactory to Fort Bend County.

5.7 Loss Deduction Clause - Fort Bend County shall be exempt from, and in no way liable for, any sums of money which may represent a deductible in any of the Respondents insurance policies. The payment of deductibles shall be the sole responsibility of Respondent and/or trade contractor providing such insurance.

6.0 TENTATIVE PROCUREMENT SCHEDULE:

Proposal Release Date:	Wednesday, August 6, 2014
Deadline for Questions:	Thursday, August 21, 2014 3PM (CST)

Deadline for Addendums/Q&A:	Monday, August 25, 2014
Proposals Due:	Thursday, August 28, 2014 by 1:30 PM (CST)

7.0 BACKGROUND:

The County has multiple lines of insurance/reinsurance coverage's as part of the property and casualty program which include the following: Property, General Liability, Excess Liability, Auto Liability, Public Officials Liability, Errors and Omission, Employee Benefits Liability, Law Enforcement Liability, Crime, Worker's Compensation and Employers Liability. The Risk Management Department is responsible for administering the program for the County. A schedule of the County's insurance policies presently in effect is at Exhibit A.

8.0 DETAILED SCOPE OF WORK:

The Broker shall provide the following services to the County:

8.1 Gather all requisite exposure data and loss data from the County for use in the development of coverage specifications;

8.2 Prepare coverage specifications and submit the same to the County Director of Risk Management for review and approval;

8.3 Submit coverage specifications, as approved by the County Director of Risk Management, to the County Purchasing Agent for consideration and issuance of formal request for proposal to insurance carriers for competitive proposals;

8.4 Assist the County with proposal review, selection and negotiations with interested insurance carriers to obtain the most favorable rates and premiums available to the County.

8.5 Act upon the selected course of action/program and put forth into full force and effect without any lapse of coverage the necessary policies and coverage on behalf of the County and work with County personnel and the insurance company's personnel to ensure a smooth transition, when necessary;

8.6 Monitor and update coverage and place additional coverage and terminate existing coverage as required by the County;

8.7 Issue insurance documents such as certificates and binders as required by the County;

8.8 Consult with the County Director of Risk Management regarding the effectiveness of the program, review proposed changes and new coverage in anticipation of the next year's insurance program, including but not limited, to the evaluation of alternative insurance and/or risk financial proposals;

8.9 Advise the County Director of Risk Management on questions of insurance both as to coverage for the County itself and as to insurance to be obtained from various contractors and agencies doing business with/for the County;

8.10 Advise the County Director of Risk Management whenever new coverage's become available and consult with the County Director of Risk Management on the advisability of obtaining such coverage;

8.11 Research technical exposure and coverage questions;

8.12 Review insurance policies for appropriate coverage, provisions and conditions, exclusions and endorsements;

8.13 Order and process change endorsements;

8.14 All coverage written shall be received net of commissions;

8.15 Bill and process insurance invoices;

8.16 Coordinate Carrier value-added services such as loss control inspections;

8.17 Analyze losses, including developing loss projections;

8.18 Establish and maintain, with the cooperation of County personnel, an up-to-date listing of all real and personal property owned and/or leased by the County and intended to be covered under any policies of insurance;

9.0 ORGANIZATION OF RESPONSE:

This section outlines the information that must be included in your proposal. Please respond with your information in the same order as the items in the section.

9.1 Transmittal Letter. Each response to the RFP should be accompanied by a letter of transmittal not exceeding one (1) page that summarizes key points of the proposal and which is signed by an officer of the firm authorized to commit the Respondent to the obligations contained in the proposal. The transmittal letter should also include a phone number, fax number and e- mail address for the Respondent's contact person.

9.2 Table of Contents. Include a Table of Contents at the beginning, which clearly outlines the contents of your proposal.

9.3 Company Information. Provide information related to your company and any companies you are proposing to use as partners/sub-contractors. Specifically address the following:

9.3.1 Year the company was organized.

9.3.2 Identification of company ownership to include a listing of the principal officers of your firm as well as the certification as to whether any such officer or any of the owners of your firm are presently employed by the County.

9.3.3 Financial history of the company covering the last three years. Attach the most recent copy of your latest financial statements prepared by an independent certified public accountant in accordance with generally accepted accounting principles. Also include the following information: current balance sheet, statement of revenues and expenses, statement of cash flows, and appropriate notes to these documents. Please mark any proprietary information.

9.3.4 Functions and location of your nearest regional office to Fort Bend County.

9.3.5 Anticipated growth of your organization including expansion of the client base and acquisitions. Include organizational chart.

9.3.6 Any conflicts of interest that may affect the County's potential selection of or entering into an agreement with, your organization, i.e. your organization currently holds an agreement with the County for other services, a relative of any employee, if the Respondent is a member of the selection committee, etc.

9.3.7 A description of the firm's resources that would be committed to the contract demonstrating that the firm has the capacity to meet the contract obligations.

9.3.8 Certificate of Insurance: Submit a copy of your most current Certificate of Insurance showing coverage at or above those described in Section 4.0.

9.3.9 Provide a list of all current markets available to the Broker or Broker's firm and the lines of coverage that you currently handle.

9.4 Experience. Provide information that clearly demonstrates your organization's prior experience and background (both business and technical) in engagements similar to this project. This section must include:

9.4.1 A list of all current public sector clients in the State of Texas, the dates of engagement for each client. Include the following information for each public sector client:

9.4.1.1 Name and address of the client;
9.4.1.2 Name and telephone number of contact person;

9.4.1.3 Summary of the savings and/or cost reductions obtained on behalf of the client as a result of your services.

9.4.1.4 Provide a three (3) year list of Texas local governments of current and past clients with an explanation of why past clients are no longer with your firm.

9.4.2 Provide a list of past Public Sector clients with an explanation of why past clients are no longer with your firm. Include the date you originally obtained the client and the date terminated. Please include a contact number for the past client(s).

9.4.3 Résumés for the key personnel to be involved in providing services to Fort Bend County to include a list of all insurance licenses held.

9.5 Respondent's proposal. Respondent must submit a detailed Project Narrative and Work Plan that describes:

9.5.1 Performance measures and management procedures used to track and ensure quality of work and deliverables described in Section 8 of this RFP.

9.5.2 Proposed quality control mechanisms that ensure a high level of quality and commitment to excellence.

9.6 Cost Proposal. Respondents must propose a fee for service for compensation. No other fees of any kind, commissions, or over-rides will be eligible under this contract as the Broker of Record for the County.

10.0 EVALUATION CRITERIA:

Evaluation Criteria: All properly prepared and submitted proposals shall be subject to evaluation deemed appropriate for the purpose of selecting the Respondent with whom a contract may be signed. Responses to the RFP will be evaluated according to the following weighted criteria:

15% Company Information

25% Experience

35% Respondent's Proposal

25% Cost Proposal

11.0 EVALUATION PROCESS:

11.1 After the proposals are received, the evaluation team shall evaluate each proposal that was submitted on time, and the evaluation shall be based on the criteria listed in the proposal. Selection committee members will conduct a quantitative evaluation according to a numerical ranking system and a qualitative evaluation for over all proposal content and its conformance to requirements. The entire evaluation committee will then meet to discuss the strong and weak points of each proposal to assure that it has been evaluated fairly, impartially and comprehensively. Following this initial evaluation, the evaluation team may recommend contract award without further discussion with proposers, or the firms submitting the top rated proposals may be asked to make an oral presentation to the evaluation team for the propose of further clarification and evaluation of the proposals.

11.2 If oral presentations are scheduled, the representatives of the firm who will be directly assigned to the account must be present at the interview. During the interview portion of the meeting, the evaluation team shall advise the proposer of deficiencies in the proposal and shall allow the proposer to satisfy the requirements, questions, or concerns by submitting a final offer. The proposer may decide not to modify their proposal and may inform Fort Bend County that the offer is firm and final.

11.3 The evaluation team shall not disclose any information included in a firm's proposal to another firm during the RFP process and shall not disclose any information for the purpose of bringing one firm's proposal up to that of a competitor's proposal.

11.4 The County reserves the right to conduct any investigations necessary to verify information submitted by the Respondent and/or to determine the Respondent's capability to fulfill the terms and conditions of the RFP contract document. The County reserves the right to visit a prospective Respondent's place of business to verify the existence of the company and the management capabilities required to administer this agreement. The County will not consider Respondents that are in bankruptcy or in the hands of a receiver at the time of tendering a proposal or at the time of entering into a contract.

11.5 After final offers are received, the evaluation team shall reevaluate each of the final offers, including those deemed final at the interview. The final offers shall be evaluated on the same criteria used in the first evaluation.

11.6 Fort Bend County reserves the right to reject any and all proposals received for any reason that would be to the benefit of Fort Bend County.

11.7 All proposals submitted are to be valid for a period of ninety (90) days.

12.0 AWARD:

Proposals will be opened on the date specified on the cover page and kept secret until the Fort Bend County Commissioners Court awards a final negotiated contract. Only the names of the respondents will be read aloud during the opening. All proposals that have been submitted shall be open to public inspection after the contract award.

13.0 CONTRACTUAL OBLIGATIONS:

This Request for Proposals, response and associated documentation, any negotiations and final contract, when properly accepted by Fort Bend County, shall constitute a contract equally binding between the contractor and Fort Bend County.

14.0 ATTACHMENT AND REQUIRED FORMS:

All vendors submitting are required to complete the attached and return with submission:

14.1 Coverage – 2014

14.2 Vendor Form

14.3 W9 Form

13.4 Tax Form/Debt/Residence Certification

14.5 Proof on insurance as stated within solicitation document.

Coverage

Property

Blanket Real & Personal Property: $250,000,000
Demolition & Increased Cost of Construction: $20,000,000
Earth Movement: $25,000,000
Flood: $25,000,000 except $2,500,000 for floods occurring within Special Flood Hazard Areas (SFHA), areas of 100-Year Flooding as defined by FEMA
Named Storm: $50,000,000
Debris Removal: $5,000,000
Accounts Receivable: $500,000
Demolition and Increased Cost of Construction: Coverage A Included; Coverage B $1,000,000; Coverage C $1,000,000
Electronic Data and Media: $1,000,000
Equipment Breakdown: $50,000,000
Spoilage: $250,000
Errors and Omissions: $1,000,000
Extra Expense (includes Expediting Expenses): $1,250,000
Fine Arts: $100,000
Fire Brigade Charges: $250,000
Limited Pollution Coverage: $100,000
Miscellaneous Unnamed Locations: $500,000
Newly Acquired Property for a period of 120 days, if not reported to the Company in that 120 day period then coverage ceases: $5,000,000
Professional Fees: $50,000
Service Interruption: $1,000,000
Transit: $500,000
Valuable Papers and Records: $1,000,000
Course in Construction: $5,000,000
Soft Costs: $1,000,000
Miscellaneous Property (Retaining Walls, Fences, Signs Traffic lights): $5,000,000
Business Income: $5,000,000
Diverter at Big Creek Bypass Drop Structure Near Sawmill Rd: $7,000,000
Diverter at Big Creek Overflow Structure: $1,000,000
Oyster Creek Ditch Overflow Structure Located Near Hwy 6 and Hwy 90: $2,000,000
Valuation: Replacement Cost
Deductible: $1,000,000 per occurrence unless other specific Deductible applies
Earth Movement Deductible: $1,000,000
Flood Deductible: $1,000,000 or 5% of TIV subject to minimum of $1,000,000 and maximum $2,500,000 any one occurrence
Windstorm or Hail Deductible: $1,000,000 or 5% of Total Insured Values (TIV) at each location arising out of a Named Storm up to $5,000,000 any one occurrence
Equipment Breakdown: $5,000
Time Element: 24 Hours

Coverage

Package Policy

Part I A. Schedule of Specific Excess Limits of Insurance
Coverage Section I Property - Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $900,000
Auto Physical Damage: $990,000
Flood and Surface Water: $900,000 Annual Aggregate
Earthquake: $900,000 Annual Aggregate
Named Storm: $900,000
Data Processing Extra Expense: $900,000
Data Processing Systems Equipment: $900,000
Data Processing Media: $900,000
Valuable Papers: $900,000
Fine Arts: $900,000
Accounts Receivable: $900,000
Extra Expense: $900,000
Mobile Equipment: $975,000
Garage Keepers Legal Liability: $250,000
Transit: $500,000
Business Income, including Rental Value: $900,000
Automatic Acquisition Clause: $1,000,000
Loss Fund: $2,100,000
Excess Loss Fund Protection Limit: $1,000,000

Coverage Section II General Liability – Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $4,900,000 Annual Aggregate
Premises Medical Payments: $10,000 ground up any one person; $25,000 ground up any one occurrence

Coverage Section III Automobile Liability – Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $4,900,000 Annual Aggregate
Automobile Medical Payments: $10,000 ground up any one person; $25,000 ground up any one occurrence

Coverage Section IV Public Officials Misc. Liability – Excess Limit of Insurance for Each Claim:
All Coverages combined: $4,900,000 Annual Aggregate
Subject to the following sublimits / annual aggregates which are part of and not in addition to the combined Section IV limit and annual aggregate:
Errors & Omissions: $4,900,000 Annual Aggregate
Employment Practice Liability: $4,900,000 Annual Aggregate
Sexual Harassment Liability: $4,900,000 Annual Aggregate
Sexual Abuse Liability: $4,900,000 Annual Aggregate

Coverage Section V Excess Workers' Compensation & Employers Liability for a Qualified Self Insurer – Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $250,000
Coverages A&C: $250,000
Coverage B – Employers Liability Only: $750,000

Coverage Section VI Employee Benefits Liability – Excess Limit of Insurance for Each Claim:
All Coverages combined: $4,900,000

Coverage Section VII Crime – Excess Limit of Insurance for Each Occurrence:
Money & Securities: $990,000
Forgery or Alteration: $990,000
Employee Dishonesty: $990,000

Coverage Section VIII Law Enforcement Activities – Excess Limit of Insurance for Each Occurrence:
All coverages combined: $4,900,000 Annual Aggregate
Subject to the following sublimit: Reimbursement of Defense Costs Incurred Prior to Denial or Declination of Coverage: $25,000 ground up any one Assured; $50,000 Aggregate per Occurrence; $100,000 Annual Aggregate

Part I B. Clash Coverage – When two or more sections of coverage apply to a covered loss.
All Sections of Coverage applicable to a covered loss combined:
Excess Limit of Insurance – Section I Property*: $900,000 *Except APD $950,000 & Inland Marine $975,000
Excess Limit of Insurance – Section II General Liability: $4,900,000

Excess Limit of Insurance – Section III Automobile Liability: $4,900,000
Excess Limit of Insurance – Section IV Public Entity Miscellaneous Liability: $4,900,000
Excess Limit of Insurance – Section V Excess Workers' Compensation & Employers Liability for a Qualified Self-Insurer: $250,000
Excess Limit of Insurance – Section VI Employee Benefits Liability: $4,900,000
Excess Limit of Insurance – Section VII Crime: Money & Securities: $990,000; Forgery or Alteration: $990,000; Employee Dishonesty: $990,000
Excess Limit of Insurance – Section VIII Law Enforcement Activities: $4,900,000
Excess Limit of Insurance - Aggregate of All Sections of Coverage: $28,710,000
Maximum total of all Excess Limits of Insurance Coverages combined plus the difference between the sum of all the Self Insured Retentions applicable to each Section of Coverage and the smallest Self Insured Retention applicable to any Section of Coverage – Maximum Total: $29,490,000

Part II Excess Loss Fund Protection
Excess Loss Fund Protection Limit: $1,000,000 Annual Aggregate

Coverage

Excess Workers' Compensation & Employers Liability Indemnity Policy

Specific Retention:
Each Accident: $600,000
Each Employee for Disease: $600,000

Specific Limit Each Accident:
Worker's Compensation: Statutory
Employers Liability: $1,000,000

Specific Limit Each Employee for Disease:
Workers' Compensation: Statutory
Employers Liability: $1,000,000

Professional Liability Policy

Limits of Liability:
Each Claim: $1,000,000
Aggregate: $3,000,000

COUNTY PURCHASING AGENT
Fort Bend County, Texas

Gilbert D. Jalomo, Jr., CPPB
County Purchasing Agent

(281) 341-8640
Fax (281) 341-8642 or 341-8645

Vendor Information

Federal ID # or S.S #		Dun and Bradstreet # 07-442-4540
Type of Business	✓ Corporation/LLC ___ Sole Proprietor/Individual ___ Partnership ___ Tax Exempt Organization	
Legal Company Name	Arthur J. Gallagher Risk Management Services, Inc.	Year Business was Established 1927
Remittance Address	39683 Treasury Center	
City/State/Zip	Chicago, IL 60694-9600	
Physical Address	5420 LBJ Freeway, Suite 400	
City/State/Zip	Dallas, TX 75240	
County	___ Fort Bend County Other: Dallas County	
Phone/Fax Number	Phone: 972.991.3700 or 800.777.9418 Fax: 972.991.4061	
Contact Person	Cyndi Boehle 972.663.6126	
E-mail	Cyndi_Boehle@ajg.com	
Special Notes		
The Company listed above is a (check all that apply and attached certificate).	___ DBE-Disadvantaged Business Enterprise **Certification #** ______ ___ SBE-Small Business Enterprise **Certification #** ______ ___ HUB-Texas Historically Underutilized Business **Certification #** ______ ___ WBE-Women's Business Enterprise **Certification #** ______ ___ MBE-Minority Business Enterprise **Certification #** ______	
Company's gross annual receipts:	___ < $500,000 ___ $500,000-$4,999,999 ___ $5,000,000-$16,999,999 ___ $17,000,000-$22,399,999 ✓ >$22,400,000	
NAICs codes (Please enter all that apply).	64, 6411, 641101,641103,64110302, 641199	

PLEASE NOTE: W-9 needs to be attached in order to be entered into our system

Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
Arthur J. Gallagher Risk Management Services, Inc.

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
☐ Individual/sole proprietor ☑ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Other (see instructions) ▶

Exemptions (see instructions):
Exempt payee code (if any)
Exemption from FATCA reporting code (if any)

Address (number, street, and apt. or suite no.)
5420 LBJ Freeway, Suite 400

Requester's name and address (optional)

City, state, and ZIP code
Dallas, TX 75240

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
[ ][ ][ ] – [ ][ ] – [ ][ ][ ][ ]

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person ▶ Daniel M. Tropp, Area President Date ▶ January 6, 2014

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at *www.irs.gov/w9*. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),

2. The United States or any of its agencies or instrumentalities,

3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,

4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or

5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,

7. A foreign central bank of issue,

8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,

9. A futures commission merchant registered with the Commodity Futures Trading Commission,

10. A real estate investment trust,

11. An entity registered at all times during the tax year under the Investment Company Act of 1940,

12. A common trust fund operated by a bank under section 584(a),

13. A financial institution,

14. A middleman known in the investment community as a nominee or custodian, or

15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 7[2]

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]
For this type of account:	**Give name and EIN of:**
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity [4]
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.consumer.gov/idtheft* or 1-877-IDTHEFT(438-4338).

Visit the IRS website at *www.irs.gov* to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

Job No.:________

TAX FORM/DEBT/ RESIDENCE CERTIFICATION
(for Advertised Projects)

Taxpayer Identification Number (T.I.N.): ____________________

Company Name submitting Bid/Proposal: Arthur J. Gallagher Risk Management Services, Inc.

Mailing Address: 5420 LBJ Freeway, Suite 400

Are you registered to do business in the State of Texas? ■ Yes ☐ No

If you are an individual, list the names and addresses of any partnership of which you are a general partner or any assumed name(s) under which you operate your business

____

____

I. **Property:** List all taxable property in Fort Bend County owned by you or above partnerships as well as any d/b/a names. Include real and personal property as well as mineral interest accounts. (Use a second sheet of paper if necessary.)

Fort Bend County Tax Acct. No.*	Property address or location**
	245 Commerce Green Blvd, #290, Sugar Land, TX 77478

** This is the property account identification number assigned by the Fort Bend County Appraisal District.*
*** For real property, specify the property address or legal description. For business personal property, specify the address where the property is located. For example, office equipment will normally be at your office, but inventory may be stored at a warehouse or other location.*

II. **Fort Bend County Debt** - Do you owe any debts to Fort Bend County (taxes on properties listed in I above, tickets, fines, tolls, court judgments, etc.)?

☐ Yes ■ No   If yes, attach a separate page explaining the debt.

III. **Residence Certification** - Pursuant to Texas Government Code §2252.001 *et seq.*, as amended, Fort Bend County requests Residence Certification. §2252.001 *et seq.* of the Government Code provides some restrictions on the awarding of governmental contracts; pertinent provisions of §2252.001 are stated below:

(3) "Nonresident bidder" refers to a person who is not a resident.

(4) "Resident bidder" refers to a person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

[x] I certify that Arthur J. Gallagher Risk Management Services, Inc. [Company Name] is a Resident Bidder of Texas as defined in Government Code §2252.001.

☐ I certify that ____________ [Company Name] is a Nonresident Bidder as defined in Government Code §2252.001 and our principal place of business is ____________ [City and State].

CONFLICT OF INTEREST QUESTIONNAIRE FORM CIQ

For vendor or other person doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.	OFFICE USE ONLY
	Date Received

This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. *See* Section 176.006, Local Government Code.

A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

1. Name of person who has a business relationship with local governmental entity.

No Conflicts

2. ☐ **Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3. Name of local government officer with whom filer has employment or business relationship.

Name of Officer

This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?

☐ Yes ☐ No

B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

☐ Yes ☐ No

D. Describe each employment or business relationship with the local government officer named in this section.

4. NO CONFLICTS

Cyndi Boehle

Signature of person doing business with the governmental entity

8/21/14

Date

Cyndi Boehle, CIR, CRM

Area Senior Vice President

Adopted 06/29/2007

Fort Bend County Specification Download Acknowledgment

Request for Proposals
Insurance Broker of Record
RFP 14-046

VENDORS MUST IMMEDIATELY RETURN THIS FORM BY FAX TO 281-341-8645

faxed
8-8-14

Vendor Responsibilities:

- Vendors are responsible to download and complete any addendums. (Addendums will be posted on the Fort Bend County Website no later than 48 hours prior to Opening)
- Vendors will submit responses in accordance with requirements stated on cover of document.
- Vendors may not submit responses via email or fax.

Arthur J. Gallagher Risk Management Services, Inc.

Legal Name of Contracting Company

Cyndi Boehle, CIC, CRM

Contact Person

5420 LBJ Frwy., Suite 400, Dallas, TX 75240

Complete Mailing Address

972-663-6126 | 972-991-4061

Telephone Number | Facsimile Number

cyndi_boehle@ajg.com

Email Address

Cyndi Boehle | August 8, 2104

Signature | Date

Fort Bend County, Texas
Request for Proposals

Insurance Broker of Record for Fort Bend County RFP 14-046

SUBMIT BIDS TO:

Fort Bend County
Purchasing Department
Travis Annex
301 Jackson, Suite 201
Richmond, TX 77469

****NOTE:**
All correspondence must include the term "Purchasing Department" in address to assist in proper delivery

SUBMIT NO LATER THAN:

Thursday, August 28, 2014
1:30 PM (Central)

MARK ENVELOPE:

R14-046
Insurance Broker of Record

ALL RFPS MUST BE RECEIVED IN COUNTY PURCHASING OFFICE BEFORE RECEIVING DATE AND TIME SPECIFIED. RFPS RECEIVED WILL THEN BE OPENED AND OFFERORS NAMES PUBLICLY READ. RFPS RECEIVED AFTER THE SPECIFIED TIME WILL BE RETURNED UNOPENED.

Results will not be given by phone.
Results will be provided to bidders in writing after Commissioners Court award.

Fort Bend County is always conscious and extremely appreciative of your effort in the preparation of this RFP. Requests for information must be in writing and directed to:
Gilbert Jalomo, CPPB County Purchasing Agent
Gilbert.Jalomo@fortbendcountytx.gov

Prepared: 07/01/14
Issued: 08/06/14

Vendor Information

Arthur J. Gallagher Risk Management Services, Inc.

Legal Name of Contracting Company

Federal ID Number (Company or Corporation) or Social Security Number (Individual)

972-991-3700 | 972-991-4061

Telephone Number | Facsimile Number

5420 LBJ Frwy., Suite 400

Complete Mailing Address (for Correspondence)

Dallas, TX 75240

City, State and Zip Code

39683 Treasury Center

Complete Remittance Address (if different from above)

Chicago, IL 60694-9600

City, State and Zip Code

Cyndi Boehle, CIC, CRM
Area Senior Vice President

Authorized Representative and Title (printed)

Cyndi_Boehle@ajg.com

Authorized Representative's Email Address

Cyndi Boehle

Signature of Authorized Representative

1.0 PURPOSE:

Fort Bend County, Texas (the "County") is issuing a request for proposal ("RFP") to qualified firms seeking to act as an insurance "broker of record" for the County with respect to the County's property and casualty insurance program. Respondents must offer a proposal that will meet the scope of services, qualifications and general description of work activities identified in this RFP.

It is the County's intention and expectation to pay a fixed sum only for the provision of those services, including all out-of-pocket expenses. The initial contract period and renewal(s) are based solely on the County's discretion and judgment.

In responding to this RFP, Respondents must follow the prescribed format as outlined in Section 9.0. By so doing, each Respondent will be providing the County comparable data submitted by other Respondents and, thus, be assured of fair and objective treatment in the County review and evaluation process.

2.0 PROPOSAL SUBMISSION:

2.1 Questions:

Questions concerning this RFP must be submitted in writing to Mr. Gilbert Jalomo, CPPB, County Purchasing Agent, via email to Gilbert.Jalomo@fortbendcountytx.gov. Responses to questions will be issued in writing only, verbal questions and responses will not be considered. Deadline for submission of questions and/or clarification is **Thursday, August 21, 2014 at 3:00 p.m. (CST)**. Requests received after the deadline will not be responded to due to the time constraints of this Proposal process.

2.2 When submitting a proposal in response to this request the following are required:

2.2.1 **One (1) original, ten (10) copies and one (1) electronic response on CD or flash drive. CD or flash drive must contain only one (1) file in PDF format and must match written response identically. Failure to provide proper CD or flash drive is cause for disqualification.**

2.2.2 Insure that this RFP is included in your proposal and that all the information requested on the cover of this RFP is completed.

2.2.3 Provide a title page showing the RFP subject, name of proposer, address, telephone number, fax number and email address. The title page must be signed by an officer of the firm.

2.2.4 Provide all required elements as stated.

2.2.5 Provide detailed pricing.

2.2.6 Provide completed W9, Tax Residence Certification and proof of insurance.

2.3 Proprietary Information:

If a proposal includes any proprietary data or information that the respondent does not want disclosed to the public, such data or information must be clearly identified on every page on which it is found. Data or information so identified will be used by Fort Bend County officials and representatives solely for the purpose of evaluating proposals and conducting contract negotiations.

2.4 Cost of Proposal Preparation:

The cost of preparing a response to this RFP is not reimbursable to respondent or selected provider.

2.5 Modification or Withdrawal of Proposals:

Any proposal may be withdrawn or modified by written request of the respondent prior to the deadline for submission. Modifications received after the submission deadline will not be considered. No proposal may be withdrawn for a period of 60 calendar days after opening without permission of Fort Bend County. Respondents will be accorded fair and equal treatment with respect to any opportunity for discussion and revision. Revisions will be permitted after submission and before final contract award for the purpose of obtaining the best and final offer.

2.6 Preparation of Proposal:

Proposals must be in correct format and complete. Respondents are expected to address all items in as much detail as necessary for Fort Bend County representatives to make a fair evaluation of the company and the proposal.

2.7 Confidentiality of Proposals:

Proposals will be opened on the date specified on the cover page and kept secret during the process of negotiations. Only the names of the respondents will be made public at time of opening. All proposals that have been submitted shall be open for public inspection only after final contract award, subject to the requirements of the Public Information Act.

2.8 Contract Award:

Fort Bend County Commissioners Court will award the contract to the responsible company(s) who has been determined to be the best evaluated offer resulting from negotiations. Fort Bend County reserves the right to reject any or all proposals and is not obligated to award a contract pursuant to this request for proposals. Final contract may be awarded to one (1) firm or multiple firms.

2.9 Exceptions RFP:

Any and all exceptions, conditions or qualifications to the provisions contained herein must be clearly identified as such together with reasons for taking exception, and inserted in the proposal along with associated costs.

3.0 PROPOSAL CONTACT:

This Proposal is being issued by the County Purchasing Agent on behalf of Fort Bend County, Texas. Thus, responses should be directed to the Purchasing Agent, as outlined below. **Respondents are specifically directed NOT to contact any County personnel for meetings, conferences or technical discussions that are related to this Proposal other than specified herein. Unauthorized contact of any County personnel will likely be cause for rejection of the Respondent's proposal. All communications regarding the Proposal shall be directed to the County's Proposal Contact.** Communication with the Proposal Contact is permitted via email, facsimile, or written correspondence.

PROPOSAL CONTACT:

Gilbert Jalomo, CPPB
County Purchasing Agent
Fort Bend County Travis Annex
301 Jackson, Suite 201
Richmond, Texas 77469
Gilbert.Jalomo@fortbendcountytx.gov

4.0 RESPONDENTS INSURANCE:

4.1 All respondents must submit, with RFP, a certificate of insurance indicating coverage in the amounts stated below. In lieu of submitting a certificate of insurance, respondents may submit, with RFP, a notarized statement from an Insurance company, authorized to conduct business in the State of Texas, and acceptable to Fort Bend County, guaranteeing the issuance of an insurance policy, with the coverage stated below, to the contractor named therein, if successful, upon award of this Contract. Failure to provide insurance certificate or notarized statement will result in disqualification of submittal.

4.2 The certificates of insurance to be satisfactory to Fort Bend County, naming the Contractor and its employees as insured:

4.2.1 Workers Compensation in accordance with the laws of the State of Texas. Substitutes to genuine Workers' Compensation Insurance will not be allowed.

4.2.2 Employers' Liability insurance with limits of not less than $1,000,000 per injury by accident, $1,000,000 per injury by disease, and $1,000,000 per bodily injury by disease.

4.2.3 Commercial general liability insurance with a limit of not less than \$1,000,000 each occurrence and \$2,000,000 in the annual aggregate. Policy shall cover liability for bodily injury, personal injury, and property damage and products/completed operations arising our of the business operations of the policyholder.

4.2.4 Business Automobile Liability coverage applying to owned, non-owned and hired automobiles with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage combined.

4.2.5 Errors and Omissions Professional Liability insurance with a limit of \$10,000,000.

4.3 County and the members of Commissioners Court shall be named as additional insured to all required coverage except for Workers' Compensation and Professional Liability (if required). All Liability policies written on behalf of Contractor shall contain a waiver of subrogation in favor of County and members of Commissioners Court.

4.4 If required coverage is written on a claims-made basis, Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of the Contract and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of 2 years beginning from the time the work under this Contract is completed.

4.5 Contractor shall not commence any portion of the work under this Contract until it has obtained the insurance required herein and certificates of such insurance have been filed with and approved by Fort Bend County.

4.6 No cancellation of or changes to the certificates, or the policies, may be made without sixty (60) days prior, written notification to Fort Bend County.

4.7 Approval of the insurance by Fort Bend County shall not relieve or decrease the liability of the Contractor.

5.0 INDEMNIFICATION:

<u>RESPONDENT SHALL SAVE HARMLESS COUNTY FROM AND AGAINST ALL CLAIMS, LIABILITY, AND EXPENSES, INCLUDING REASONABLE ATTORNEYS FEES, ARISING FROM ACTIVITIES OF RESPONDENT, ITS AGENTS, SERVANTS OR EMPLOYEES, PERFORMED UNDER THIS AGREEMENT THAT RESULT FROM THE NEGLIGENT ACT, ERROR, OR OMISSION OF RESPONDENT OR ANY OF RESPONDENT'S AGENTS, SERVANTS OR EMPLOYEES.</u>

5.1 Respondent shall timely report all such matters to Fort Bend County and shall, upon the receipt of any such claim, demand, suit, action, proceeding, lien or judgment, not later than the fifteenth day of each month; provide Fort Bend County with a written report on each such matter, setting forth the status of each matter, the schedule or planned proceedings with respect to each matter and the cooperation or assistance, if any, of Fort Bend County required by Respondent in the defense of each matter.

5.2 Respondent's duty to defend, indemnify and hold Fort Bend County harmless shall be absolute. It shall not abate or end by reason of the expiration or termination of any contract unless otherwise agreed by Fort Bend County in writing. The provisions of this section shall survive the termination of the contract and shall remain in full force and effect with respect to all such matters no matter when they arise.

5.3 In the event of any dispute between the parties as to whether a claim, demand, suit, action, proceeding, lien or judgment appears to have been caused by or appears to have arisen out of or in connection with acts or omissions of Respondent, Respondent shall never-the-less fully defend such claim, demand, suit, action, proceeding, lien or judgment until and unless there is a determination by a court of competent jurisdiction that the acts and omissions of Respondent are not at issue in the matter.

5.4 Respondent's indemnification shall cover, and Respondent agrees to indemnify Fort Bend County, in the event Fort Bend County is found to have been negligent for having selected Respondent to perform the work described in this request.

5.5 The provision by Respondent of insurance shall not limit the liability of Respondent under an agreement.

5.6 Respondent shall cause all trade contractors and any other contractor who may have a contract to perform construction or installation work in the area where work will be performed under this request, to agree to indemnify Fort Bend County and to hold it harmless from all claims for bodily injury and property damage that arise may from said Respondent's operations. Such provisions shall be in form satisfactory to Fort Bend County.

5.7 Loss Deduction Clause - Fort Bend County shall be exempt from, and in no way liable for, any sums of money which may represent a deductible in any of the Respondents insurance policies. The payment of deductibles shall be the sole responsibility of Respondent and/or trade contractor providing such insurance.

6.0 TENTATIVE PROCUREMENT SCHEDULE:

Proposal Release Date:	Wednesday, August 6, 2014
Deadline for Questions:	Thursday, August 21, 2014 3PM (CST)

Deadline for Addendums/Q&A:	Monday, August 25, 2014
Proposals Due:	Thursday, August 28, 2014 by 1:30 PM (CST)

7.0 BACKGROUND:

The County has multiple lines of insurance/reinsurance coverage's as part of the property and casualty program which include the following: Property, General Liability, Excess Liability, Auto Liability, Public Officials Liability, Errors and Omission, Employee Benefits Liability, Law Enforcement Liability, Crime, Worker's Compensation and Employers Liability. The Risk Management Department is responsible for administering the program for the County. A schedule of the County's insurance policies presently in effect is at Exhibit A.

8.0 DETAILED SCOPE OF WORK:

The Broker shall provide the following services to the County:

8.1 Gather all requisite exposure data and loss data from the County for use in the development of coverage specifications;

8.2 Prepare coverage specifications and submit the same to the County Director of Risk Management for review and approval;

8.3 Submit coverage specifications, as approved by the County Director of Risk Management, to the County Purchasing Agent for consideration and issuance of formal request for proposal to insurance carriers for competitive proposals;

8.4 Assist the County with proposal review, selection and negotiations with interested insurance carriers to obtain the most favorable rates and premiums available to the County.

8.5 Act upon the selected course of action/program and put forth into full force and effect without any lapse of coverage the necessary policies and coverage on behalf of the County and work with County personnel and the insurance company's personnel to ensure a smooth transition, when necessary;

8.6 Monitor and update coverage and place additional coverage and terminate existing coverage as required by the County;

8.7 Issue insurance documents such as certificates and binders as required by the County;

8.8 Consult with the County Director of Risk Management regarding the effectiveness of the program, review proposed changes and new coverage in anticipation of the next year's insurance program, including but not limited, to the evaluation of alternative insurance and/or risk financial proposals;

8.9 Advise the County Director of Risk Management on questions of insurance both as to coverage for the County itself and as to insurance to be obtained from various contractors and agencies doing business with/for the County;

8.10 Advise the County Director of Risk Management whenever new coverage's become available and consult with the County Director of Risk Management on the advisability of obtaining such coverage;

8.11 Research technical exposure and coverage questions;

8.12 Review insurance policies for appropriate coverage, provisions and conditions, exclusions and endorsements;

8.13 Order and process change endorsements;

8.14 All coverage written shall be received net of commissions;

8.15 Bill and process insurance invoices;

8.16 Coordinate Carrier value-added services such as loss control inspections;

8.17 Analyze losses, including developing loss projections;

8.18 Establish and maintain, with the cooperation of County personnel, an up-to-date listing of all real and personal property owned and/or leased by the County and intended to be covered under any policies of insurance;

9.0 ORGANIZATION OF RESPONSE:

This section outlines the information that must be included in your proposal. Please respond with your information in the same order as the items in the section.

9.1 Transmittal Letter. Each response to the RFP should be accompanied by a letter of transmittal not exceeding one (1) page that summarizes key points of the proposal and which is signed by an officer of the firm authorized to commit the Respondent to the obligations contained in the proposal. The transmittal letter should also include a phone number, fax number and e- mail address for the Respondent's contact person.

9.2 Table of Contents. Include a Table of Contents at the beginning, which clearly outlines the contents of your proposal.

9.3 Company Information. Provide information related to your company and any companies you are proposing to use as partners/sub-contractors. Specifically address the following:

9.3.1 Year the company was organized.

9.3.2 Identification of company ownership to include a listing of the principal officers of your firm as well as the certification as to whether any such officer or any of the owners of your firm are presently employed by the County.

9.3.3 Financial history of the company covering the last three years. Attach the most recent copy of your latest financial statements prepared by an independent certified public accountant in accordance with generally accepted accounting principles. Also include the following information: current balance sheet, statement of revenues and expenses, statement of cash flows, and appropriate notes to these documents. Please mark any proprietary information.

9.3.4 Functions and location of your nearest regional office to Fort Bend County.

9.3.5 Anticipated growth of your organization including expansion of the client base and acquisitions. Include organizational chart.

9.3.6 Any conflicts of interest that may affect the County's potential selection of or entering into an agreement with, your organization, i.e. your organization currently holds an agreement with the County for other services, a relative of any employee, if the Respondent is a member of the selection committee, etc.

9.3.7 A description of the firm's resources that would be committed to the contract demonstrating that the firm has the capacity to meet the contract obligations.

9.3.8 Certificate of Insurance: Submit a copy of your most current Certificate of Insurance showing coverage at or above those described in Section 4.0.

9.3.9 Provide a list of all current markets available to the Broker or Broker's firm and the lines of coverage that you currently handle.

9.4 Experience. Provide information that clearly demonstrates your organization's prior experience and background (both business and technical) in engagements similar to this project. This section must include:

9.4.1 A list of all current public sector clients in the State of Texas, the dates of engagement for each client. Include the following information for each public sector client:

9.4.1.1 Name and address of the client;
9.4.1.2 Name and telephone number of contact person;

9.4.1.3 Summary of the savings and/or cost reductions obtained on behalf of the client as a result of your services.

9.4.1.4 Provide a three (3) year list of Texas local governments of current and past clients with an explanation of why past clients are no longer with your firm.

9.4.2 Provide a list of past Public Sector clients with an explanation of why past clients are no longer with your firm. Include the date you originally obtained the client and the date terminated. Please include a contact number for the past client(s).

9.4.3 Résumés for the key personnel to be involved in providing services to Fort Bend County to include a list of all insurance licenses held.

9.5 Respondent's proposal. Respondent must submit a detailed Project Narrative and Work Plan that describes:

9.5.1 Performance measures and management procedures used to track and ensure quality of work and deliverables described in Section 8 of this RFP.

9.5.2 Proposed quality control mechanisms that ensure a high level of quality and commitment to excellence.

9.6 Cost Proposal. Respondents must propose a fee for service for compensation. No other fees of any kind, commissions, or over-rides will be eligible under this contract as the Broker of Record for the County.

10.0 EVALUATION CRITERIA:

Evaluation Criteria: All properly prepared and submitted proposals shall be subject to evaluation deemed appropriate for the purpose of selecting the Respondent with whom a contract may be signed. Responses to the RFP will be evaluated according to the following weighted criteria:

15% Company Information

25% Experience

35% Respondent's Proposal

25% Cost Proposal

11.0 EVALUATION PROCESS:

11.1 After the proposals are received, the evaluation team shall evaluate each proposal that was submitted on time, and the evaluation shall be based on the criteria listed in the proposal. Selection committee members will conduct a quantitative evaluation according to a numerical ranking system and a qualitative evaluation for over all proposal content and its conformance to requirements. The entire evaluation committee will then meet to discuss the strong and weak points of each proposal to assure that it has been evaluated fairly, impartially and comprehensively. Following this initial evaluation, the evaluation team may recommend contract award without further discussion with proposers, or the firms submitting the top rated proposals may be asked to make an oral presentation to the evaluation team for the propose of further clarification and evaluation of the proposals.

11.2 If oral presentations are scheduled, the representatives of the firm who will be directly assigned to the account must be present at the interview. During the interview portion of the meeting, the evaluation team shall advise the proposer of deficiencies in the proposal and shall allow the proposer to satisfy the requirements, questions, or concerns by submitting a final offer. The proposer may decide not to modify their proposal and may inform Fort Bend County that the offer is firm and final.

11.3 The evaluation team shall not disclose any information included in a firm's proposal to another firm during the RFP process and shall not disclose any information for the purpose of bringing one firm's proposal up to that of a competitor's proposal.

11.4 The County reserves the right to conduct any investigations necessary to verify information submitted by the Respondent and/or to determine the Respondent's capability to fulfill the terms and conditions of the RFP contract document. The County reserves the right to visit a prospective Respondent's place of business to verify the existence of the company and the management capabilities required to administer this agreement. The County will not consider Respondents that are in bankruptcy or in the hands of a receiver at the time of tendering a proposal or at the time of entering into a contract.

11.5 After final offers are received, the evaluation team shall reevaluate each of the final offers, including those deemed final at the interview. The final offers shall be evaluated on the same criteria used in the first evaluation.

11.6 Fort Bend County reserves the right to reject any and all proposals received for any reason that would be to the benefit of Fort Bend County.

11.7 All proposals submitted are to be valid for a period of ninety (90) days.

12.0 AWARD:

Proposals will be opened on the date specified on the cover page and kept secret until the Fort Bend County Commissioners Court awards a final negotiated contract. Only the names of the respondents will be read aloud during the opening. All proposals that have been submitted shall be open to public inspection after the contract award.

13.0 CONTRACTUAL OBLIGATIONS:

This Request for Proposals, response and associated documentation, any negotiations and final contract, when properly accepted by Fort Bend County, shall constitute a contract equally binding between the contractor and Fort Bend County.

14.0 ATTACHMENT AND REQUIRED FORMS:

All vendors submitting are required to complete the attached and return with submission:

14.1 Coverage – 2014

14.2 Vendor Form

14.3 W9 Form

13.4 Tax Form/Debt/Residence Certification

14.5 Proof on insurance as stated within solicitation document.

Coverage

Property

Blanket Real & Personal Property: $250,000,000
Demolition & Increased Cost of Construction: $20,000,000
Earth Movement: $25,000,000
Flood: $25,000,000 except $2,500,000 for floods occurring within Special Flood Hazard Areas (SFHA), areas of 100-Year Flooding as defined by FEMA
Named Storm: $50,000,000
Debris Removal: $5,000,000
Accounts Receivable: $500,000
Demolition and Increased Cost of Construction: Coverage A Included; Coverage B $1,000,000; Coverage C $1,000,000
Electronic Data and Media: $1,000,000
Equipment Breakdown: $50,000,000
Spoilage: $250,000
Errors and Omissions: $1,000,000
Extra Expense (includes Expediting Expenses): $1,250,000
Fine Arts: $100,000
Fire Brigade Charges: $250,000
Limited Pollution Coverage: $100,000
Miscellaneous Unnamed Locations: $500,000
Newly Acquired Property for a period of 120 days, if not reported to the Company in that 120 day period then coverage ceases: $5,000,000
Professional Fees: $50,000
Service Interruption: $1,000,000
Transit: $500,000
Valuable Papers and Records: $1,000,000
Course in Construction: $5,000,000
Soft Costs: $1,000,000
Miscellaneous Property (Retaining Walls, Fences, Signs Traffic lights): $5,000,000
Business Income: $5,000,000
Diverter at Big Creek Bypass Drop Structure Near Sawmill Rd: $7,000,000
Diverter at Big Creek Overflow Structure: $1,000,000
Oyster Creek Ditch Overflow Structure Located Near Hwy 6 and Hwy 90: $2,000,000
Valuation: Replacement Cost
Deductible: $1,000,000 per occurrence unless other specific Deductible applies
Earth Movement Deductible: $1,000,000
Flood Deductible: $1,000,000 or 5% of TIV subject to minimum of $1,000,000 and maximum $2,500,000 any one occurrence
Windstorm or Hail Deductible: $1,000,000 or 5% of Total Insured Values (TIV) at each location arising out of a Named Storm up to $5,000,000 any one occurrence
Equipment Breakdown: $5,000
Time Element: 24 Hours

Coverage

Package Policy

Part I A. Schedule of Specific Excess Limits of Insurance
Coverage Section I Property - Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $900,000
Auto Physical Damage: $990,000
Flood and Surface Water: $900,000 Annual Aggregate
Earthquake: $900,000 Annual Aggregate
Named Storm: $900,000
Data Processing Extra Expense: $900,000
Data Processing Systems Equipment: $900,000
Data Processing Media: $900,000
Valuable Papers: $900,000
Fine Arts: $900,000
Accounts Receivable: $900,000
Extra Expense: $900,000
Mobile Equipment. $975,000
Garage Keepers Legal Liability: $250,000
Transit: $500,000
Business Income, including Rental Value: $900,000
Automatic Acquisition Clause: $1,000,000
Loss Fund: $2,100,000
Excess Loss Fund Protection Limit: $1,000,000

Coverage Section II General Liability – Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $4,900,000 Annual Aggregate
Premises Medical Payments: $10,000 ground up any one person; $25,000 ground up any one occurrence

Coverage Section III Automobile Liability – Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $4,900,000 Annual Aggregate
Automobile Medical Payments: $10,000 ground up any one person; $25,000 ground up any one occurrence

Coverage Section IV Public Officials Misc. Liability – Excess Limit of Insurance for Each Claim:
All Coverages combined: $4,900,000 Annual Aggregate
Subject to the following sublimits / annual aggregates which are part of and not in addition to the combined Section IV limit and annual aggregate:
Errors & Omissions: $4,900,000 Annual Aggregate
Employment Practice Liability: $4,900,000 Annual Aggregate
Sexual Harassment Liability: $4,900,000 Annual Aggregate
Sexual Abuse Liability: $4,900,000 Annual Aggregate

Coverage Section V Excess Workers' Compensation & Employers Liability for a Qualified Self Insurer – Excess Limit of Insurance for Each Occurrence:
All Coverages combined: $250,000
Coverages A&C: $250,000
Coverage B – Employers Liability Only: $750,000

Coverage Section VI Employee Benefits Liability – Excess Limit of Insurance for Each Claim:
All Coverages combined: $4,900,000

Coverage Section VII Crime – Excess Limit of Insurance for Each Occurrence:
Money & Securities: $990,000
Forgery or Alteration: $990,000
Employee Dishonesty: $990,000

Coverage Section VIII Law Enforcement Activities – Excess Limit of Insurance for Each Occurrence:
All coverages combined: $4,900,000 Annual Aggregate
Subject to the following sublimit: Reimbursement of Defense Costs Incurred Prior to Denial or Declination of Coverage: $25,000 ground up any one Assured; $50,000 Aggregate per Occurrence; $100,000 Annual Aggregate

Part I B. Clash Coverage – When two or more sections of coverage apply to a covered loss.
All Sections of Coverage applicable to a covered loss combined:
Excess Limit of Insurance – Section I Property*: $900,000 *Except APD $950,000 & Inland Marine $975,000
Excess Limit of Insurance – Section II General Liability: $4,900,000

Excess Limit of Insurance – Section III Automobile Liability: $4,900,000
Excess Limit of Insurance – Section IV Public Entity Miscellaneous Liability: $4,900,000
Excess Limit of Insurance – Section V Excess Workers' Compensation & Employers Liability for a Qualified Self-Insurer: $250,000
Excess Limit of Insurance – Section VI Employee Benefits Liability: $4,900,000
Excess Limit of Insurance – Section VII Crime: Money & Securities: $990,000; Forgery or Alteration: $990,000; Employee Dishonesty: $990,000
Excess Limit of Insurance – Section VIII Law Enforcement Activities: $4,900,000
Excess Limit of Insurance - Aggregate of All Sections of Coverage: $28,710,000
Maximum total of all Excess Limits of Insurance Coverages combined plus the difference between the sum of all the Self Insured Retentions applicable to each Section of Coverage and the smallest Self Insured Retention applicable to any Section of Coverage – Maximum Total: $29,490,000

Part II Excess Loss Fund Protection
Excess Loss Fund Protection Limit: $1,000,000 Annual Aggregate

Coverage

Excess Workers' Compensation & Employers Liability Indemnity Policy

Specific Retention:
Each Accident: $600,000
Each Employee for Disease: $600,000

Specific Limit Each Accident:
Worker's Compensation: Statutory
Employers Liability: $1,000,000

Specific Limit Each Employee for Disease:
Workers' Compensation: Statutory
Employers Liability: $1,000,000

Professional Liability Policy

Limits of Liability:
Each Claim: $1,000,000
Aggregate: $3,000,000

COUNTY PURCHASING AGENT
Fort Bend County, Texas

Gilbert D. Jalomo, Jr., CPPB
County Purchasing Agent

(281) 341-8640
Fax (281) 341-8642 or 341-8645

Vendor Information

Federal ID # or S.S #		Dun and Bradstreet # 07-442-4540
Type of Business	✓ Corporation/LLC ___ Sole Proprietor/Individual ___ Partnership ___ Tax Exempt Organization	
Legal Company Name	Arthur J. Gallagher Risk Management Services, Inc.	Year Business was Established 1927
Remittance Address	39683 Treasury Center	
City/State/Zip	Chicago, IL 60694-9600	
Physical Address	5420 LBJ Freeway, Suite 400	
City/State/Zip	Dallas, TX 75240	
County	Fort Bend County Other: Dallas County	
Phone/Fax Number	Phone: 972.991.3700 or 800.777.9418 Fax: 972.991.4061	
Contact Person	Cyndi Boehle 972.663.6126	
E-mail	Cyndi_Boehle@ajg.com	
Special Notes		
The Company listed above is a (check all that apply and attached certificate).	___ DBE-Disadvantaged Business Enterprise Certification # ______ ___ SBE-Small Business Enterprise Certification # ______ ___ HUB-Texas Historically Underutilized Business Certification # ______ ___ WBE-Women's Business Enterprise Certification # ______ ___ MBE-Minority Business Enterprise Certification # ______	
Company's gross annual receipts:	___ < $500,000 ___ $500,000-$4,999,999 ___ $5,000,000-$16,999,999 ___ $17,000,000-$22,399,999 ✓ >$22,400,000	
NAICs codes (Please enter all that apply).	64, 6411, 641101,641103,64110302, 641199	

PLEASE NOTE: W-9 needs to be attached in order to be entered into our system

Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
Arthur J. Gallagher Risk Management Services, Inc.

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
☐ Individual/sole proprietor ☑ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ ______

☐ Other (see instructions) ▶

Exemptions (see instructions):
Exempt payee code (if any) ______
Exemption from FATCA reporting code (if any) ______

Address (number, street, and apt. or suite no.)
5420 LBJ Freeway, Suite 400

Requester's name and address (optional)

City, state, and ZIP code
Dallas, TX 75240

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
[ ][ ][ ] – [ ][ ] – [ ][ ][ ][ ]

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number
[ ][ ] – [ ][ ][ ][ ][ ][ ][ ]

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person ▶ Daniel M. Tropp, Area President Date ▶ January 6, 2014

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at *www.irs.gov/w9*. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),

2. The United States or any of its agencies or instrumentalities,

3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,

4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or

5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,

7. A foreign central bank of issue,

8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,

9. A futures commission merchant registered with the Commodity Futures Trading Commission,

10. A real estate investment trust,

11. An entity registered at all times during the tax year under the Investment Company Act of 1940,

12. A common trust fund operated by a bank under section 584(a),

13. A financial institution,

14. A middleman known in the investment community as a nominee or custodian, or

15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 7[2]

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]
For this type of account:	**Give name and EIN of:**
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity [4]
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.consumer.gov/idtheft* or 1-877-IDTHEFT(438-4338).

Visit the IRS website at *www.irs.gov* to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

Job No.:________

TAX FORM/DEBT/ RESIDENCE CERTIFICATION
(for Advertised Projects)

Taxpayer Identification Number (T.I.N.): ____________________

Company Name submitting Bid/Proposal: Arthur J. Gallagher Risk Management Services, Inc.

Mailing Address: 5420 LBJ Freeway, Suite 400

Are you registered to do business in the State of Texas? ■ Yes ☐ No

If you are an individual, list the names and addresses of any partnership of which you are a general partner or any assumed name(s) under which you operate your business

____

____

I. **Property:** List all taxable property in Fort Bend County owned by you or above partnerships as well as any d/b/a names. Include real and personal property as well as mineral interest accounts. (Use a second sheet of paper if necessary.)

Fort Bend County Tax Acct. No.*	Property address or location**
	245 Commerce Green Blvd, #290, Sugar Land, TX 77478

* *This is the property account identification number assigned by the Fort Bend County Appraisal District.*

** *For real property, specify the property address or legal description. For business personal property, specify the address where the property is located. For example, office equipment will normally be at your office, but inventory may be stored at a warehouse or other location.*

II. **Fort Bend County Debt** - Do you owe any debts to Fort Bend County (taxes on properties listed in I above, tickets, fines, tolls, court judgments, etc.)?

☐ Yes ■ No   If yes, attach a separate page explaining the debt.

III. **Residence Certification** - Pursuant to Texas Government Code §2252.001 *et seq.*, as amended, Fort Bend County requests Residence Certification. §2252.001 *et seq.* of the Government Code provides some restrictions on the awarding of governmental contracts; pertinent provisions of §2252.001 are stated below:

(3) "Nonresident bidder" refers to a person who is not a resident.

(4) "Resident bidder" refers to a person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

☒ I certify that Arthur J. Gallagher Risk Management Services, Inc. [Company Name] is a Resident Bidder of Texas as defined in Government Code §2252.001.

☐ I certify that ____________________ [Company Name] is a Nonresident Bidder as defined in Government Code §2252.001 and our principal place of business is ____________________ [City and State].

CONFLICT OF INTEREST QUESTIONNAIRE FORM CIQ

For vendor or other person doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.	OFFICE USE ONLY
	Date Received

This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. *See* Section 176.006, Local Government Code.

A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

1. Name of person who has a business relationship with local governmental entity.

No Conflicts

2. ☐ **Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3. Name of local government officer with whom filer has employment or business relationship.

Name of Officer

This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?

☐ Yes ☐ No

B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

☐ Yes ☐ No

D. Describe each employment or business relationship with the local government officer named in this section.

4. NO CONFLICTS

Cyndi Boehle

Signature of person doing business with the governmental entity

8/21/14

Date

Cyndi Boehle, CIR, CRM

Area Senior Vice President

Adopted 06/29/2007