



The  Gallagher
CORE360™ Client Experience

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Insurance | Risk Management | Consulting

The Gallagher Advantage

- 1** The Client Experience
- 2** The **CORE360**[™] Approach, Tools & Resources
- 3** Implementing the Client Experience
- 4** The Insurance Market
- 5** Risk Assessment – Your Current Program
- 6** Agreed Upon Strategy by Cost Driver
- 7** The Client Experience Renewal Timeline
- 8** Next Steps

It's All About the Client Experience

Our Approach is what sets us apart

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



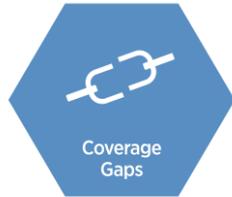
The CORE360™ Approach

Evaluating and Minimizing Your Total Cost of Risk



CORE360™ Resources

Overview of Tools and Resources aligned to your cost drivers



- Salesforce Chatter
- Market Submission
- SmartMarket

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

Alternative Risk Financing:

- Insurance Pools
- Captive Solutions (Artex) +

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

Client Advantage Programs

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

- Enterprise Resilience +
- Captive Solutions (Artex) +

Enterprise Risk Management:

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

Policies not purchased, such as +:

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

Loss Prevention:

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

Claims:

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

- Contract Review
- Certificate Issuance
- Gallagher Verify +

Client Experience Renewal Timeline | Meetings | Documents



Implementing the Client Experience

The Strategic Review is based on five key components



1 CORE360™ Stewardship Scorecard

Sample review of past results



Insurance Premiums

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



Program Structure

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



Coverage Gaps

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



Uninsured & Uninsurable Losses

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



Loss Prevention & Claims

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



Contractual Liability

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

Market Update

Commercial Property/Casualty Market Index – Q4/2018

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

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

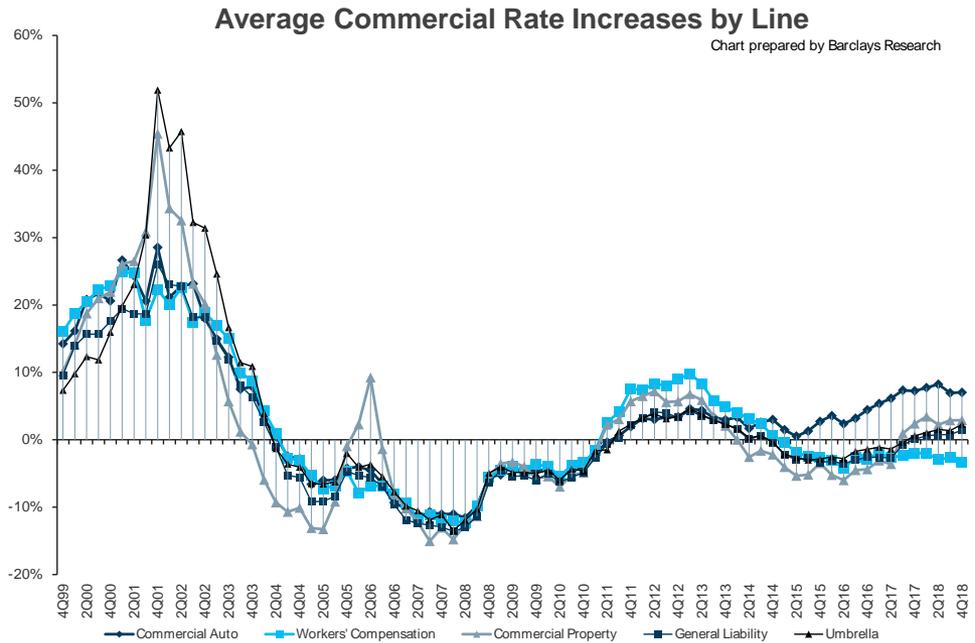
Rate Change For Five Major Lines Ranged From -3.3% to 7.0% in Q4 2018

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

2

Market Update

2018 State of the Market (as of Q4 2018)



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

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

*Source: The Council of Insurance Agents & Brokers. Charts Prepared by Barclays Research.

3 Risk Analysis by Cost Driver

Looking at changes in your risk and risk appetite

- 

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

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

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

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

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

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

4 Renewal Strategy by Cost Driver



Insurance Premiums

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

1

Negotiate and
Renew
with the
incumbent
carrier(s)

2

Negotiate
with a few
carriers,
including the
incumbent

3

Negotiate
with as many
markets as
we think are
viable

4 Renewal Strategy by Cost Driver



Program Structure

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



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

4 Renewal Strategy by Cost Driver



Coverage Gaps

Analyze current policies, offering the broadest available coverage specifications



Uninsured & Uninsurable Losses

Review your uninsured risks both insurable and uninsurable



Loss Prevention & Claims

Take a strategic approach to your risk control procedures



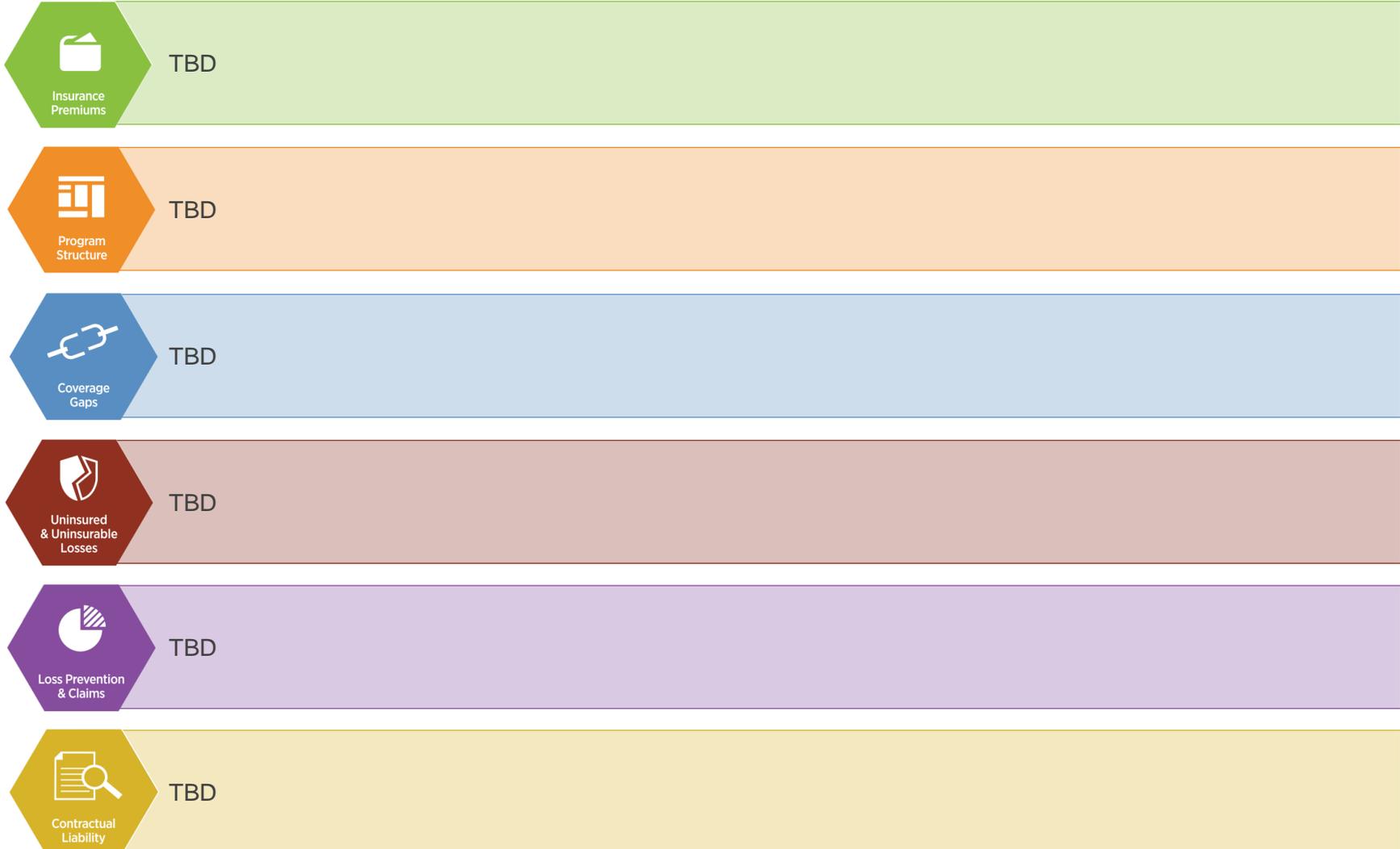
Contractual Liability

Review contracts for proper coverage from an insurance standpoint



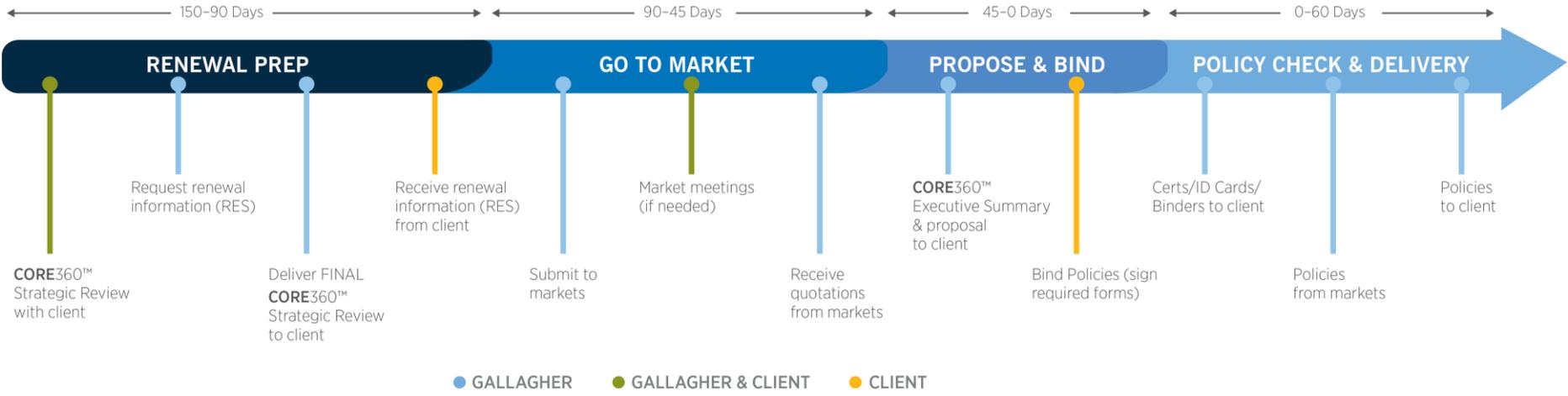
5 What Did We Agree to Do?

Agreed Upon Renewal Strategy by cost driver



5 Client Experience Timeline

Analyzing, developing and implementing your strategy





IMEA Members

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

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