



COMPENSATION FOR SERVICES

A. Fee Schedule

Hylant Group (Hylant) has developed a comprehensive offering of services to design, manage, administer and service the City of Ann Arbor's Risk Management Program. Hylant will provide the Agreed Services as outlined in Request for Proposal #815 and in the scope of services as provided in **Exhibit I** of this fee proposal on an annual basis beginning July 1, 2012. The term for Agreed Services will be for **three-years** with an annual anniversary date. The City of Ann Arbor has the option of extending the term for an additional two years. The Hylant Proposed Broker Service Fee is outlined as follows, payable in annual or quarterly installments at the City's option:

Initial 3-year term

July 1, 2012 – June 30, 2013: \$80,000

July 1, 2013 – June 30, 2014: \$84,000

July 1, 2014 – June 30, 2015: \$88,000

If 2 year extension is elected

July 1, 2015 – June 30, 2016: \$92,000

July 1, 2016 – June 30, 2017: \$92,000

At Hylant, our preferred method of compensation is a fee for service. In those cases where we agree it is in the City of Ann Arbor's best interest to accept a placement with commission, Hylant will reconcile our fee against the commission collected and reduce our fee by the amount of commission collected. Our fee is calculated by using an estimate of hours worked by position, estimated travel and information technology support provided. With respect to compensation for services, it is Hylant's firm commitment that we will always provide full disclosure to the City of Ann Arbor.

In addition to commissions collected, certain insurance companies provide contingent profit sharing agreements to brokers on certain lines of coverage. These contingent profit sharing agreements vary from company to company and may consider several different factors including growth, profitability and premium retention placed by a broker with that insurance company. To the extent that Hylant is a party to any contingent profit sharing agreements, we will disclose those to the City of Ann Arbor. Such profit sharing agreements will not affect Hylant's recommendations as to placement of insurance with any particular insurance company. At the City's request, Hylant can exclude any or all of the City of Ann Arbor's premiums from any contingent profit sharing agreement calculations, thereby eliminating any additional compensation from such arrangements if the City so chooses.

Our Information Technology department has developed an electronic method of tracking time spent in the servicing of a fee account for each team members service hours. This ensures an accurate basis for development of the service fee charged to the City of Ann Arbor.



B. Reimbursable Expenses

All travel, incidental, and information technology expenses incurred by Hylant in rendering the scope of services identified in Request for Proposal #815 and/or within the scope of services in **Exhibit I** of this fee proposal are contemplated and included in the Fee Schedule above, at no additional cost to the City of Ann Arbor.

C. Additional Services

Additional services requested by the City of Ann Arbor beyond the scope of services as identified in Request for Proposal #815 and/or beyond the scope of services as disclosed in **Exhibit I** of this fee proposal will be provided on a fee for service basis as agreed upon by the City and Hylant. Such additional services may include but will not be limited to the following:

- Additional loss control services beyond the **50 hours included** in the scope of services attached in **Exhibit I** of this fee proposal
- Actuarial Studies
- Information Technology
 - Certificate Tracking and Compliance
 - Data Collection Services
 - Client Portal



EXHIBIT I - SCOPE OF SERVICES

Administration

The administrative services costs outlined below are included in our fee proposal.

- Review and analyze operational activities and make recommendation to accomplish Risk Management Goals.
- Long-term planning with City staff.
- Review, research and analysis on specific projects and initiatives.
- Produce certificates of insurance for the City of Ann Arbor upon demand.
- Advise city attorney and other City staff on levels of insurance that may be required of contractors and service providers to the City. While Hylant does not provide legal advice, we do assist in the identification of solutions to risk management issues.
- Attend all monthly Board of Insurance meetings, as well select City Council Meetings.
- Face-to-face meetings held with the City of Ann Arbor at the request of the City or Hylant Service Team
- Report to Insurance Board on a periodic basis any trends, relevant data from City service, changes in legal environment and/or any insurance industry that relates to current risk assumptions.
- Prepare an annual report for the City including a complete accounting of fees and or commissions earned, as well as three-year premium and loss record.

Claims Administration

Claims administration/management costs outlined below are included in our fee proposal.

- Monitor current Third Party Administrators and conduct quarterly claims reviews with each TPA.
- Review and analyze claims and losses for trends and frequencies.
- Assist in the prompt reporting of all claims and work with TPA's and insurance carriers to assure timely filing and resolution of claims.
- Monitor and investigate all claims and work with the City Attorney to ensure proper claims handling and defense strategies are in place.
- Review loss statements for the City Workers compensation Program, General Liability, Property and Auto losses. Make recommendations for improvements in processes and procedures.
- Help secure partial loss payments as appropriate.
- Maintain claim documentation electronically and or in paper format.



Risk and Loss Prevention Services

Hylant is staffed with a team of risk-control specialists to address both property and casualty loss exposures. As outlined in Request for Proposal #815, our Risk Control Practice was formed to enhance our client's abilities to plan, develop and implement robust loss prevention efforts aimed at reducing their overall cost of risk.

- Coordinate loss prevention program working with the City Safety Manager and other loss control personnel.
- Provide resources to the City staff to address specific loss control and prevention projects and activities upon request.

Loss Prevention services are provided above, as well are listed in Request for Proposal #815. Hylant's proposed fee **does contemplate up to 30 hours annually** of Loss Prevention Services to the City of Ann Arbor, by our team of loss prevention experts. Additional services outside of those hours included in our fee proposal are available at \$200 per hour.

Insurance Brokerage Services

Hylant has developed a comprehensive offering of services to analyze market, place coverage and service the City of Ann Arbor. These brokerage services are included in our fee proposal.

- Marketing and placement of property, liability and workers compensation coverage, as well, all other insurance programs for the City of Ann Arbor
- Facilitation of insurance carrier underwriters, management level and loss prevention specialists.
- Mutually agreed upon Written Service Timeline between City of Ann Arbor and Hylant Team.