


<b>FROM</b>	NAME & TITLE	Douglas S. Kerr, Risk Manager <i>D.S.K</i>	CITY OF BALTIMORE  <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of Finance, Bureau of Risk Management 401 E. Fayette Street, 7 <sup>th</sup> Floor		
	SUBJECT	Professional Service Agreement Insurance Broker of Record		

**TO** Honorable President and Members of the Board of Estimates

DATE:

July 27, 2018

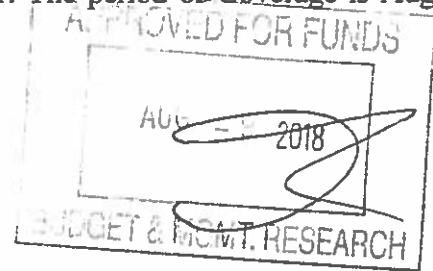
Dear Mr. President and Members:

**ACTION REQUESTED OF THE BOARD OF ESTIMATES:**

The Board of Estimates is requested to approve Professional Services Agreement for Insurance Broker of Record / Risk Management Services, with Willis of Maryland, Inc., a Maryland corporation ("Willis Towers Watson"). 225 Schilling Circle, Suite 150, Hunt Valley, MD 21031. The period of Coverage is August 4, 2018 through August 3, 2021, with two, three-year renewal options.

**AMOUNT AND SOURCE OF FUNDS:**

\$1,266,000 / Account # 2043-000000-1531-169900-603026



**BACKGROUND/EXPLANATION:**

The Insurance Broker of Record provides marketing and placement of the City of Baltimore's insurance policies with various Property and Casualty insurance companies as well as Risk Management Consulting services.

This service was advertised through the formal RFP process in 2002 with two responders and again in 2008 with two responders, one of which was found to be non-responsive. Risk Management expected the same outcome if services were placed out for bid again. The Bureau of Risk Management has a 15 year relationship with Willis of Maryland. They understand the City's exposure and are aware of our challenges, which is essential for placement of insurance.

**MBE/WBE PARTICIPATION:**

There are no MBE/WBE goals.

**LOCAL HIRING:**

Local hiring does not apply as this relates to the purchase of insurance coverage.

**APPROVED BY THE BOARD OF ESTIMATES:**

*Tracie W. Taylor*

AUG 15 2018

Clerk

Date

**Board of Estimates Summary Sheet**  
(No More Than Two Pages)

From (Agency Head):	Henry Raymond		
From (Agency):	Department of Finance		
From (Agency Contact):	Charmane T. McDaniel		
From (Contact Phone #):	410-396-9589		
From (Contact Email):	<a href="mailto:Charmane.mcdaniel@baltimorecity.gov">Charmane.mcdaniel@baltimorecity.gov</a>		
Action Requested:	Expenditure Authorization		
If "Other", describe action:			
Subject/Brief Summary: Briefly describe the project(s), program(s), improvements(s), or contract(s) funded through this transfer. (Note if the information is an update from an earlier version)	<p>Approve Insurance Broker of Record services with Willis of Maryland, Inc. The Period of is August 4, 2018 through August 3, 2021, with two three year renewal options.</p> <p>The Insurance Broker of Record provides marketing and placement of the City of Baltimore's insurance policies with various Property and Casualty insurance companies as well as Risk Management Consulting services.</p>		
Cost/Value of Action (\$):	\$1,266,000		
Desired BOE Hearing Date:	8/15/2018		
Past Renewals and Amounts:	<ul style="list-style-type: none"> <li>• ___/___/___ for \$X</li> <li>• ___/___/___ for \$X</li> <li>• ___/___/___ for \$X</li> <li>• ___/___/___ for \$X</li> </ul>	Explanation for renewal vs. new bid:	
Potential Issues/Concerns: (List known concerns of City Council President, Comptroller, or others who might publicly object or raise questions about the action. If there are no issues or concerns, write "none." <u>If the City is selling property and not receiving appraised value, provide justification.</u> )	NONE		
Community Support: (If applicable, describe any formal or informal community position on the action.)	N/A		
MBE/WBE Goals and Compliance: (If this action is for a contract award, list the goal(s) for the contract. Then, specify if the awardee is in compliance. If this action is an expenditure authorization, list the goals for the overall contract and whether the contractor is currently in compliance.)	<p>MBE goal:</p> <p>In Compliance:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>WBE goal:</p> <p>In Compliance:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>DBE goal:</p> <p>In Compliance:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
If no MBE/WBE Goals <u>OR</u> noncompliant, explain:	N/A There are no MBE/WBE goals for the purchase insurance coverage and Brokerage Services cannot be assigned to another party.		
Planning Department Funds Transfer Information (If applicable, include information needed for Planning Commission approval of funds transfer.)	N/A		
Briefings (Indicate what elected officials have been briefed and the date of briefing.)	N/A		
SDAT Verified Prime: Yes (Attach) Sub: Choose an item. (Attach) N/A: <input type="checkbox"/> (Must be able to explain)  Date: 8/1/2018  Verified by: Charmane T. McDaniel	<p>Employ Baltimore (EB) is applicable: No <u>If not, why:</u> Professional Service Contract relating to the purchase of insurance EB Certification Statement completed and returned to Agency:</p> <p>Local Hiring (LH) is applicable: No <u>If not, why:</u> Professional Service Contract relating to the purchase of insurance</p>		



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### WILLIS OF MARYLAND, INC.: D00204719

General Information

Filing History

Annual Report/Personal Property

## General Information

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**Department ID Number:**

D00204719

**Business Name:**

WILLIS OF MARYLAND, INC.

**Principal Office:**

1123 N. EUTAW STREET  
BALTIMORE MD 21201

**Resident Agent:**

THE CORPORATION TRUST,  
INCORPORATED  
2405 YORK ROAD  
SUITE 201  
LUTHERVILLE TIMONIUM MD  
21093-2264

**Status:**

INCORPORATED

**Good Standing:**

THIS BUSINESS IS IN GOOD  
STANDING

» [Order Certificate of Status](#)

**Business Type:**

## CORPORATION

**Business Code:**

03 ORDINARY BUSINESS - STOCK

**Date of Formation/ Registration:**

02/14/1947

**State of Formation:**

MD

**Stock Status:**

STOCK

**Close Status:**

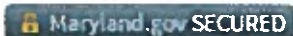
NO

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Maryland Department of Assessments &amp; Taxation

410-767-1184 [📞](#) | Outside the Baltimore Metro Area: 888-246-5941 [📞](#)Maryland Relay: 800-735-2258 [📞](#)**FOR TECHNICAL QUESTIONS AND SUPPORT**

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**Willis Towers Watson** 

City of Baltimore  
401 E Fayette Street  
Baltimore Md. 21202

Willis of Maryland, Inc.  
225 Schilling Circle, Suite 150  
Hunt Valley, MD 21031

**PROFESSIONAL SERVICES AGREEMENT**

**PROFESSIONAL SERVICES AGREEMENT** (the “Agreement”) dated AUG 15 2018, 2018 by and between Mayor and City Council of Baltimore, a Maryland municipal corporation (the “City”) and Willis of Maryland, Inc., a Maryland corporation (“Willis Towers Watson”).

**1.0. Services and Responsibilities**

1.1 Subject to all other terms and conditions of this Agreement, Willis Towers Watson (also referred to as “we” and “our”) shall provide the City (also referred to as “you” and “your”) the following services for the lines of coverage identified in Schedule A and any other services outlined in Schedule B.

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

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

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

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

## WillisTowersWatson

1.6 You will make all final decisions relating to your insurance coverages, risk management, and loss control needs. We will procure the insurance coverage chosen by you, including the limits you choose. We will review all binders, policies and endorsements to confirm their accuracy and conformity to negotiated specifications and your instructions. We will advise you of any errors in, or recommended changes to, such documents. You agree to also review all such documents and promptly advise us of any questions you have or of any document or provision which you believe may not be in accordance with your instructions. Your coverage is defined by the terms and conditions detailed in your insurance policies and endorsements.

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

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

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

1.10 **[This Section intentionally left blank.]**

## 2.0. Confidentiality

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

2.2 **[This Section intentionally left blank.]**



## Willis Towers Watson

### 3.0 Compensation and Disclosure

3.1 **Annual Fee.** You agree that during the Term (as defined in Section 5.1 below) our compensation for the services provided under this Agreement shall be an annual fee (the “Annual Fee”) of Two Hundred Twenty-Two Thousand Dollars (**\$222,000.00**). The City will pay this Annual Fee in **Twelve (12) Monthly Installments at \$18,500.00 each.**

3.2 **Agency Bill; Commission Rebate.** In insurance placements known as “Agency Bill” we place insurance and also invoice the City for the policy premiums. If there are any commissions included in the premiums, our invoice to the City will include a credit for the full amount of the received commissions to the maximum extent allowed by applicable law.

3.3 **Direct Bill; No Commission Rebate.** In insurance placements known as “Direct Bill” the insurance carrier invoices the City directly and the insurance premium includes commission. The insurance carrier will remit the commission to Willis Towers Watson and we cannot return or credit that commission to the City as this would be considered rebating and is not permitted. We will disclose any commission on and Direct Bill insurance policies. The amount of the commissions will vary from year to year as insurance rates and the City’s exposures change.

Direct Bill Commissions are currently as follows:

A commission of **22.0 %** for each carrier for the **Direct Bill Federal Flood Insurance** line of coverage;

A commission of **9.0 %** for each carrier for the **Direct Bill Office of Economic Development Workers Compensation** line of coverage; and

A commission of **30.0 %** for each carrier for the **Direct Bill Surety and Public Official Bond** lines of coverage.

3.4 **Commissions on New Placements.** The Annual Fee has been determined based upon the insurance policy list of placements currently in force for the City. If Willis Towers Watson places a new line of insurance (a “New Placement”) during the Term (for example, Cyber), Willis Towers Watson would be entitled to receive the commission payable for that New Placement. We will disclose any commission payable for that New Placement. At the end of the Term, or any renewal term, the commission payable on any New Placement will be taken into consideration in determining the Annual Fee.

3.5 **Fees for Ancillary Services.** In addition to the above, the following schedule of hourly rate applies for the services listed below. The City estimates that it may require Two Hundred Thousand Dollars (\$200,000) per year for ancillary services however there is no minimum or maximum number of hours for any of these services.

**Willis Towers Watson** 

SERVICES	Hourly Rate
Brokerage Placement Consulting (Consultant)	\$ 250.0
Loss Control (Consultant)	\$ 225.0
Claims Services (Consultant)	\$ 210.0
Administrative Services	\$ 100.0
Other Services, Including but not limited to:	
Actuarial	\$ 350.0
ERM Consulting	\$ 500.0
Custom Built Analytical Services	\$ 250.0
Misc / All Other	\$ 175.0

3.6 **Invoices.** Invoices must show City's full current Purchase Order number as issued to Willis of Maryland, Inc. and be sent to the bill-to-address as shown on the Purchase Order or email: City-Payables@BaltimoreCity.gov to be promptly considered for payment. Payment shall be made in accordance with instructions on the Purchase Order Release.

3.7 **Payments to the City.** Any payment(s) to City or any of its Departments, Agencies, Boards or Commissions due under the terms of this Agreement or arising incident thereto shall be made to the Director of Finance and be mailed or delivered to: Director of Finance c/o Bureau of Revenue Collections Abel Wolman Municipal Building 200 N. Holliday Street Baltimore, MD 21202. Wiring instructions may be obtained from the Bureau of Treasury Management.

3.8 The City is exempt from Federal Excise Tax pursuant to Section 4221 of the Internal Revenue Code, as amended from time to time. The City is exempt from Maryland Sales and Use Tax pursuant to Exemption Certificate #30000559. Our compensation for the services does not include federal, state and local sales, use, excise, receipts, gross income and other similar taxes or governmental charges which may be imposed. You are responsible for paying any such taxes or charges (except for taxes imposed on the net income of Willis Towers Watson) now imposed or becoming effective during the Term. In addition to the premium and our compensation, Willis Towers Watson may invoice you for any federal, state and local sales, use, excise or other similar taxes, unless you provide us with a valid tax exemption acceptable to us.

3.9 Our compensation may be revised if you request a change in the coverages and/or services during the term of this Agreement and we enter into a written agreement documenting any change in coverages, services and compensation. Any change in compensation is subject to approval of the Baltimore City Board of Estimates (the "Board")

3.10 If a Willis Towers Watson affiliate located outside of North America serves as an intermediary in the placement of your coverages, it will also earn and retain compensation for providing those services, which compensation is not included in the fee. We will provide you written disclosure of any compensation payable to such an intermediary.

3.11 **[This Section intentionally left blank.]**



## Willis Towers Watson

3.12 Willis Towers Watson represents and warrant to the City that it is (i) an insurance producer licensed to do business worldwide, including in all 50 states and the District of Columbia, (ii) authorized by its license to work with insurance purchasers including the City and discuss the benefits and terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers including the City. Willis Towers Watson's services to the City involve all of these activities.

3.13 As described in Sections 3.1-3.4 above, the compensation that will be paid to Willis Towers Watson will vary based on the insurance contract it sells. Depending on the insurer and insurance contract you select, compensation may be paid by the insurer selling the insurance contract or by another third party. Such compensation may be contingent and may vary depending on a number of factors, including the insurance contract and insurer you select. In some cases, other factors such as the volume of business Willis Towers Watson provides to the insurer or the profitability of insurance contracts Willis Towers Watson provides to the insurer also may affect compensation. Subject to Sections 3.2 and 3.3 of this Agreement, and to the commission credit obligations discussed in those provisions, Willis Towers Watson may accept this compensation in locations where it is legally permissible, and meets standards and controls to address conflicts of interest. Because insurers account for contingent payments when developing general pricing, the price you pay for your policies is not affected whether Willis Towers Watson accepts contingent payments or not. If you prefer that we not accept contingent compensation related to your policy, we will request that your insurer(s) exclude your business from their contingent payment calculations. 3.14

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

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

3.16 [This Section intentionally left blank.]

3.17 [This Section intentionally left blank.]

3.18 [This Section intentionally left blank.]

3.19 In some cases the use of a wholesale broker may be beneficial to you. We will not directly or indirectly place or renew your insurance business through a wholesale broker unless we first disclose to you in writing any compensation we or our corporate parents, subsidiaries or affiliates will receive as a result. Any compensation we do receive as discussed in this Section 3.19 is subject to Sections 3.2 and 3.3 of this Agreement, and to the commission credit obligations discussed in those provisions.

## Willis Towers Watson

3.20 If wholesalers, underwriting managers or managing general agents have a role in providing insurance products and services to you, they will also earn and retain compensation for their role in providing those products and services. If any such parties are corporate parents, subsidiaries or affiliates of ours, any compensation we or our corporate parents, subsidiaries or affiliates will receive will be included in the total compensation we disclose to you. We do not control or normally receive compensation paid to other parties, but with respect to any compensation we actually receive pursuant to this Section 3.20, we will comply with Sections 3.2 and 3.3 of this Agreement, and to the commission credit obligations discussed in those provisions. If such parties are not affiliated with us, and if you desire more information regarding the compensation those parties will receive, please contact us and we will assist you in obtaining this information.

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

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

3.23 As an insurance intermediary, we normally act for you. However, we or our corporate parents, subsidiaries or affiliates may provide services to insurers for some insurance products. These services may include (a) acting as a managing general agent, program manager or in other similar capacities which give us binding authority enabling us to accept business on their behalf and immediately provide coverage for a risk; (b) arranging lineslips or similar facilities which enable an insurer to bind business for itself and other insurers; or (c) managing lineslips for insurers. Contracts with these insurers may grant us certain rights or create certain obligations regarding the marketing of insurance products provided by the insurers. We may place your insurance business under such a managing general agent's agreement, binding authority, lineslip or similar facility when we reasonably consider that these match your insurance requirements/instructions. When we intend to do so, we shall inform you and disclose the compensation payable to Willis Towers Watson in connection with the placement of the insurance coverage. We do not control or normally receive compensation paid to other parties, but with respect to any compensation we actually receive pursuant to this Section 3.23, we will comply with Sections 3.2 and 3.3 of this Agreement, and to the commission credit obligations discussed in those provisions.

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

**WillisTowersWatson** 

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

3.26 The insurance market is complex, and there could be other relationships which are not described in this document which might create conflicts of interest. If a conflict arises for which there is no practicable way of complying with this commitment, we will promptly inform you and withdraw from the engagement, unless you wish us to continue to provide the services and provide your written consent. Please let us know in writing if you have concerns or we will assume that you understand and consent to our providing our services pursuant to these terms.

#### **4.0 Premium and Handling of Funds**

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

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

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

4.4 The Foreign Account Tax Compliance Act (FATCA) is a U.S. law aimed at foreign financial institutions and other financial intermediaries (including insurance companies and intermediaries such as brokers) to prevent tax evasion by U.S. citizens and residents through offshore accounts. FATCA only applies if you are a U.S. company or individual or a non-U.S. company paying premium through a U.S. insurance broker to a non-U.S. insurer. In order to comply with FATCA, insurance companies and intermediaries must meet certain legal requirements. Insurance placed with an insurance company that is not FATCA compliant may result in a 30% withholding tax on your premium. Where FATCA is applicable to you, in order to avoid this withholding tax, Willis Towers Watson will only place your insurance with FATCA-compliant insurers and intermediaries for which no

## Willis Towers Watson

withholding is required unless you instruct us to do otherwise and provide your advance written authorization to do so. If you do instruct Willis Towers Watson to place your insurance with a non-FATCA compliant insurer or intermediary, you may have to pay an additional amount equivalent to 30% of the premium covering U.S.-sourced risks to cover the withholding tax. If you instruct us to place your insurance with a non-FATCA compliant insurer but you do not agree to pay the additional 30% withholding if required, we will not place your insurance with such insurer. Please consult your tax adviser for full details of FATCA.

### 5.0 Term; Termination

5.1 The effective period of this Agreement (the "Term") will commence immediately upon the date of approval by the Board and will terminate three (3) years thereafter, with an option to renew this Agreement for two (2) additional three-year (3-year) renewal terms on the same terms and conditions, to be exercised at the sole discretion of the City by giving written notice to Willis Towers Watson at least sixty (60) days prior to the expiration of the then current Term.

5.2 a. **Termination for Cause.** If Willis Towers Watson shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if Willis Towers Watson shall violate any of the representations, warranties, covenants, terms or stipulations of this Agreement, the City shall thereupon have the right to terminate this Agreement in whole or in part, provided Willis Towers Watson has failed to cure such violation within ten (10) days after receiving written notification from the City. Notwithstanding the above, Willis Towers Watson shall not be relieved of liability to City for damages sustained by the City by virtue of any breach of this Agreement.

b. **Termination for Convenience.** The City shall have the right to terminate this Agreement in whole or in part at any time during the term of this Agreement, for any reason, including without limitation, its own convenience, upon thirty (30) days prior written notice to the Contractor. Upon termination under this section, the City shall not be obligated to pay for any services that are provided after notice and effective date of termination. However, Willis Towers Watson, if not then in default, will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed hereunder in the City's sole and absolute discretion, in accordance with the schedule in Subsection 5.2 c below. In addition, Willis Towers Watson may terminate this Agreement without cause upon 120 days prior written notice, but such termination will be subject to Section 5.3.

c. **Payment Upon Termination.** If Willis Towers Watson terminates this Agreement under Section 5.2 before the end of the Term, we will be deemed to have fully earned and be entitled to a pro rata portion of the Annual Fee, calculated from the start of the current year of the Term through the date of termination.

If the City terminates this Agreement in any year before the end of the Term, we will be deemed to have fully earned and be entitled to a portion of the Annual Fee for that year as set forth in the following schedule:

During the first six months of the year of the Term in which termination occurs:	75%
After six months of the year of the Term in which termination occurs:	100%

## Willis Towers Watson

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

### 6.0 Other Provisions

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

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

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

6.4 We agree to communicate with each other from time to time by electronic mail, sometimes attaching further electronic data. By consenting to this method of communication you and we accept the inherent risks (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices.) We each agree, however, to employ reasonable virus checking procedures on our computer systems, and to check all electronic communications received for viruses. You will also check that messages received are complete.



## WillisTowersWatson

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

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

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

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

6.9 This Agreement is governed by and construed in accordance with the laws of the State of Maryland without regarding to that State's choice of law rules. Any dispute shall be resolved in the appropriate state or federal courts located in Baltimore, Maryland.

**[Section 7.0 and signatures appear on the following page.]**



**Willis Towers Watson** 

**7.0 Questions**

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

WITNESS the signatures of the parties hereto and the dates thereof:

**Mayor and City Council of Baltimore**

**Willis of Maryland, Inc.**

By: 

By: 

Title: Director of Finance

Title: EVP: CIO

Date: 8/1/18

Date: 7/26/18

**APPROVED BY THE BOARD OF ESTIMATES**

  
CLERK                      DATE  
**AUG 15 2018**

Approved for form and legal sufficiency

  
Mark Dewire, Chief Solicitor

**WillisTowersWatson** 
**Schedule A – Policies/Coverages**
**Agency (Fee) Policies (As of Feb 1 2018):**


P&C - APD / UJIMA Van (Performance Trailer)	4/15
P&C - Property (Master incld: BM, Pier Six, Zoo)	7/1
P&C - Marine Hull (Incl: Constellation)	7/1
P&C - Aircraft Hull and Liability	7/1
P&C - Government Crime	7/1
P&C - CGL (HNOA & Liquor Liability) – Conv Center and Arena Only	7/1
P&C - CGL (One West Pratt St)	7/27
P&C - Medical Professional Students	12/31
Benefit - Auxiliary Police	4/18
Benefit - Early Head Start	5/4
Benefit - Interscholastic Sports Accident	8/15
Benefit - Catastrophic Student Accident	8/15
Benefit - Recreation & Parks	8/15

**Direct Bill (Commission) Policies: (As of Feb 1 2018)**

P&C - Federal Flood (Police HQ)	4/22
P&C - Federal Flood (Police Annex)	4/22
P&C - Federal Flood (Caroline Street)	6/22
P&C - Workers Compensation - OED	7/1
P&C - Federal Flood (Leahy Street)	8/27
P&C - Federal Flood (Mansion)	9/2
Bond - License & Permit: COB/MD Aviation	9/5
Bond - License & Permit: COB/Verizon (Pole)	9/20
Bond - License & Permit: Conduit (Verizon)	9/30
Bond - Public Official: Anderson (Sheriff)	10/03

## Schedule B – Account Management Services

ACTIVITY	PARTY	COMPENSATION
<b>RISK AND INSURANCE STRATEGY</b>		
Client Advocacy Report - "In Force" Policies	WTW	Basic Service
Program Assessments & Consulting - All other Exposures	CITY / WTW	Ancillary
Actuarial	CITY / WTW	Ancillary
<b>INSURANCE PLACEMENT SERVICES ("In Force" Policies)</b>		
Develop and Discuss Strategy with City	WTW	Basic Service
Request Loss Data Exhibits	WTW / CITY	Basic Service
Request Exposure Data / Apps of City	WTW	Basic Service
Provide Exposure Data & Apps to WTW	CITY	Insured
Review updated Exposures Received	WTW	Basic Service
Develop Market Submission	WTW	Basic Service
Negotiate with Carriers, Obtain Bids	WTW	Basic Service
Review Carrier Quotes	WTW	Basic Service
Prepare Proposal, Provide Recommendations	WTW	Basic Service
Secure order to Bind	WTW	Basic Service
Secure Signed Forms (TRIA, Subjectivities etc)	WTW / CITY	Basic Service
Provide Evidence of Binding	WTW	Basic Service
Surplus Lines Filings (as applicable)	WTW / CITY	Basic Service
<b>POST BINDING SERVICES ("In Force" Policies)</b>		
Invoicing Prepared	WTW	Basic Service
Client Service Handbook Delivered	WTW	Basic Service
Schedule of Insurance Updates	WTW	Basic Service
Payment Schedule (as needed)	WTW	Basic Service
Premium Allocations (as needed)	WTW	Basic Service
Review Policies	WTW	Basic Service
Deliver Client Policies with comments	WTW	Basic Service
Prepare Endorsement Requests to Carrier	WTW	Basic Service
Deliver Endorsements to Client	WTW	Basic Service
Issue Certificates and Auto ID Cards etc	WTW	Basic Service
Daily Service / Administration	WTW	Basic Service
General Client meetings / discussions	WTW / CITY	Basic Service
Open Items Tracking	WTW	Basic Service
General Consultancy related to Placements	WTW	Basic Service
Contract Review Support related to Placements	CITY / WTW	Basic Service
<b>CLAIMS MANAGEMENT CONSULTING</b>		
Claims Notification	CITY	Ancillary
Claims Consulting - ("In Force" Policies)	WTW	Basic Service
Claims Consulting - All Other	WTW	Ancillary
Claims Negotiation with Carriers - ("In Force" Policies)	WTW	Basic Service
Claims Negotiation with Carriers - All Other	WTW	Ancillary
TPA / Carrier Performance Analysis	WTW	Ancillary
Claims Reserve Review ("In Force" Policies)	WTW	Basic Service
Claims Reserve Review - All Other	WTW	Ancillary
<b>RISK CONTROL CONSULTING</b>		
Ergonomic Studies	WTW	Ancillary
All Other Risk Control Consulting	WTW	Ancillary
Attend Carrier LC Meetings with City - ("In Force" Policy)	WTW	Basic Service
Attend Carrier LC Meetings with City - all other	WTW	Ancillary
Attend Carrier Risk Control Visits - ("In Force" Policy)	WTW	Basic Service
Attend Carrier Risk Control Visits - All Other	WTW	Ancillary

<b>FROM</b>	NAME & TITLE	Douglas S. Kerr, Chief Risk Manager Charmane T. McDaniel, Insurance & Risk Finance Manager	CITY OF BALTIMORE  <b>MEMO</b>  
	AGENCY NAME & ADDRESS	Department of Finance, Bureau of Risk Management 401 E. Fayette Street, 7 <sup>th</sup> Floor	
	SUBJECT	Waiver Request-MBE/WBE Participation Waiver Request	

**TO**

Courtney Billups,  
Chief, Minority and Women's Business Opportunity Office

DATE February 27, 2018

Contracting Agency: Department of Finance, Bureau of Risk Management

Contract Title: Insurance Brokerage Services Agreement

Dollar Value of Contract: \$222,000 per year. Contract Term three (3) years with two (2) three (3) year renewal options

Procurement Method: Selected Source

**Explanation for Waiver Request:**

No opportunities exist to segment this budget. Broker will provide professional brokerage services to the City to assist in the design and placement of a property and casualty risk insurance program (the "Program"). The Broker markets and places insurance policies with various Property and Casualty Insurance carriers. In this role, the Broker serves as the City's Broker of Record ("BOR"). Insurance carriers recognize only one BOR when considering providing an insurance policy. Further, due to the Broker's internal corporate policies, the Contractor is not permitted to assign brokerage responsibilities to a third party. These changes in market structure have arisen in recent years in response to regulatory investigations. The Broker also provides brokerage services to the Housing Authority of Baltimore City, Washington Sanitary Sewer Commission, and other local and federal agencies that do not include MBE/WBE participation requirements. The brokerage services provided by this Broker are similar to professional services provided to the City's retirement system that do not include MBE/WBE participation.

In 2018, the City proposes to enter into this Contract on a selected source basis. In 2002 and again in 2008, the City issued RFP's and selected the proposed Selected Source Contractor. This market for this service is very limited therefore the Department of Finance has decided to enter into a Selected Source Contract.

In prior contract period, the Contract included a 15% MBE and 5% WBE participation goals. Records do not establish how these goals were calculated. In the prior contract term, the MBE firm's role was unrelated to brokering the City's insurance program. Instead it was directed to educating City employees about the importance of insurance certificates and collecting certificates. This educational role trailed off several years ago and the City is not receiving any benefit. Similarly, the WBE firm offered expertise in environmental risk insurance policies. However, the City fully self-insures this risk so there is no need for this service and none is projected to be required in the future.

Action by Minority and Women's Business Opportunity Office

Courtney Billups, Chief

Waiver approved: \_\_\_\_\_

Waiver Denied: \_\_\_\_\_

*No Signature Necessary  
Per D Jackson*

Bureau of Procurement

NON-COMPETITIVE PROCUREMENT JUSTIFICATION FORM

*Agree with  
Professional Source*

Date:	11/20/17	Requisition No.:	
Agency:	Dept. Of Finance Office of Risk Mgmt	Contact/Phone:	410-396-9589
Vendor:	Willis of Maryland	Cost: \$	\$885,000 (\$295,000 annually)

*Contact  
OTM*

Proposes to Procure as (select category):  Sole Source Justification  Selected Source Justification

*11/8/17*

Current Requested Action is:

New Procurement  Amendment to Current Contract (added items or scope of work)

Additional Purchase of Goods/Services Previously Procured

Period Covered:	<input checked="" type="radio"/> 02/4/2018 to 02/03/2021	(Ongoing requirement or license) OR
One-Time Purchase:	<input type="radio"/>	(No Plan to Re-Order, or Entire Annual Requirement, if Restocking)
One-Time Purchase:	<input type="radio"/>	(Amount Required to Complete Competitive Procurement or Contract Negotiations )

*2 - three (3) year Extension*

Proposes to Procure (describe item or services):  
Professional Services Contract Insurance Broker of Record/Risk Management Services

Justification describing how procurement by competitive means is either not practicable or not advantageous to the City:  
See attached

If this Vendor is the only one selling a particular product, justification for selecting this product:

Were alternate products or services evaluated?  YES  NO

If NO, why were alternatives not evaluated?

Has this product or service been sole sourced/select sourced before? YES  NO   
If YES, provide purchase order number:



Basis for Sole Source Purchase (Check Applicable Box(es)):	
<input type="checkbox"/>	Item is copyrighted intellectual property and is only available from the owner of the copyright.
<input type="checkbox"/>	Compatibility of equipment, accessories or replacement parts is of paramount consideration, and items are only available from vendor (manufacturer or distributor for state/region).
<input type="checkbox"/>	Items or services are unique to the vendor.
<input type="checkbox"/>	Public utility.

Basis for Selected Source Purchases (Check Applicable Box(es)):	
<input checked="" type="checkbox"/>	No advantage to seeking competition
<input checked="" type="checkbox"/>	Not practicable to obtain competition.
<input type="checkbox"/>	Urgently needed but not of an emergency nature (*if actual emergency, see note below).

Minority and Women's Business Participation†	
Between \$5,000.00 and \$49,999.99	
Is the Vendor an MBE/WBE?	MBE <input type="radio"/> WBE <input type="radio"/> NO <input type="radio"/>
If not, and this is a selected source request, did you contact M/WBEs who provide this item/service?	YES <input type="radio"/> NO <input type="radio"/>
If NO, explain:	
\$50,000.00 and Above	
Is the Vendor able to utilize MBE/WBEs on performance under this Procurement?	YES <input checked="" type="radio"/> NO <input type="radio"/>
If YES, are signed MWBOO forms attached?	YES <input type="radio"/> NO <input type="radio"/>
If No, a WAIVER REQUEST must be attached to explain why utilization is not feasible	

†Failure to properly complete this and return all forms may result in the denial of this request

Pursuant to City Charter Article VI §11 (e)(i) I recommend that competitive procurement be waived, and that the supplies, materials, equipment, services, or public works be procured as indicated above. In the event this action is more than \$25,000, I understand that Board of Estimates approval is required.

Signed:

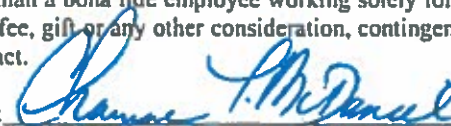


Agency Head or Designee

**No Conflict of Interest**

I hereby certify that my recommendation herein or the resulting award and/or contract would not be considered a conflict of interest under the Baltimore City Code, Article 8 Ethics. I agree to refrain from entering into any relationship or accept any gift from the recommended vendor named above during the term of this Contract (and any renewals or extensions thereto), including any agreements and/or practices that could give rise to even the appearance of a conflict of interest. Furthermore, I assert that I have fully disclosed to the City on my initial or annual Financial Disclosure form, any and all practices and/or contracts of whatever nature and duration that could give rise to even the appearance of a conflict of interest with the parties or subject matter of this recommendation, award and/or resulting contract and will continue to do so during the term of the contract and any renewals or extensions thereto. Additionally, I certify that, to the best of my knowledge, the vendor has not paid or agreed to pay any city employee, contractor or consultant, other than a bona fide employee working solely for the vendor named above, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the recommendation, award or resulting Contract.

Signed:



Agency Head or Designee

Name / Title:

Insurance & Risk Finance Mgr.



I understand that if this request is not approved, standard City procurement procedures will be followed.

Acknowledged  
OR

I request the Requisition be returned if the Justification is denied.

**\*If the above procurement is over \$25,000, of an emergency nature, for which a delay would be required to obtain Board of Estimates approval, and the failure to procure it threatens functioning of City government, the health, safety, and welfare of personnel, or preservation or protection of property, the agency must, pursuant to City Charter Article VI §11 (e)(ii) request that Department of Finance waive competitive procurement and the approval of the Board of Estimates, and that the supplies, materials, equipment, services, or public works be procured as indicated above. DO NOT USE THIS FORM – SUBMIT A MEMO DESCRIBING THE NATURE OF THE EMERGENCY AND THE REQUEST**

Buyer's recommendation:	Approve <input type="checkbox"/>	Disapprove <input type="checkbox"/>
	Signed:	Date:
Procurement Supervisor:	Approve <input type="checkbox"/>	Disapprove <input type="checkbox"/>
	Signed:	Date:
City Procurement Agent:	Approve <input type="checkbox"/>	Disapprove <input type="checkbox"/>
	Signed:	Date:

Notes:

The Insurance Broker, in addition to providing Risk Management Consultant services, also markets and places insurance policies with various Property and Casualty Insurance Carriers. It should be understood that the Broker is the middle man between the City and the insurance companies. Submissions are prepared by the Insurance & Risk Finance Manager in the Bureau of Risk Management who provides to the Broker underwriting information, which is used to market our risk to various insurance companies in order to secure the best product available through coverage and pricing for the City of Baltimore.

Municipalities are not ideal business for insurance companies and insurance markets are limited. Insurance carriers have declined our business due the complexity of the risk associated with a large metropolitan City, large values exposed, and proximity to the Nation's Capital from a terrorism standpoint. The Bureau of Risk Management has enjoyed a 15 year relationship with its current Broker of Record. They understand the City's exposure and are aware of our challenges, which is essential when placing insurance the marketplace.

There are currently 22 insurance policies in place for the City of Baltimore, with the most complex placement being the Master Property insurance policy. This policy covers all property owned by the City of Baltimore, including vacant buildings, schools and the Baltimore Zoo. Its premium is \$2,656,715, insuring \$7,097,796,302 in property values. Competitive terms and conditions for our insurance placements have been received and there are no plans to have our broker market at renewal. In fact should another Broker be chosen, we will have to provide the current carriers with written approval to recognize a new Broker of Record. Willis of Maryland has provided the Bureau of Risk Management with exemplarity customer service and has expert subject matter professionals at our disposal at no additional charge.

In 2002 a Request For Proposal (RFP) was advertised. The Board opened two (2) proposals: Hilb, Rogal and Hamilton (now Willis of Maryland) and the incumbent broker Marsh USA. Marsh USA was considered non-responsive therefore award was made to Hilb, Rogal and Hamilton (now Willis of Maryland). In 2008 RFP was sent to 47 vendors, with (2) two responders, the incumbent Willis of Maryland and AON. The bid was awarded to the incumbent Willis as AON was found to be non-responsive. Should an RFP be deemed necessary, I am expecting the same outcome, therefore placing this service out to bid would add no value.