



Arthur J. Gallagher & Co.



*An Introduction
to Our Capabilities*

GALLAGHER RISK MANAGEMENT PRACTICE

*Business is built on relationships
Relationships are built on trust
The foundation for trust is honesty*



Built on Relationships

Complex Solutions for Global Organizations

Large organizations deal with a unique set of challenges that arise from both the complexity of their business as well as the need to appropriately manage any risk management costs. These companies require a risk management partner that has the expertise to implement strategies that reduce risk, increase profitability and ultimately strengthen their balance sheet.

At Arthur J. Gallagher & Co., we build trust through solid and sustainable relationships. We work hard to understand your culture and what drives your organization. We want you to be familiar with the culture of our business and our philosophy for serving our clients. We can help you identify and assess the risks that affect your business and address them through a comprehensive risk management plan—one that focuses on maximizing your return on equity. Our goal is to ensure the protection of all your business assets while helping you achieve a competitive advantage.

The Gallagher Risk Management Advantage

Gallagher's Risk Management team is experienced in delivering solutions and services to help evaluate and manage your risk exposures. We understand your risk management spends and that any underlying risks represent significant contingent capital. In addition to a comprehensive plan that minimizes your total cost of risk, our unique approach will provide you:

- A proprietary risk review to assess your operations and better define the nature of your risks;
- A formal "prospectus" to better position your company with potential market partners; and
- Predictability of cost, to minimize cash flow disruptions.

Our global expertise includes direct access to both foreign and domestic markets. Expanding our expertise and maintaining joint venture relationships around the world is a key component of our ability to deliver broader and more cost-effective solutions to our customers. While we have global resources, we provide you with the local relationships and world-class services you need. This allows us to negotiate with a stronger position on your behalf, resulting in the most comprehensive coverage at the best premium. We achieve these positive outcomes using innovative broking tools developed and deployed by our team.

Success Stories

Example 1

A company is coming out of bankruptcy with a scarred reputation in the insurance marketplace.

- Built a renewal strategy focused on a new management team and proprietary technology
- Demonstrated long-term profitability of the risk
- Achieved **27% overall cost reduction** in insurance premiums

Example 2

A client suffered a \$40M+ property loss, turning a very profitable risk into a long-term loss position with insurers.

- Built a renewal strategy focused on how the client was a better risk today than before the loss
- Cited corrective actions at all similar facilities and acquisitions
- While advising the client to budget 10%–15% renewal increase additional premium, we targeted a flat renewal (no increase)
- Achieved **1.8% decrease on the renewal** (a \$600–\$900k savings)

Example 3

Paint manufacturing/retailer installed a new management team and charged them with lowering their cost structure and positioning them more competitively. They wanted to achieve equal or better coverage at a lower cost.

- Analyzed profit/loss position with their current insurers and determined risk was overpriced at current rates
- Unable to gain necessary concessions from incumbent insurers, we created an open competition, which competing insurers hadn't seen before
- Achieved **26% cost reductions** on renewals with new insurers

Our STAR Brokerage Model

- **Strategic Planning:**
How can we position your risk differently than in the past?
- **Technical Expertise:**
Is the program structure appropriate and the coverage correct?
- **Analytical Approach:**
What is your underwriting profit/loss position and is collateral minimized?
- **Results-Oriented:**
Were you happy with the financial outcome?

To: Arthur J. Gallagher & Co.
Subject: Renewal
From: Manufacturing Client

Dear Arthur J. Gallagher & Co.,

I want to express my appreciation to you and the entire Gallagher team for the time and, most importantly, the results you achieved for our company on our property and casualty renewals this year. Reducing our costs by 26% for equal or better coverage far exceeded our expectations.

In addition, our staff has been extremely pleased by the resources available to us – as well as the service we have received. Your team has developed solid working relationships with our key staff members and the communication between our organizations has been excellent. This was evidenced by the reception our Board audit committee had to the presentation provided by you and your team.

Thanks for your excellent work and we look forward to our continued relationship.

Sincerely,

Executive Vice President & Chief Financial Officer

“Our staff has been extremely pleased by the resources available to us—as well as the service we have received. Reducing our costs by 26% for equal or better coverage far exceeded our expectations.”

– Executive VP & CFO

“The combined savings of almost \$4.8 million or 27% of the expiring premiums for our property, casualty and environmental programs is an outstanding result and Waste Management Client’s senior management is very pleased with Gallagher’s efforts on our behalf.”

– Senior VP Risk Management

To: Arthur J. Gallagher & Co.
Subject: Renewal
From: Waste Management Client

Dear Arthur J. Gallagher & Co.,

On behalf of your Waste Management Client, I want to express my thanks to the brokerage team at Gallagher for exceeding all of our goals at renewal. Your team conducted themselves in an exemplary manner throughout the marketing and negotiation process. Even when obstructions arose in the path to success, the Gallagher team chose the high road and completed the project in a professional manner while protecting our interests. The combined savings of almost \$4.8 million or 27% of the expiring premiums, for our property, casualty and environmental programs, is an outstanding result and our senior management is very pleased with Gallagher’s efforts on our behalf.

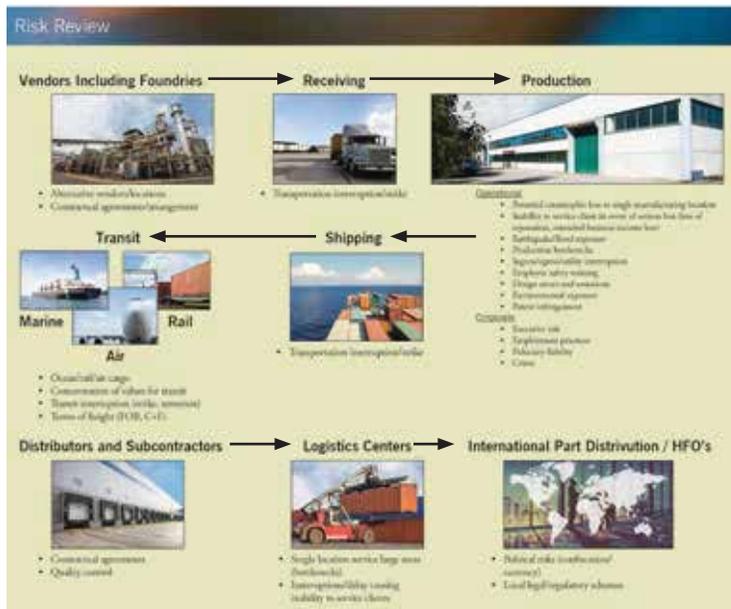
On a personal note, I have known members of the Gallagher team for many years and had confidence in their abilities when our company selected Gallagher as its broker. The unknown for me during the brokerage selection process was whether the Gallagher platform would allow the team members to excel or whether the organization would actually impede their progress, which so often happens in the brokerage industry today. Please accept my personal thanks for providing these find brokers with the tools and brokerage platform that allowed for successful completion of the renewal process.

Best Regards,

Senior VP Risk Management

Risk Review

Our proprietary risk review helps you to identify your exposures to risk.



Profitability Analysis

Our profitability analysis is used to determine loss trends and desirability with underwriters.

Profitability Analysis

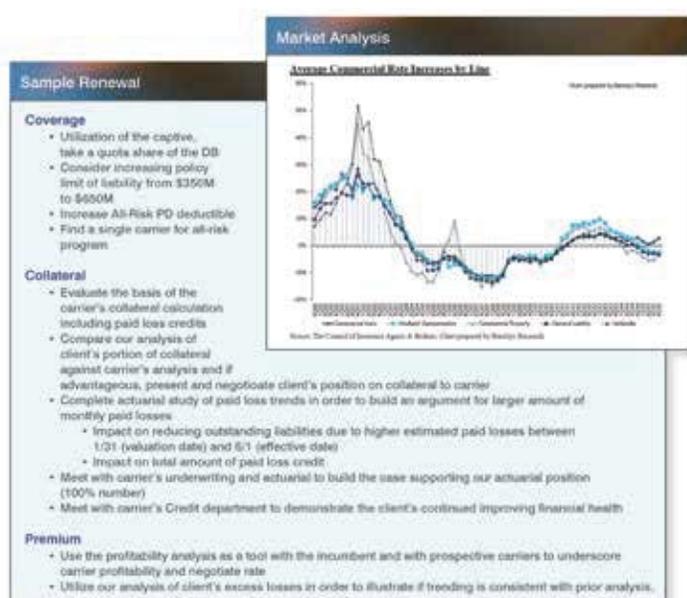
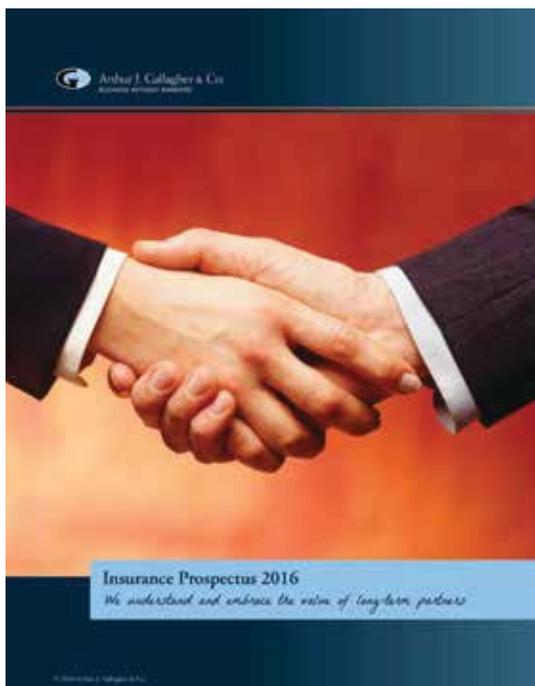
YR	ITEM	Primary All-Risk (1)	Excess All-Risk (2)	Excess DIC EQ/Flood (3)	Bus Infrn DBI (4)	Terrorism (5)	COMBINED TOTAL
09-10	TIV						\$7,908,415,000
	Premium	\$6,165,655	\$358,874	\$155,302	\$1,803,327	\$467,380	\$8,750,333
	Rate						0.11665
	Losses	\$4,283,844	\$0	\$0	\$365,000	\$0	\$4,639,844
	L/R	69.5%	0.0%	0.0%	22.2%	0.0%	53.0%
08-09	TIV						\$6,922,164,938
	Premium	\$5,439,298	\$356,417	\$143,436	\$1,710,444	\$440,337	\$8,089,932
	Rate						0.11687
	Losses	\$13,528	\$0	\$0	\$0	\$0	\$13,528
	L/R	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%
07-08	TIV						\$6,509,175,115
	Premium	\$5,667,118	\$355,671	\$164,099	\$1,590,638	\$468,731	\$8,247,217
	Rate						0.12670
	Losses	\$0	\$0	\$0	\$0	\$0	\$0
	L/R	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
06-07	TIV						\$5,842,980,924
	Premium	\$5,089,720	\$390,931	\$143,305	\$1,581,488	\$512,449	\$7,517,890
	Rate						0.12867
	Losses	\$33,294,748	\$0	\$0	\$2,257,846	\$0	\$35,552,594
	L/R	664.2%	0.0%	0.0%	\$163.4%	0.0%	472.9%
05-06	TIV						\$5,459,827,401
	Premium	\$4,593,719	\$635,489	\$218,888	\$1,479,143	\$623,651	\$7,550,790
	Rate						0.14544
	Losses	\$1,202,293	\$0	\$0	\$0	\$0	\$1,202,293
	L/R	24.1%	0.0%	0.0%	0.0%	0.0%	18.1%
5 YR AVE	TIV						\$6,528,512,676
	Premium	\$5,469,102	\$419,436	\$164,992	\$1,553,006	\$502,690	\$8,109,226
	Rate						0.12421
	Losses	\$7,758,883	\$0	\$0	\$322,769	\$0	\$8,081,652
	L/R	141.9%	0.0%	0.0%	33.7%	0.0%	102.1%
3 YR AVE	TIV						\$7,113,251,684
	Premium	\$5,757,257	\$356,921	\$164,266	\$1,634,801	\$458,149	\$8,362,494
	Rate						0.11756
	Losses	\$1,432,457	\$0	\$0	\$118,867	\$0	\$1,551,324
	L/R	24.9%	0.0%	0.0%	7.3%	0.0%	18.5%

Insurance Prospectus

Our insurance prospectus provides details about your investment to allow you to make an informed decision.

Renewal Strategy

Our renewal strategy is developed using premium goals, market strategy and collateral.





Why Gallagher?

Small World, Big Network

Arthur J. Gallagher & Co. is one of the largest insurance brokers in the world, with divisions specializing in retail insurance brokerage operations, benefits and HR consulting, wholesale distributions and third-party administrations and claims processing. Gallagher has more than 680 offices in 33 countries and provides client-service capabilities in more than 150 countries around the world through our network of partners. Wherever you are and whatever your risk management needs—we're nearby.

- Give clients leverage in the marketplace: Fourth largest publicly owned global insurance broker.
- Provide consistent leadership: Only 3 CEOs (all named Gallagher) since Gallagher was founded in 1927.
- Experts in various industry practices: Healthcare, Real Estate & Hospitality, Higher Education, Construction, etc.
- Shared values—*The Gallagher Way*: Backbone of our culture, based on 25 shared values.
- High standards of business: Gallagher was named by the Ethisphere Institute as one of the World's Most Ethical Companies for the fifth consecutive year.¹



THE GALLAGHER WAY – SHARED VALUES

We are a sales and marketing company dedicated to providing excellence in risk management services to our clients. We support one another. We believe in one another. | We acknowledge and respect the ability of one another. | We push for professional excellence. | We can all improve and learn from one another. | There are no second class citizens — everyone is important and everyone's job is important. | We're an open society. | Empathy for the other person is not a weakness. | Suspicion breeds more suspicion; to trust and be trusted is vital. | Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader. | Interpersonal business relationships should be built. | We all need one another. We are all cogs in a wheel. | No department or person is an island. Professional courtesy is expected. | Never ask someone to do something you wouldn't do yourself. | I consider myself support for our sales and marketing. We can't make things happen without each other. We are a team. | Loyalty and respect are earned — not dictated. | Fear is a turnoff. | People skills are very important at AJG. | We're a very competitive and aggressive company. | We run to problems — not away from them. | We adhere to the highest standards of moral and ethical behavior. | People work harder and are more effective when they're turned on — not turned off. | We are a warm, close company. This is a strength — not a weakness. | We must continue building a professional company — together — as a team. | Shared values can be altered with circumstances — but carefully and with tact and consideration for one another's needs.

Reduce your risk. Contact us today.

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Arthur J. Gallagher & Co. at a glance

Arthur J. Gallagher & Co. has been designing solutions to meet our clients' unique needs for more than 85 years. We pioneered many of the innovations in risk management used by businesses in all industries today. We believe that the best environment for learning and growing is one that remembers the past and invents the future.

- Founded in 1927 by Arthur J. Gallagher and still run by the founding family.
- A global corporation with a strong heritage and culture, Gallagher is a company with 21,500+ family members.
- Divisions specializing in retail insurance brokerage operations, benefits and HR consulting, wholesale distribution, and third-party administration and claims processing.
- More than 680 offices in 31 countries and revenues of \$4 billion as of 2015.
- Offering client-service capabilities in more than 150 countries around the world through a global network of correspondent brokers and consultants.



Arthur J. Gallagher & Co.

Insurance brokerage and services to be provided by Arthur J. Gallagher Risk Management Services, Inc. and/or its affiliate Arthur J. Gallagher & Co. Insurance Brokers of California, Inc. (License No. 0D69293 and/or 0726293)

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