

Item #2:
Resolution Authorizing Liability Insurance

VILLAGE OF LONG GROVE
RESOLUTION NO. __

**RESOLUTION AUTHORIZING AN
TO BIND COVERAGE & COMPENSATION AGREEMENT WITH GALLAGHER**

WHEREAS, the Village previously entered into an intergovernmental agreement with the Illinois Municipal League Risk Management Association ("**IMLRMA**") to participate as a member in the IMLRMA's risk management program ("**Previous Intergovernmental Agreement**"); and

WHEREAS, the Village has reviewed the proposal received from Arthur J. Gallagher Risk Management Services, Inc. ("**Gallagher**") and determined that their proposal was the most favorable to the interests of the Village;

WHEREAS, the Village and Gallagher desire to enter into the new Agreement for Liability/Risk Insurance Coverage;

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LONG GROVE, LAKE COUNTY, ILLINOIS, AS FOLLOWS:

Section 1: Approval. The Client Authorization to Bind Coverage and Compensation Agreement between the Village of Long Grove and Gallagher is hereby approved in substantially the form attached to this Resolution as Exhibit A.

Section 2: Authorization. The Village Manager of the Village of Long Grove is hereby authorized and directed to execute and attest the Client Authorization to Bind Coverage and Compensation Agreement on behalf of the Village of Long Grove.

Section 4: Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED THIS 27TH DAY OF NOVEMBER, 2012

AYES:

NAYS:

ABSENT:

APPROVED THIS 27TH DAY OF NOVEMBER, 2012

Village President, Maria Rodriguez

ATTEST:

Village Clerk, Karen Schultheis

EXHIBIT A

CLIENT AUTHORIZATION TO BIND COVERAGE & COMPENSATION AGREEMENT

DRAFT

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated November 7, 2012, Village of Long Grove accepts your insurance program subject to the following exceptions/changes:

Please bind all policies as checked below:

- Package (Property, GL, Auto, PO/EPI)
 - Argonaut Insurance Company
 - Underwriters of Lloyd's, London
- Umbrella
 - Argonaut Insurance Company \$7,000,000 Limit
 - Underwriters of Lloyd's, London \$7,000,000 Limit
- Illinois Public Risk Fund – Workers Compensation
- Citizens Insurance Company of America – Crime Coverage
- Travelers Property Casualty Company of America – Boiler & Machinery

- Bind TRIA Terrorism coverage as quoted except for the following policies:

- Provide quotations or additional information on the following coverages from the Coverages for Consideration page of this proposal.

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

Village of Long Grove confirms the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

Client Signature

Dated



Arthur J. Gallagher Risk Management Services, Inc.

Gallagher Compensation Agreement

THIS COMPENSATION AGREEMENT is made and entered into and effective the 31st day of December, 2012 ("Effective Date") by and between VILLAGE OF LONG GROVE, an Illinois municipality ("Client"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., an Illinois corporation ("Gallagher").

I. TERM AND TERMINATION

This Agreement shall commence on the Effective Date for a term of one (1) year and shall automatically renew on the first anniversary of the Effective Date and annually thereafter for additional one- (1) year terms but may be terminated by either party at any time upon one hundred twenty (120) days prior written notice.

II. OBLIGATIONS OF GALLAGHER

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company.

III. OBLIGATIONS OF CLIENT

Client shall remunerate Gallagher its usual and customary brokerage commission for the Services. In addition to or in lieu of commission, Client shall pay Gallagher an annual fee of \$3,000 for the Services, which such fee may be revised at the time of renewal of this Agreement by the execution of an amendment to this Agreement signed by the parties hereto. If work is required to be performed in addition to the Services, Client agrees to compensate Gallagher for such additional work at its usual and customary rates. So long as the terms and conditions of the Services are substantially similar and Gallagher's performance is acceptable, in subsequent years the annual fee shall be increased 3.5% over the prior year, and shall be payable and earned as provided herein.

IV. DISCLOSURES

- A. In addition to such fees and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission 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 Gallagher with the insurance company, 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 commission is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III. above.
- B. Gallagher's fees under this Agreement shall be fully earned on the execution of this Agreement (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher 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 Gallagher to immediately terminate this Agreement, at its option, without notice to Client.



Arthur J. Gallagher Risk Management Services, Inc.

- C. Where applicable, insurance coverage placements which Gallagher makes on Client'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, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.
- D. Gallagher will be operating only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization, however, Gallagher 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. Contact Gallagher with questions on these or any other issues of concern.

V. LIMITATION OF LIABILITY

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.	
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.	VILLAGE OF LONG GROVE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____



Arthur J. Gallagher Risk Management Services, Inc.

Exhibit A

Services

Perform risk management services, which Client may from time to time need or require. The services include:

A. Brokerage Placement Services

- Identify available marketplace coverages and program needs to insure and/or minimize risks
- Compile underwriting data and information to prepare market specifications
- Evaluate and analyze insurance quotations – each company reviewed for financial stability, solvency, and service record
- Negotiate with underwriters to achieve broadest coverages at best price
- Prepare proposal to explain coverages, limits, and exclusions
- Bind coverages and confirm placement
- Secure policies and review for accuracy.

B. Administrative Services

- Coordinate loss control activities
- Marketing plan 120 days prior to renewal
- Prepare schedule of insurance
- Billing
- Claim reporting
- Certificates of Insurance
- Review audits and endorsements for correctness
- Establish insurance calendar “to do” list and schedule meetings
- Maintain market relationships
- Research new markets or coverage concepts and determine their applicability
- Instruct accounting personnel of procedures for audit to make best use of record keeping
- Annual/Stewardship report
- Issue auto ID cards
- Internal audit and management review
- Committee meetings.



POLICYHOLDER DISCLOSURE



NOTICE OF TERRORISM INSURANCE COVERAGE - PACKAGE POLICY

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended:

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States -- to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence to the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM ARE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

I hereby elect to purchase coverage for acts of terrorism for a prospective premium of

_____ \$

I hereby elect to have coverage for acts of terrorism excluded from my policy.

I understand that I will have no coverage for losses arising from acts of terrorism.

Policyholder / Applicant's Signature

Date Signed

Print Name and Title

Insured Name: VILLAGE OF LONG GROVE
3110 OLD MCHENRY ROAD
LONG GROVE, IL 60047

Policy Period: DECEMBER 31, 2012 to DECEMBER 31, 2013

Brit Global Specialty USA
A member of the Brit Insurance Group

POLICYHOLDER DISCLOSURE



NOTICE OF TERRORISM INSURANCE COVERAGE - UMBRELLA POLICY

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended:

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM ARE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

I hereby elect to purchase coverage for acts of terrorism for a prospective premium of _____

I hereby elect to have coverage for acts of terrorism excluded from my policy.

I understand that I will have no coverage for losses arising from acts of terrorism.

Policyholder / Applicant's Signature

Date Signed

Print Name and Title

Insured Name:
VILLAGE OF LONG GROVE
3110 OLD MCHENRY ROAD
LONG GROVE, IL 60047

Policy Period:
DECEMBER 31, 2012 to DECEMBER 31, 2013

Brit Global Specialty USA
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UNINSURED/UNDERINSURED MOTORISTS SUPPLEMENTARY AUTO APPLICATION



A. OFFER OF UNINSURED/UNDERINSURED MOTORIST COVERAGE (UM/UIM COVERAGE)

Carrier: Companion Commercial Insurance Company Underwriters at Lloyd's, London

Insurance Company indicated above hereby offers to provide UM/UIM coverage in limits equal to the automobile motor vehicle liability coverage limits of the policy number indicated below.

B. EXPLANATION OF UM/UIM COVERAGE

Uninsured Motorist Coverage provides protection for bodily injury, sickness or disease, including death, under provisions approved by the applicable state Department or Bureau of Insurance for the protection of insureds hereunder who are legally entitled to recover from owners or operators of uninsured motor vehicles because of bodily injury, sickness or disease, including death, suffered by any person insured under that coverage in the policy to which this form references.

Underinsured Motorist Coverage provides protection for insureds under that coverage in the policy for bodily injury, sickness, disease, including death, suffered by any person insured under the policy to which this form references, where the limits of coverage available for payment to the insured under all insurance policies covering persons liable to the insured are less than the limits for the insured's uninsured motorist coverage.

Limitations on Coverage Uninsured Motorist and Underinsured Motorist coverage are subject to the limitations, conditions, and exclusions approved by the applicable state Department or Bureau of Insurance and the laws of the applicable state.

C. ACCEPTANCE/REJECTION OF UNINSURED/UNDERINSURED (other than Commercial Umbrella)

Uninsured/Underinsured Motorist Coverage has been explained to me and I have read the foregoing explanation of UM/UIM coverage and I hereby:

- Totally Reject UM/UIM coverage.
- Accept UM/UIM coverage in limits equal to the limits of the motor vehicle liability coverage.
- Wish to purchase limits of UM/UIM as indicated below:

<input type="checkbox"/>	\$35,000	<input type="checkbox"/>	\$100,000	<input type="checkbox"/>	\$500,000
<input type="checkbox"/>	\$50,000	<input type="checkbox"/>	\$250,000	<input type="checkbox"/>	\$1,000,000

D. COMMERCIAL UMBRELLA (where applicable) - Uninsured Motorists/Underinsured Motorists

Uninsured/Underinsured Motorists Coverage has been explained to me and I have read the foregoing explanation of UM/UIM coverage and I hereby:

- Totally Reject all UM/UIM coverage under the Commercial Umbrella.

- Wish to purchase Umbrella limits of UM/UIM as indicated below:

Limit	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000
Premium	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000
Selection	<input type="checkbox"/>				

The limit of liability indicated cannot be greater than the limit of liability afforded by the motor vehicle liability coverage under the commercial umbrella coverage.

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E. UNINSURED/UNDERINSURED COVERAGE REJECTED OR ACCEPTED IN LESSER LIMITS NEED NOT BE REOFFERED UPON RENEWAL UNLESS REQUESTED IN WRITING.

I understand that the coverage selection or rejection indicated in Item C. above shall apply on policy(ies) in effect at the time this form is executed and all future renewal policies until I notify U.S. Specialty Insurance Company in WRITING of any changes. If I sign below, and/or pay any premium, I have evidenced my actual knowledge and understanding or the availability of these benefits and limits as well as the benefits and limits you have selected.

FRAUD WARNING: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

The signature written below must be executed by a duly authorized representative of the Named Insured and applicant listed within this form.

For the purposes of this application, a represented entity (as listed under the Named Insured(s) or Applicant(s)) is defined as a public entity that the individual authorized with signing this application represents. The signing individual is a public official, employee or other representative authorized to enter into contracts on the entity's behalf.

Policyholder / Applicant's Signature Date Signed

Print Name and Title

Insured Name: VILLAGE OF LONG GROVE
3110 OLD MCHENRY ROAD
LONG GROVE, IL 60047

Policy Period: DECEMBER 31, 2012 to DECEMBER 31, 2013
Policy Number:

Brit Global Specialty USA
A member of the Brit Insurance Group

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as *defined in Section 102(1) of the Act*: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury-in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

- I hereby elect to purchase terrorism coverage for a prospective premium of \$471.
- I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

	<u>Trident Insurance Services, LLC</u>
Policyholder/Applicant's Signature	Company
	<u>4629608-00</u>
Print Name	Policy Number
Date	

Member No. _____

**ILLINOIS PUBLIC RISK FUND
POOLING AGREEMENT**
(As Amended and Restated in 2012)

THIS AGREEMENT is made and entered into by and among the ILLINOIS PUBLIC RISK FUND (the "IPRF" or "Fund"), an Illinois not for profit corporation organized and operating as an intergovernmental joint insurance pool, and each of the members of the Fund (individually referred to herein as a "Member" and collectively as the "Members"), pursuant to the terms and provisions of Article VII, Section 10 of the Illinois Constitution of 1970, the Illinois Intergovernmental Cooperation Act, as amended (5 ILCS 220/1 *et seq.*), and the applicable provisions of the Illinois Workers' Compensation Act (820 ILCS 305/1 *et seq.*) and the Illinois Workers' Occupational Diseases Act (820 ILCS 310/1 *et seq.*), as amended (hereinafter referred to as the "Workers' Compensation Laws").

RECITALS

WHEREAS, the Illinois Intergovernmental Cooperation Act expressly authorizes public agencies to enter into intergovernmental contracts to jointly self-insure and utilize their funds to protect, wholly or partially, themselves and any public agency member of the contract against liability or loss in a designated insurable area; and

WHEREAS, the IPRF was established in 1985 to provide a means by which the public agency Members of the Fund could contract with each other pursuant to the Intergovernmental Cooperation Act in order to protect each other against liability or loss under the Workers' Compensation Laws; and

WHEREAS, the Members are Illinois employers subject to the Workers' Compensation Laws, as well as "public agencies" under the Illinois Constitution of 1970 and within the meaning of the Intergovernmental Cooperation Act, and intend to create a valid, enforceable intergovernmental contract pursuant to the provisions of the Intergovernmental Cooperation Act by execution of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

AGREEMENT

I. FUND OPERATIONS AND CLAIMS ADMINISTRATION.

The IPRF will pay promptly when due the compensation and other benefits, including medical benefits, required of the Member by the Workers' Compensation Laws. The affairs of the Fund shall be managed by or under the direction of its Board of Trustees which shall provide for the efficient administration of claims under the Workers' Compensation Laws and otherwise under any applicable law of the State of Illinois imposing employers liability for bodily injury by

accident or disease. In that regard, the Board of Trustees shall have the duty and responsibility to:

A. Provide for the efficient administration of claims by either employing or contracting for the services of an independent third party claims administrator (the "Fund Claims Administrator" or "Fund Administrator"), or by employing or contracting for the services of claims administration personnel or staff, (the "Fund Claims Administration" or "Fund Administration"). The Fund Administrator or Fund Administration, as the case may be, shall have the responsibilities for claims processing and administration; the investigation and adjustment of claims; the management and reporting of claims; compensation, claims, and benefits payments; and, risk data management and reports, including the establishing and monitoring of reserves, among other duties as may be authorized, directed, or delegated from time to time by the Board of Trustees;

B. Provide or contract for safety and loss control programs and services for the benefit of the Fund and its Members;

C. Employ or contract for the services of an independent accountant (the "Fund Accountant") who, at the direction of the Board of Trustees and the Treasurer, shall be responsible for IPRF's day-to-day financial matters, including the collection of Members' current, past due, and delinquent accounts, premiums, contributions, assessments, and penalties; the keeping and maintenance of the Fund's financial records, statements, reports, and books of account; and, the satisfaction and payment of the Fund's bills, debts, and other financial obligations;

D. Employ or contract for the services of an independent, fiduciary investment advisor (the "Fund Advisor") for advice and management concerning the Fund's assets and investments in accordance with the purposes and investment guidelines established by the IPRF, the Intergovernmental Cooperation Act, and all other applicable duties and policies, standards, guidelines established, created by law, regulation, or resolution of the Board of Trustees;

E. Employ or contract for the services of exclusive Marketing Agents who shall be responsible for the promotion and marketing of the Fund, and its program and services;

F. Authorize and direct the Fund Accountant and the Marketing Agents in the collection of delinquent accounts resulting from any unpaid premiums, contributions, assessments, or penalties;

G. Cause each Member to execute this Pooling Agreement, governing, among other matters and things, the liability of all Members for claims against the Fund;

H. Obtain excess reinsurance coverage along with errors and omissions liability (E&O) and directors and officers (D&O) liability coverages for the Fund's Board of Trustees, officers, and employees with insurance companies acceptable to the Board of Trustees, and in amounts considered reasonably adequate to cover the liabilities of the Fund, its Board of Trustees, officers, and employees, and to keep and maintain such insurance policy coverages in full force and in effect at all times along with such other insurance coverages as the Board of Trustees may determine to be reasonably prudent and necessary to protect the Fund and its assets; and, to procure and maintain a fidelity bond covering the IPRF's Board of Trustees, individually and collectively, the Fund Treasurer, the Fund Accountant, and any other person employed or engaged by the Fund having any responsibility respecting the IPRF's monies and securities, in an amount

sufficient to protect the Fund against loss, misappropriation, or misuse of any monies or securities;

I. Set standards for the admission of Members to the Fund which shall include such requirements, guidelines, and precautions as the Board of Trustees from time to time shall deem to be reasonable and appropriate to promote the safe, prudent, proper, and responsible operation of the Fund for the benefit of duly qualified and financially suitable Members that are seriously committed to sound safety practices, risk management, and loss control programs;

J. To employ or contract for the services of such other persons, parties, providers, vendors, or consultants as the Board of Trustees may from time to time deem reasonably necessary or desirable to carry out the purposes of the Fund and to assure the continuous, efficient, and cost-effective operations of its programs.

II. COST OF MEMBERSHIP.

The Member's cost will be determined by the Board of Trustees. The Member's contribution or premium will be developed by an examination and audit of all the Member's records that relate to the coverages provided by this Agreement, including ledgers, journals, registers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data (the "payroll audit"). Rates, classifications, experience modification factors, and discounts approved by the Board of Trustees will be used to determine the Member's contribution or premium subject to the payroll audit.

III. ASSESSMENT PROVISIONS.

Whenever the Board of Trustees determines by means of an audit, annual certified financial statements, actuarial opinion, or otherwise that the assets of the Fund are less than the reserves which would be required to be maintained by the Fund if the Fund were subject to Part 2901 of the Illinois Department of Financial and Professional Regulation, Division of Insurance Workers' Compensation Self Insurance Regulations (50 Ill. Admin. Code §§2901.10 - 2901.40), together with any other unpaid liabilities, then the Fund shall direct its Treasurer and the Fund Accountant (as defined in the Fund's By-Laws) to assess each Member of the Fund that was a Member during the Fiscal Year (as defined below) in which the events or occurrences giving rise to such assessment occurred, the amount necessary (in the aggregate) to correct the deficiency. Members will be assessed pro rata based upon their annual contributions, provided that, in no event shall the annual total of any Member's assessment exceed ten percent (10%) of that Member's gross annual premium or contribution to the Fund for the most recent Fiscal or Fund Year, as such terms are defined herein and by the IPRF's By-Laws. In the event of the inability of one or more Members, by reason of insolvency or otherwise, to pay such assessments, the Fund's Treasurer shall assess the other Members of the Fund for such unpaid amounts. Notwithstanding the foregoing, a Member's liability under this Section for assessments shall be limited to the period of such Member's membership in the IPRF and the later of either the three (3)-year period commencing with the close of the most recent Fiscal Year during which the events, occurrences, or claims giving rise to such assessments happened, or the three (3)-year period beginning with the close of the Fiscal Year during which such Member's membership in the Fund was terminated.

IV. MEMBERS, TERMS, WITHDRAWAL, TERMINATION.

A. Membership in the Fund is limited to "public agency members" within the meaning of and subject to Section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6) and other units of local government and public entities within the State of

Illinois that may become eligible for membership from time to time according to Article VII, Section 10 of the Illinois Constitution of 1970, the Intergovernmental Cooperation Act, or the By-Laws of the IPRF. Membership in the Fund is subject to the approval of the Fund's Board of Trustees, the Fund Administrator, and the Fund's excess reinsurance carrier.

B. The initial minimum term of IPRF membership is one (1) year, unless terminated earlier pursuant to this Agreement or Article VIII of the Fund's By-Laws.

C. After the initial one (1) year minimum term, a Member may withdraw or resign its membership in the Fund for any year thereafter upon the giving of not less than ninety (90) days written notice to the IPRF Board of Trustees of its intent to withdraw or resign and, such resignation shall take effect no sooner than ninety (90) days from the date such notice is given.

D. A Member may be terminated from the IPRF under rules set forth in the Fund's By-Laws for reasons which include, but are not limited to, the following:

(1) When the Member fails to pay the premium, contribution, assessment, or other amounts due and payable to the Fund in full;

(2) When the Member fails to cooperate with the Fund, or with any of its Trustees, Marketing Agents, officers, employees, contractors, or agents, in regards to audits, payments, financial and claims reporting, safety, loss control, and prevention, or any other subject having to do or connected in any way with the operations and purposes of the IPRF as determined by the Board of Trustees in its sole discretion;

(3) When the Member fails to carry out the recommendations of any safety, loss control, or prevention survey, inspection, or examination, or fails to adhere to generally accepted accounting or financial practices, or fails to follow the IPRF's safety, loss control, risk prevention, or claims reduction standards, policies, or programs as determined by the Board of Trustees in its sole discretion;

(4) When the Member fails to meet the membership eligibility requirements set forth in Paragraph IV(A) above, as determined at any time by the Board of Trustees in its sole discretion;

(5) When the Member engages in conduct detrimental to the integrity, stability, or strength of the IPRF or any of its programs as determined by the Board of Trustees in its sole discretion; or

(6) When the member fails to meet other requirements for continued participation that may be determined by the Board of Trustees in its sole discretion to preserve the stability and strength of the Fund and which are consistent with the provisions of the By-Laws, including participation in the programs or efforts designed to reduce losses or adjust claims in order to carry out the purposes for which the IPRF was established.

V. COVERAGE, INDEMNITY AND DEFENSE.

In consideration of payment of the Member's contributions as described in this Agreement in general, and as set forth in part II in particular, the Fund agrees:

A. Coverage: The Fund will pay promptly when due all compensation and other benefits, including medical benefits, required of the Member by the Workers' Compensation Laws and as such Laws may be amended from time to time.

B. Defense, Settlement, Supplementary Payments: As respects the coverage afforded by the other terms of this Agreement, the Fund shall:

(1) Defend any proceeding against the Member seeking such compensation and other benefits and any suit against the Member alleging work-related accidental injuries or occupational diseases, as those terms are defined under the Workers' Compensation Laws and seeking damages on account thereof, even if such proceeding or lawsuit is groundless, false, or fraudulent, but the Fund may make such investigation, negotiation, and settlement of any claim or suit as it deems expedient or necessary.

(2) Pay all expenses incurred by the Fund, all costs taxed against the Member in any such proceeding or suit, and all interest accruing after entry of award or judgment until the Fund has paid, tendered, or deposited such part of such judgment as does not exceed the limit of the Fund's liability thereon; *provided, however*, that in no event shall the Fund be responsible for payment of any fines, penalties, or interest thereon imposed upon a Member as a result of such Member's violation of or misconduct under the Workers' Compensation Laws or otherwise.

C. Applicability of Coverage: The coverage, compensation, other benefits, defense, and payments provided under this Agreement apply or is accorded only to accidental injuries, disablements, exposures, and fatalities (as those terms are defined under the Workers' Compensation Laws) occurring during the membership term. All states coverage will be provided by the Fund.

D. Conditions: Classifications, rates, modification factors, and discounts, shall be determined by the Board of Trustees in its sole discretion. Each Member shall maintain records of the information necessary for contribution or premium computation, and the IPRF, its Board of Trustees, the Fund Accountant and its duly authorized agents and representatives shall be allowed to examine and audit all of the Member's records that relate to the coverage, indemnity and defense provided by this Agreement, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for sharing and receiving data. The IPRF may conduct the audits during regular business hours during the membership or coverage period and within three (3) years after such membership or coverage period ends. Information developed by audit will be used to determine the amount of any final premium or contribution due under this Agreement subject to the right of the Fund through its Board of Trustees to determine and set the amount of any premium, contribution, assessment, debt, penalty, or other amount due to be paid the IPRF in its full and sole discretion.

VI. MEMBERS' OBLIGATIONS.

Each Member agrees to be bound by all of the terms and conditions of this Agreement, the IPRF's By-Laws, as they may be amended from time to time, and to abide by any rules, resolutions, and regulations that are promulgated by the Board of Trustees for the administration of the Fund, which shall include, but not be limited to, the following:

A. Each Member agrees to initiate and maintain a safety program to give its employees safe and sanitary working conditions and agrees to follow the general recommendations of the IPRF, its Board of Trustees, and their duly authorized agents and representatives to promote the general welfare of such Member's employees. Each Member, however, shall remain solely responsible for all decisions concerning its safety program and practices and may not rely upon evaluations or recommendations made by the IPRF, its Board of Trustees, or their duly authorized agents and representatives in making decisions concerning such Member's safety program and practices.

B. When an injury or disablement to an employee of a Member covered by this Agreement occurs, the Member shall immediately provide for immediate emergency and other medical services as provided by Sections 8(a) of the Workers' Compensation Laws, and shall immediately notify the IPRF of the loss or claim and cause to be prepared and transmitted to the Fund Administrator or Fund Administration, as the case may be, an Employers First Report of Injury (Form 45) as prescribed by the IPRF, the Illinois Workers' Compensation Commission and the federal Occupational Safety and Health Administration (OSHA).

C. If a claim is made or suit or other proceeding is brought against the Member, then the Member shall immediately forward to the IPRF every demand, notice, summons, claim form, suit or other legal or administrative process received by it.

D. The Member shall cooperate with the IPRF and, upon the Fund's request, shall attend all hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise cooperate in the conduct of all suits, hearings, or proceedings. The Member shall not, except at its own cost, which shall not be reimbursed by the Fund, voluntarily make any payment, assume any obligation, or incur any expense other than for such immediate medical and other services at the time of the injury as are required by the Workers' Compensation Laws or otherwise.

E. Each Member shall make prompt payment of all contributions, premiums, assessments, and other amounts due as required under this Agreement and the Fund's By-Laws.

F. Each Member does hereby appoint the IPRF as its agent to act in the Member's behalf to file reports and to make or arrange for payment of claims, medical expenses, and all other things required or necessary insofar as they affect the Member's liability under the Workers' Compensation Laws or such Member's obligations under the rules, regulations, and orders of the Illinois Workers' Compensation Commission or any other administrative agency or court having jurisdiction.

G. Each Member agrees that in the event of the payment of any compensation, other benefits, defense or other payments by the IPRF under this Agreement, the Fund shall be subrogated to the extent of such payment to all rights of the Member against any person

or other entity legally responsible for such damages or losses, and in such event, the Member hereby agrees to render all reasonable assistance, other than pecuniary assistance, to effect recovery.

H. The IPRF, its Board of Trustees, and any of their duly authorized agents, employees, and attorneys, and a representative shall be permitted at all reasonable times to inspect the Member's work places, plants, works, machinery, and appliances covered by this Agreement, and shall be permitted at all reasonable times and within three (3) years following termination of membership to examine the Member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify contributions, premiums, or other amounts which are due or payable, or which were paid to the Fund.

VII. EFFECTIVE TIME AND DATE.

The Fund shall operate on a fiscal year consistent with the calendar year beginning on the first day of January and ending on the last day of December (the "Fiscal Year" or "Fund Year"), and effective date of this Agreement shall be the date the parties entered into this Amended and Restated Pooling Agreement as set forth below.

VIII. ARBITRATION AND ALTERNATIVE DISPUTE RESOLUTION.

Except as to claims arising out of or connected with a Member's failure to pay all contributions or premiums to the IPRF when due, any controversy or claim arising out of or relating to this contract, or the breach thereof, or any term or provision of the Fund's By-Laws, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. All arbitration proceedings shall be heard and determined by one arbitrator, whose award shall be final and binding upon the parties hereto.

The parties agree that all arbitration proceedings shall take place in Chicago, Illinois and shall be subject to the Illinois Uniform Arbitration Act. (710 ILCS 5/1 *et seq.*)

The provisions of this Section shall survive and bind the parties hereto and their successors and assigns, notwithstanding any termination of this Agreement.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IX. ENTIRE AGREEMENT.

This Amended and Restated Pooling Agreement supersedes any prior Pooling Agreement between the parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have entered into this Amended and Restated Pooling Agreement as of date set forth below.

ILLINOIS PUBLIC RISK FUND

Date: _____

By: _____

Title: _____

MEMBER

(Print name of Member)

By: _____

Title: _____

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