ATTACHMENT 1

COPY

PROPOSAL TO PROVIDE

INSURANCE BROKER SERVICES NO. 17-10

FOR THE

CITY OF COSTA MESA

FEBRUARY 15, 2017

ALLIANT INSURANCE SERVICES, INC.
1301 DOVE STREET, SUITE 200 | NEWPORT BEACH, CA 92660
MAIN: (949) 756-0271 | CA LICENSE NO. 0C36861 | www.alliant.com

Alliant

VENDOR APPLICATION FORM AND COVER LETTER

February 15, 2017

City of Costa Mesa – City Hall, Office of the City Clerk
Attn: Terri Combs
77 Fair Drive
Costa Mesa, CA 92628

Response to Request for Proposal (RFP) No. 17-10 for Insurance Broker Services

Dear Terri Combs,

We at Alliant Insurance Services, Inc. (Alliant) would like to express our appreciation for the opportunity to respond to the Request for Proposal (RFP) for Insurance Broker Services for the City of Costa Mesa (the City). We are excited to demonstrate to the City the value that we can bring to your entire Risk Management Program. We believe our response will highlight both the depth of our experience, as well as our desire to partner with the City.

Alliant is the premier specialty brokerage firm in the country. Since our Chairman and CEO, Tom Corbett, established our Public Entity Division in 1977, the public sector has become our largest specialty area. As a result, we are extremely proud to say that we work with more California public agencies than any other broker. These include over 75% of California cities, 56 of the 58 California counties, hundreds of school districts and other special districts, and the State of California itself. We firmly believe that the experience, expertise, and market leverage derived from those relationships make us the best partner for the City.

Our goal is to take a consultative approach in delivering the services desired by the City. First, we commit to spending the necessary time with your staff to understand the detail of your existing operations and programs, and what you desire for the future. Next, we commit to applying what we know and have learned to design a service plan, underwriting specifications, and coverage structure that achieve your goals. Finally, we commit to providing the risk management consultative services that the City desires to support and enhance your risk management efforts.

With this approach, wealth of our experience, and our strong relationships with public insurers, we can deliver superior results for the City. ***We are committed to our reputation as an aggressive and innovative resource working diligently to meet our client's needs.*** As a result of this client-centric approach, our retention rate is 98% -- a testament to our delivery of superior services.

Following are four compelling reasons for choosing Alliant as your brokerage partner:

1. **Relevant Experience and Team Expertise –** Alliant's Public Entity Division and specifically the proposed service team have developed a tremendous amount of expertise working with municipalities and other public entities in California. This relevant experience and expertise has allowed us to design, implement, and manage insurance solutions that have helped some of the largest public entities in the state save millions of premium dollars annually while providing the broadest coverage available.

2. **Creativity and Program Design Innovation –** We do not believe in simply renewing programs and placements as-is, unless that option has been thoroughly reviewed and is in the best interest of our client. Instead, we constantly monitor client exposures, financial status, market conditions, changes in legislation, underwriter's changing appetites for risk, and other factors so that we can proactively propose adjustments to program structures, terms and coverage and/or alternative opportunities. This annual process allows us to take advantage of market opportunities that are currently available while also planning strategically for the long term. As a result, our programs and placements have stood the test of time over the last 25+ years, while retaining the flexibility to benefit our clients annually through all market cycles.

3. **Options –** Alliant offers the greatest access and largest array of insurance options for the City. These range from standard insurance placements, to customized proprietary programs, to membership in joint powers authorities such as CSAC-EIA where we provide the unique role of sole marketing agent. Alliant has long differentiated ourselves by creating advantaged programs that provide value to our clients because they allow us to leverage the combined size of the group to drive rates down, increase limits, and provide coverage enhancements. At the same time, we are experts at marketing individual excess policies, layering policies, and negotiating quota share placements, as well as helping evaluate actuarial studies to implement the most cost effective risk transfer programs. Finally, we have been entrusted to provide brokerage services to over 60 joint powers authorities in California, which are an avenue for public entities in California to pool risk if they so choose. With this unmatched combination of options, a partnership with Alliant will afford the City the largest selection of alternatives thereby, providing competitive results on a continual basis.

4. **Integrity and Professionalism –** Alliant is prepared to be held to the highest standards of integrity and professionalism. We recognize the importance of our role in representing the City to the insurance underwriting community. We will treat the City's issues and opportunities as if they are our own. We understand that clients have long memories and we know that our reputation is our most valuable corporate and personal asset. We will work hard every day to maintain that reputation and as a result you can be assured that the City will get our very best.

Our national public entity practice is headquartered at 1301 Dove St., Newport Beach, CA 92660-2436, telephone number (949) 660-8107 and is the office from which we will provide services to the City.

We have thoroughly reviewed the scope of services contained within the RFP and can perform all tasks without exception. We hope this response offers a compelling reason for the City to select Alliant as your insurance broker partner. We are prepared to meet your service needs.

Best regards,

Rennetta Poncy

Rennetta Poncy
Senior Vice President

VENDOR APPLICATION FORM
FOR
RFP NO. 17-10
INSURANCE BROKER SERVICES

TYPE OF APPLICANT: ☒ NEW ☐ CURRENT VENDOR

Legal Contractual Name of Corporation: Alliant Insurance Services, Inc.

Contact Person for Agreement: Rennetta Poncy

Corporate Mailing Address: 1301 Dove Street, Suite 200

City, State and Zip Code: Newport Beach, CA 92660

E-Mail Address: rponcy@alliant.com

Phone: (949) 756-0271 Fax: (949) 756-2713

Contact Person for Proposals: Rennetta Poncy

Title: Senior Vice President E-Mail Address: rponcy@alliant.com

Business Telephone: (949) 660-8107 Business Fax: (619) 699-0906

Is your business: (check one)

☐ NON PROFIT CORPORATION ☒ FOR PROFIT CORPORATION

Is your business: (check one)

☒ CORPORATION ☐ LIMITED LIABILITY PARTNERSHIP

☐ INDIVIDUAL ☐ SOLE PROPRIETORSHIP

☐ PARTNERSHIP ☐ UNINCORPORATED ASSOCIATION

Names & Titles of Corporate Board Members

(Also list Names & Titles of persons with written authorization/resolution to sign contracts)

Names	Title	Phone
John McLoughlin	Sr. Operations Manager	(949) 660-8190
Nazi Arshi	Sr. Vice President	(949) 660-8110
Daniel Howell	Sr. Executive VP, MD	(415) 403-1426

Federal Tax Identification Number: 33-0785439

City of Costa Mesa Business License Number: Will provide upon award

(If none, you must obtain a Costa Mesa Business License upon award of contract.)

City of Costa Mesa Business License Expiration Date: Will provide upon award

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BACKGROUND AND PROJECT SUMMARY

Alliant had the pleasure of working with the City for more than twenty years and through that partnership became intimately familiar with the risk purchasing philosophy of the City. The senior level staff members proposed for this account were involved in overseeing the City's placement for many years. The City is a full service City with exposures that include police and fire, animal control, emergency medical aid, and more.

Combined with the wealth of knowledge and experience gained through our forty years of commitment to the public sector and our thousands of public agency clients, we are further able to employ those techniques within the specific public agency operational framework to provide viable and economically sound risk management solutions on an evolving basis to respond to constantly changing environments.

Alliant understands that the City is looking for the most qualified broker who can bring a new approach to risk financing; you will find that Alliant's experience with public entities like City of Sacramento, City of Santa Ana, City of Newport Beach, City of Santa Monica and City of San Buenaventura makes Alliant a logical choice. Although Alliant can meet all of the requirements within the RFP such as the selling, solicitation, and negotiation of insurance; our real success has come from taking a focused, consultative approach in designing innovative programs and providing solutions specific to the public entity sector, successes we hope to share with the City. We believe what the City needs is not just an insurance broker to address the placement of "standard" insurance, but also a risk finance and risk management consulting partner to establish a specialized risk financing program that addresses specific exposures such as, the challenges involving police professional (a.k.a. "the Ferguson effect"), drones, unmanned aerial vehicles and automation, cyber liability, and other risks tailored to the City's operating environment.

Below we detail a few examples in fulfillment of your stated scope of work requirements:

a. **Program Administration –** Despite our vast experience in the public entity sector, we would seek to administer the City's policies without any preconceived notions. What this means for the City is that we will spend the necessary time to re-familiarize ourselves with its risk profile that will include an ongoing review and analysis of the City's current insurance program. Our ongoing administrative duties would include regular meetings with city staff and relevant stakeholders as needed, training, consultation services, written reports and coordinate loss control services that supplement and complement the city's own efforts.

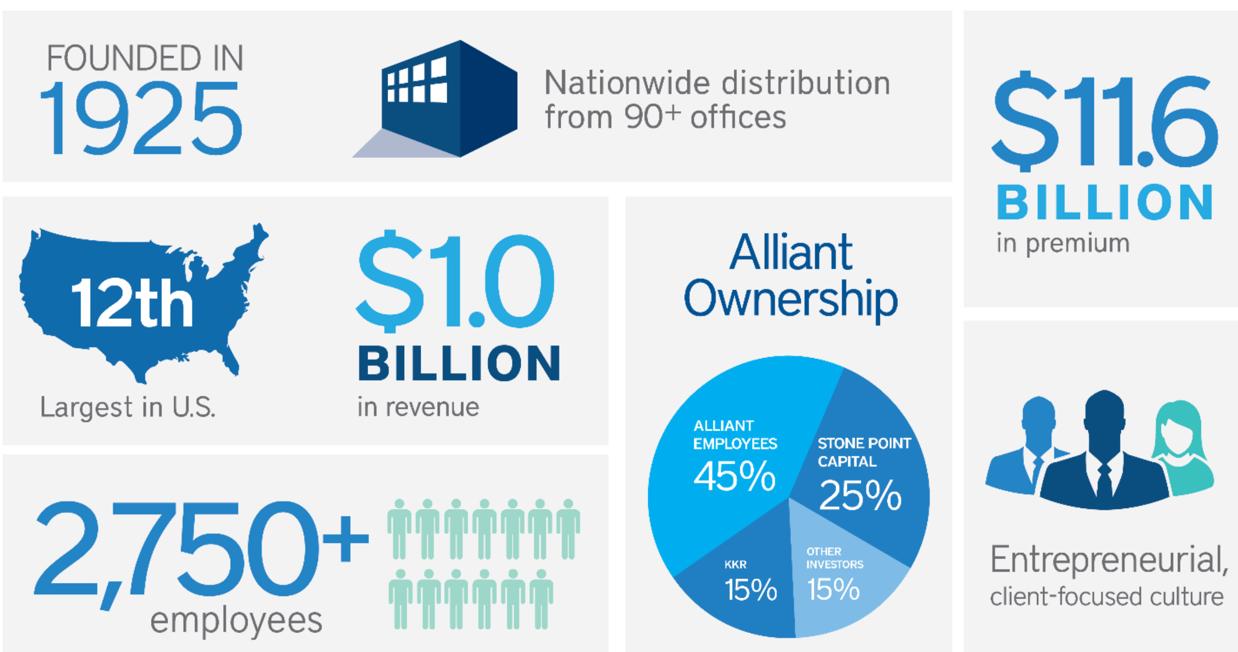
b. **Claims –** Alliant fully understands that the true value of any insurance contract can only be determined by its response to loss. We have developed an effective in-house claims department run by some of the most talented personnel in the public entity industry. Our Brokerage Claims Department is located in San Francisco, California and is led by Robert "Bob" Frey. Bob leads a team of seven senior claims professionals including three forensic accountants. Unlike other firms, Alliant does not separate the claims function from the placement function. The senior brokers assigned to the City all have large claims experience. Our national claims resources will support these local efforts.

c. **Contract Review –** The Alliant team members are experts in policy, lease and contract review. We are capable of providing consulting services on specific contracts with thorny issues, as well as providing any necessary training to the City personnel. For our other clients, outside of insurance procurement, this is our single most active area of consulting work. Our IRIC Manual is available electronically for all of our clients and details recommended insurance requirements for vendors working with our clients. The manual provides guidance to your staff involved in securing contracts with a variety of contractors and vendors. This manual is offered at no additional cost and Alliant is prepared to offer full or half-day training presentations to the City on the concepts contained in our IRIC Manual. The City's team at Alliant will be prepared to assist in supporting your current practices and developing materials for your use.

COMPANY EXPERIENCE AND CAPABILITIES

Company Experience and Capabilities – Question A

Alliant was established in 1925 in San Diego, California as the Robert F. Driver Company. Today it is a privately held corporation headquartered in Newport Beach, California. As a firm, we are the largest specialty broker in the country, with our entire focus on selected industry segments including public entity, education, construction, real estate, healthcare, tribal nations, hospitality, non-profits, and legal professionals. Business Insurance ranks Alliant as the second largest privately held broker.



Alliant's public entity division was established in 1977 when our current Chairman and CEO, Tom Corbett, opened our Newport Beach office with the goal of becoming a leader in providing services to the public sector. Since that time, we have become a nationally recognized leader in this specialized market. This leadership position is demonstrated by Alliant's extensive client list, including more than 10,000 public agency clients, many with significant catastrophe exposures.

Alliant's public entity experience, knowledge, and expertise allows us to deliver unique insurance and risk management solutions to our clients.

Alliant's Public Entity Practice is our largest specialty division and represents more than 30% of our company's annual revenue. Our public entity clients range in different sizes from small regional entities to large public entity pools like the CSAC Excess Insurance Authority (CSAC EIA) – the largest public entity pool in the nation. With more than 300 employees dedicated solely to public entity, we are an industry leader in the public sector. Alliant's Public Entity Division is believed to be the largest concentrated collection of insurance professionals dedicated solely to the public agency sector.

Historically known as the preferred public entity broker in the state of California, we have expanded our reach and have been selected to provide broker services for entities located from Alaska to Florida to Maine (48 states in all) where we now provide our resources and expertise. These clients include:

- Over 75% of the cities in California, including Sacramento, San Francisco, San Diego, Anaheim, Burbank, Garden Grove, Fontana, Santa Ana, Newport Beach, Thousand Oaks, Santa Monica, Pomona, Ventura, Torrance and many others.
- CSAC EIA (the largest public entity pool in the nation, which includes participation by all but two counties in California), numerous municipalities (including the City – Pollution Legal Liability), school districts, joint powers agencies, and pools.
- Over 1,000 special districts, authorities, agencies, and airports.
- State governments including: State of California, State of Montana, State of Texas, State of Nevada, State of Wyoming, and State of Michigan.
- Over 60 joint powers authorities or pools across the country including: Arizona School Risk Retention Trust, Virginia Municipal League (VML), WSTIP (Washington State Transit Insurance Pool), TASB (Texas Association of School Boards), and MABE (Maryland Association of Boards of Education).

The proposed service team collectively represents 166 years of insurance experience. We have detailed the years of experience on a per person basis in the Staffing Plan form, included in ***Appendix A***.

Company Experience and Capabilities – Question B

We believe that the City is referring to "issues" meaning "number of policyholders" or "accounts." Therefore, we have answered this question based on that assumption. However, we stand ready to provide any additional information, if needed.

Companywide, Alliant is proud to service 84,368 clients from its 71 offices nationwide.

Key Team Members	Number of Clients – Lead Capacity	Number of Clients – Total
Rennetta Poncy	42	58
Courtney Ramirez	21	46

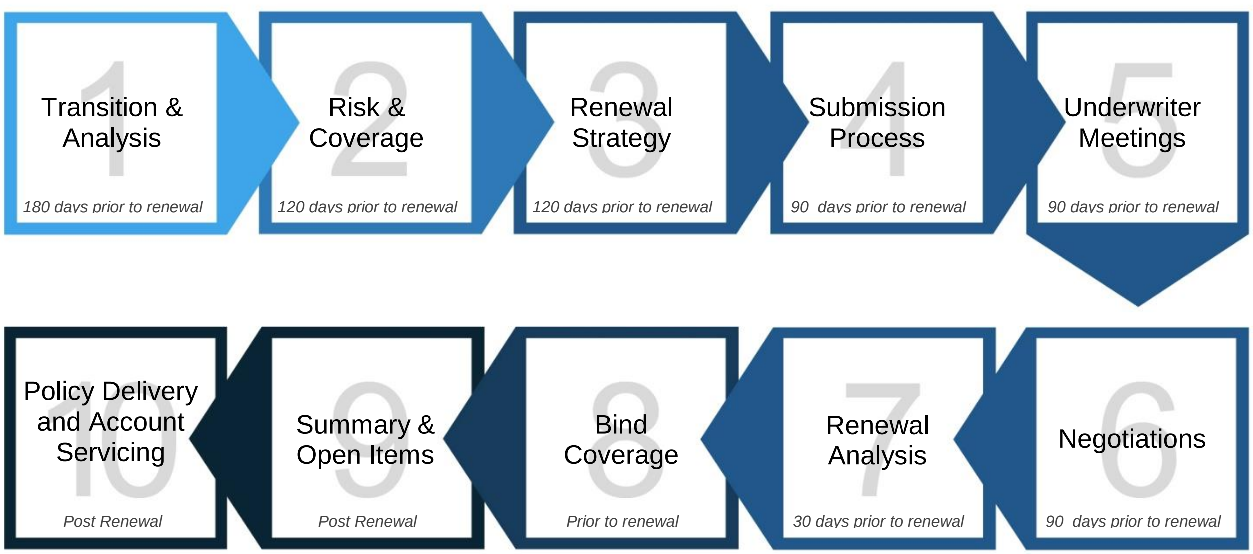
Company Experience and Capabilities – Question C

As a full service broker, Alliant is committed to providing the best level of service(s) to our clients. We have drafted a comprehensive response to the City's RFP and have included information with details on what resources that are available to the City and how we intend to meet the City's needs in a timely manner. This includes attending meetings on an as needed basis (including City Council meetings) and preparing documentation. We have outlined some of these efforts and in Defined Client Services and Marketing Process. Alliant truly wishes to be an extension of the risk management department and will work as a partner to assist the city in fulfilling its risk management goals.

METHODOLOGY

Methodology – Question 1

Our Defined Client Service and Marketing Process, a technical practice we employ with all our clients, is the framework for our business approach. Purposefully, this process begins with transition planning, and includes an in-depth risk management analysis, in addition to service and marketing activities. This approach provides consistency in quality service, checkpoints and timelines for monitoring our jointly agreed upon service standards, and ensures the appropriate planning occurs well in advance of the expiration date. We will work closely with the City to ensure that this process aligns with the City's goals.



1. TRANSITION PLAN/ANALYTICS & DIAGNOSTICS *(180 days prior to renewal)*

Once appointed as the City's Broker of Record, we will begin to transition the work flow from your current broker(s) to Alliant. Given the absolute importance of a successful transition for each new Alliant client, we will employ the following steps during the implementation of the program to make the transition as seamless as possible for the City.

Step 1: Identify Appropriate Personnel and Discuss the Service and Marketing Process
Step 2: Notify Carriers
- Alliant will prepare Broker of Record Letters and Confirm acceptance of all BORs filed.

Step 3: Information Gathering/Data Acquisition
- Exposure Data
- Policies/Summaries
- Claims data
- Actuarial studies

Step 4: Administrative
- Create Open Items Report, Work Plan and Key Deliverables.

Step 5: Risk Identification
- Review all data accumulated from the information gathering/data acquisition process.
- Discuss with key operational personnel (operations, finance, legal, quality, risk, claims).
- Strategic discussions regarding mission, key City initiatives, financial goals, short- and long-term operational and financial goals, unique financial issues, and risk philosophy.
- Discuss unique claims or risk issues as defined by the City.

Step 6: Documentation and Implementation
- Prepare a summary report detailing the process, observations, and key findings.

Our service team will coordinate these activities to help ease the administrative burden on the City.

2. RISK & COVERAGE PROFILE *(120 days prior to renewal)*

For coverage assigned to us, we will develop a Risk Profile unique to the City. We will compare this Risk Profile to your current insurance coverage to: determine any serious or unanticipated gaps that exist; review the retentions and insurance limits; and provide you with a written report outlining our observations and recommendations, including limits, programs, products and markets capable of meeting the City's coverage needs.

3. RENEWAL STRATEGY MEETING *(120 days prior to renewal)*

Before your major renewal date(s), we will coordinate a Renewal Strategy Meeting to:
- Review Alliant's Prepared Risk Analysis.
- Update the City on the current insurance market and differences in various markets' terms and conditions and discuss recent renewal results for similar clients.
- Provide an analysis of viable underwriter alternatives, their capacity, and deductible preferences, obtain your thoughts on the desirability of any particular market and develop a marketing strategy.
- Provide renewal pricing ranges, suggest a renewal timeline and renewal options.

Our goal is to provide you with a concise report outlining our mutually agreed upon game plan.

4. UNDERWRITING SUBMISSION & PRESENTATION *(90 days prior to renewal)*

The underwriting submissions we prepare are unrivaled in our industry. Our responsibility is to portray, with integrity, your unique Risk Profile for each line of coverage. Your underwriters will know that our submission will portray your unique risks and operations correctly, succinctly and in a clear and easily understandable format. We encourage meetings between you and the underwriters. We will solicit renewal information at least 90 days prior to renewal to allow ample time for the marketing process. Alliant will assist in developing underwriter information including loss data.

5. UNDERWRITER MEETINGS *(90 days prior to renewal)*

We will coordinate all underwriter meetings benefiting the City as part of our renewal strategy. Where possible, we will attempt to schedule these at your office.

6. NEGOTIATIONS *(90 days prior to renewal)*

To execute a successful renewal, we must focus on two key areas: market canvassing and the exploration of options. At our Renewal Strategy Meeting, we will have reviewed the listing of all possible market alternatives, solicited your input and agreed to those we want to approach. All contacts from qualified and non-qualified markets will be documented and provide results to the City. We will review alternative limit, retention and coverage structures. We will provide you with weekly renewal updates to keep you informed and to get your feedback and thoughts on the underwriters' responses.

7. RENEWAL PROPOSAL & ANALYSIS *(30 days prior to renewal)*

We are aware that while our clients want to have a bottom line comparison of all renewal alternatives, they also want to know the intricate details of each quotation. Therefore, our renewal proposals feature both an Executive Summary and a detailed Coverage Analysis section. Our analysis will help you make a more educated renewal decision. We will compile quotations for the program in an Excel spreadsheet, including declinations, and indicating why they chose not to quote. Additionally we will provide quotations for specialized types of insurance as requested.

8. BIND COVERAGE *(Prior to renewal)*

Once you have reviewed your renewal options, have selected an alternative and given authorization we will immediately process the following documents, all designed to be completed before your renewal date:

- Confirmations of Coverage
- Certificates of Insurance
- Claims Reporting Instructions

9. DESK REFERENCE & OPEN ITEMS REPORTS *(Post renewal)*

We will create a Desk Reference that will include original and electronic insurance summaries of the coverage's bound, claims reporting instructions and contact information for your dedicated service team. All coverage placed with multiple layers will be included on Excel showing the markets, policy numbers, limits, premiums, taxes, fees, and commissions, if applicable. Any open items will be placed on a formal report helping the City, Alliant and the underwriters to stay focused on unresolved items as well as operational issues. Alliant will assist the City when other related coverage needs to be added during the term of the contract, at no additional cost.

10. POLICY DELIVERY AND ACCOUNT SERVICING *(Post Renewal)*

Part of the service process is to provide the City with policies in a timely manner (within 14 days of receipt) without any lapse in coverage with reputable insurers. All insurance policies will be compared to the specifications and proposals for accuracy. Once policies have been checked we will create a summary of coverage.

Servicing throughout the year includes acting as the City's independent consultant, providing advise and recommendations, ongoing review of the City's insurance program, remaining abreast of the City's exposures, being familiar with all insurance policies and documents issued to the City, service existing policies including processing changes, endorsements and verifying the accuracy of invoices (within 5 days of receipt), remain available to answer questions and attend meetings at the City's request at all times and provide loss control and claims services as needed and requested by the City.

We will submit an annual Stewardship to evaluate our performance, review the results of your renewal, discuss any new operations or acquisitions you are contemplating, identify new and emerging risks, update you on recent market conditions/trends, and plan our renewal strategy meeting.

Methodology – Question 2

Service Standard Guidelines – Shown below is an excerpt from our proposed Service Standards Guidelines that outlines our proposed service delivery commitment.

Customer Service Product	Customer Service Delivery Benchmark
Phone calls returned	Phone calls received in the morning returned in the morning. Calls received in the afternoon returned in the afternoon.
E-mails returned	Review regularly (morning and afternoon) and respond within 24 hours to acknowledge receipt.
Summons and complaint	Upon receipt or prior to end of business day.
Claim first report to carrier	Immediate or no later than prior to end of business, even if complete data is not available.
Claim follow up with carrier and client	Within 24 hours of first report of loss.
Open activities/suspense	Daily.
Pre-renewal letters to client	100 days prior to expiration.
Renewal business applications to market	90 days prior to expiration.

Customer Service Product	Customer Service Delivery Benchmark
Binders	Same day coverage is bound. If wholesale broker issued, advise client written confirmation of coverage is on its way.
Agency bill binder billing	No later than the inception date of coverage.
Certificates	Within 24 hours of receipt into the agency.
Policy reviewed for accuracy	Within 10 days from receipt.
Policy delivered to client	Within 10 days from receipt.
Agency bill additional and return premium endorsements	Within 5 days of receipt into the agency.
Claims review with client	45 days prior to expiration.
Audit review and processing	Within 48 hours of receipt.

Meetings/Reports to Management – Built within our standard service plan are regularly scheduled meetings and/or reports that allow opportunities to review our progress on a regular basis. These include monthly open items meetings. A key objective for the City and the Alliant team is to ask if there are any service issues and to determine the most important items that need to be completed. Our Open Items Report is updated to reflect these issues and your Alliant team will take whatever corrective actions need to be undertaken, if any.

We can schedule these meetings more frequently, depending on the City's needs.

Informal Feedback – Our interactions at all levels allow us to judge almost on a daily basis how we are meeting your service expectations. Your Alliant core team will continually evaluate your needs, expectations and level of satisfaction as they interact daily with the City and their Risk Management staff members.

Quality Scorecard – We negotiate specific performance metrics with many of our clients. These standards and metrics can be incorporated into our Service Agreement. Sample timelines and service objectives include:

- Attend meetings when requested
- Provide onsite support for mutually agreed upon projects/issues
- Prompt response time to routine service requests
- Claim management services
- Marketing services
- Loss analysis
- Alliant will develop joint renewal goals with the City, adopt these goals as performance goals, and will prepare a post-renewal report addressing each goal and detailing how it was met or alternatively why it was not met.

The results of the chosen metrics will be presented to the City annually in a **Quality Scorecard** format. Alliant is the only broker to apply such stringent quality standards to their service model and to actually measure results.

Methodology – Question 3

Our transition plan has been detailed within question 2, Defined Client and Service Marketing Approach. We have included a draft service timetable that we will review in detail and customize with the City's input. Refer to ***Appendix B***.

Alliant is committed to spending whatever time is necessary to get the job done. We understand that it is critical that we are flexible and accommodate the needs of the City as they arise. This has already been thoroughly contemplated within our proposed fee. The fee proposed is a flat fixed fee option. This means that it is firm and contemplates the services that we have outlined within the response.

Methodology – Question 4

The enclosed draft service timetable has been prepared to allow for the team to mutually establish expectations from the City staff. Alliant's first and foremost goal will be to assist in the preparation of information when possible. However some of the tasks that the City will be responsible include preparation of applications, attendance at meetings, assist in the establishment of objectives and reasonable deliverables. Additional responsibilities include timely payment of invoices and compliance with agreed upon and bound insurance policy conditions. Refer to ***Appendix B.***

Methodology – Question 5

Alliant differs from its competitors in three major areas. First is our unparalleled public entity experience. As previously detailed, this has been a major focus of Alliant's business for approximately 40 years. Second, is our emphasis on providing service and services designed to meet the specific needs of our public entity clients. Finally, our public entity focus has allowed us to create exclusive insurance and risk transfer products that benefit our clients by providing broad coverage at competitive prices.

Exclusive Alliant Proprietary Programs Designed for Public Entities

Alliant, more than any other brokerage, excels at leveraging the combined size of our clientele to the benefit of all. A major differentiator for which we believe makes Alliant most qualified is our unique ability to deliver proprietary insurance solutions that none of our competitors can access, these advantaged programs for our clients sets us apart from our peers. We embrace the concepts of combining volume and leveraging purchasing power to build programs based on our clients' needs. It is this unique approach that has provided tremendous coverage terms and reduced pricing to our public entity clients across the country. These proprietary programs are not shared risk pools, rather they are simply group purchase programs with guaranteed cost coverage that is not subject to assessments.

The greatest example of our group purchase approach is our proprietary Alliant Property Insurance Program (APIP). The significant coverage and cost advantages can be identified immediately. There is no other broker that can access APIP. The program is a major reason why Alliant places more public entity property insurance than any other insurance broker.

The depth of our success working with public entity clients is directly related to our ability to create and execute group purchase programs focusing on different segments of insurance along with our ability to leverage the worldwide marketplace on standalone placements.

Alliant is first and foremost a broker. As such, our duty is to represent the best interests of our clients whether through a joint-purchase strategy or with a solution offered in the standard insurance marketplace. As both a broker and creator of joint-purchase programs for public entities, Alliant is uniquely positioned to represent the City's interest in the following areas:

- The standard insurance marketplace in quoting for open market placements.
- With direct underwriters who may have strong programs but fail to recognize the important concept of competition in keeping terms and pricing in line with current market conditions.
- Joint Powers Authorities (risk sharing pools).
- Advantaged programs such as APIP; ANML; OEL; ACIP; SLIP; Special Events.

Alliant has created many industry-leading programs specific to the public entity sector. Working together with Alliant, the City will benefit from below market pricing; broad coverage terms and limits; and loss recovery for difficult claims from its participation in the following Alliant programs:

- Alliant Property Insurance Program (APIP) (includes appraisal for locations valued over $5M at no cost; and loss control services).
- Alliant National Municipal Liability Program (ANML).
- Catastrophic Liability Insurance Program (CLIP).
- Alliant Crime Insurance Program (ACIP).
- Special Events Liability.
- Special Liability Insurance Program (SLIP).
- Fiduciary Liability Insurance Program (FLIP).

See attached program brochures in ***Appendix C.***

<u>Public Entity Based Service and Services</u>

Claims Advocacy

As previously mentioned within this response, Bob Frey will act as the City's claims advocate. Bob's most valuable role will be to act solely as your claim consultant and advocate on difficult and severe claims to achieve prompt and equitable claims settlements. Bob's goal will be to complement and supplement your efforts in obtaining quick and equitable claims resolutions while acting as the City's claims resource.

Claims Management Procedures – Bob and his service team's responsibilities include:

- Report claims to the carrier or administrator.
- Work with outside claims adjusters, as necessary.
- Represent the City in policy interpretation and other negotiations with insurance carriers.
- Assist the City with review of claims reserves, and represent the City to the insurer with regard to requested explanation or reduction of reserve amounts. Follow-up with insurer as

necessary until resolution of any reserve reduction requested are accomplished or until claim is closed.
- Provide annual summaries by policy year for each of the last five years indicating total number of losses by type for each line of coverage and showing earned premium, incurred losses and loss ratio.

We often assist our clients in gathering facts, information, and knowledge that is used in the discussion and negotiation of disputed claims. In addition, our Claims Advocacy Group has the ability to call upon the Chairman and the President of Alliant when intervention with a carrier's executive management is necessary. While this step is not one often utilized, our executives stand ready to assist the City whenever needed.

Excellent communication helps build success and we make the commitment to effectively communicate with the City throughout the claims adjustment and settlement process. This will come in the form of onsite meetings, telephone discussions, e-mails, and written communication. As the claim develops, we will be in close contact with the City. It is our belief that nobody knows our client's business better than the client and accordingly, it is critical that we work closely with our clients to learn, gather information, and build an appropriate plan for successful resolution.

Alliant Risk Control Consulting Services – Alliant Risk Control Consulting offers comprehensive property and liability loss control. We provide integrated loss control management solutions to public entities across the nation. Our extensive insurance background and unique approach to integrating the management of public entity risks distinguishes Alliant Risk Control Consulting from other firms.

We offer risk control consulting services that focus on the priorities and values of our clients. Our unique service approach and technical competence combine to help clients solve their problems, while saving them time and money.

Training – Alliant Risk Control offers the following services to help educate and equip our clients in the area of risk improvement.
- Monthly Webinars: Alliant Risk Control Consulting offers ten property conservation and four casualty webinars per year at no charge to clients. We have archived past webinars and can provide links to past webinars.
- Quarterly News Letter: Topics range from accident forensics, benefits of infrared surveys, roof inspections, crime prevention, WC, and many others.
- Industry Alerts: Industry alerts are distributed to help educate our clients on an as needed basis. Most recently, we distributed an alert on preparing for storms with tools to assist stakeholders prepare for and mitigate loss from the heavy storm season.
- Fact Sheets: We have over 250 fact sheets in our library that can be accessed through Alliant Connect or through our Risk Control Hotline or email request free of charge.
- Videos: Safety videos are provided to Alliant clients upon request. We have 100's of topics in our video library.
- Power Point Presentations: Over the years, Alliant Risk Control Consulting has developed power point presentations on a wide array of topics that clients may request free of charge.
- On-Line Safety Training: Alliant has the capability of providing on-line training services.

The value added services we offer will be tailored to your organization's needs and may require an additional fee.

Technology – In today's fast-paced, technology-driven environment, the capability to save clients time and improve operational efficiency is no longer a value-added benefit – it is a critical requirement of your broker. As partners, Alliant is committed to delivering truly integrated technology solutions to our clients – solutions that are designed to work together to provide our clients with the essential information and decision-making resources they require. We remain focused on developing and implementing advanced technology tools and resources that our clients need to effectively manage their insurance, risk management, loss prevention and employee benefits programs.

AlliantConnect – Alliant is committed to technology. This dedication is evidenced by our success servicing clients throughout the country from specific service locations. Our significant concentration in the public sector insurance brokerage can only be achieved with the proper utilization of technology. We created Alliant*Connect,* which is a proprietary web-based program, to give our clients access to our Loss Prevention Library, the ability to access/share coverage and policy documents, view renewal documents, update exposure data, and communicate with Alliant. Alliant*Connect* is Alliant's web-based portal system with secure 24-hour access to all of your insurance program information including policy documents, fact sheets, and the IRIC manual, to name a few.

CSR24 – Our certificate management system is accessed through Alliant*Connect.* This resource allows clients to request and create certificates of insurance, report/track claims on-line and has the ability to be used as a certificate tracking software for vendors.

STAFFING

We have proposed a team of highly experienced and talented individuals. Although we do not anticipate any changes to the primary broker team, we agree that the city will be given the opportunity to approve any necessary changes to the team.

<u>Primary Broker Team</u>

Rennetta Poncy, Senior Vice President | Team Leader | Newport Beach, CA

Rennetta will have overall responsibility for delivery of services to the City. She will establish with the City an annual service plan, including service goals, activities, and deadlines. Rennetta's responsibilities will also include development of a marketing strategy, design and implementation of the City's coverage programs. Rennetta as with all members of the proposed primary team, will be committed to the city and is willing to spend whatever time is necessary to get the job done. We are estimating that Rennetta will spend approximately 130 hours per year on the City's insurance program providing risk management and brokerage consulting services.

Courtney Ramirez, Vice President | Account Executive | Newport Beach, CA

Courtney will work very closely with Rennetta in developing the marketing strategy and overall project management for the City. She will have the responsibility of managing the data for underwriting submissions, coordinating loss control, and claims services. Rennetta and Courtney work closely as a team. Together they will ensure that all questions are answered in a timely manner and that the City's needs are met. Therefore, we estimate that Courtney will spend approximately 120 hours per year working with the City.

Gordon DesCombes, Executive Vice President | Liability Peer Review | Newport Beach, CA
Michael Simmons, Vice Chairman | Peer Review | San Francisco, CA

Alliant believes that even the most seasoned brokers benefit from having other senior brokers within the firm available to consult with for a second opinion. For this reason, we will regularly include someone in a peer review role on our client service teams. For the City, Gordon and Michael will serve in this capacity. We estimate that Gordon and Michael will spend approximately 60 hours per year collectively working with the City.

Service Team/Primary Broker Team Support

Jennifer Rodriguez | Account Manager | Newport Beach, CA

Jennifer's responsibilities will be to process either directly, or through others, the administrative aspects of the City's insurance program in the achievement of deliverables. She will be providing day-to-day account servicing and will participate in policy review, preparation for renewal submissions, certificates and policy issuance. Jennifer will have the responsibility for ensuring data integrity of underwriting submissions and will assist Rennetta and Courtney in the coordination of all account management services. As the day to day servicing representative for the City, Jenifer will spend approximately 115 hours per year working with the City.

Mary McLaughlin | Account Representative | Newport Beach, CA

As the Account Representative, Mary's responsibilities include but are not limited to supporting the account team by fulfilling the clerical functions within the office, review and preparation of certificates of insurance and assisting drafting coverage documents including proposals, binders, presentations and other materials as needed.

Other Resources – Support Team/Experts

Robert Frey, Senior Vice President | Claims Advocate | San Francisco, CA

Bob will be available to the City as the lead claim consultant and advocate on difficult and severe claims. He heads up our Brokerage Claims Unit at Alliant, located in the San Francisco office. Bob leads a staff of seven and he will consult and advocate for the City on difficult or severe claims. Bob will also take the lead in advising and structuring any needed or desired pre-loss vendor agreements.

Tim Leech, First Vice President | Loss Control Consultant | Newport Beach, CA

Tim joined the Alliant Insurance Services team in 2008 bringing over 17 years of experience working with international insurance carriers and brokerage services. Tim is adept at providing service customized to clients' needs including property risk control, fire protection, crime prevention, safety compliance, custom training videos, and safety culture development.

An organizational chart can be found in ***Appendix D***.

Key Team Resumes:

Rennetta joined the Alliant team in 1984 following over a decade of retail brokerage experience. She offers a broad base of expertise including the development and management of property and casualty insurance programs. Rennetta understands insurance issues affecting public entities, special districts, and not for profit sectors. Her primary focus is on client retention, development, and service with an emphasis on insurance program management.

Rennetta managed numerous Alliant programs over the years, including in-house programs for municipal liability, property, excess workers' compensation, and crime. She currently manages the California Municipal Excess Liability program for California public entities. Since joining Alliant, Rennetta continues to serve as program manager for the Special Events Liability program and the Vendors and Contractor's Liability insurance program that includes over 300 members. Her multi-line property and casualty experience began in 1975 when she started her career an Account Executive at Ray Herman Insurance. Well rounded, her expertise covers municipal liability, professional liability, public officials' liability, directors and officers' liability, watercraft, aircraft and airport, crime, workers' compensation, and property lines.

Rennetta has completed over 100+ hours of insurance related training. Rennetta holds Property & Casualty retail broker licenses in California and several additional states.

Courtney joined the Alliant team in 2006. Her expertise is in the public entity sector with an emphasis in municipalities, pooled risks, education, healthcare, and transit. She has been heavily involved in the Alliant National Municipal Liability program, Healthcare Program, and the National Program created for Public Charter Schools. Highly creative and resourceful, Courtney was brought in to help develop two new niche market programs: a workers' compensation program for California healthcare entities and a national cyber liability program for a growing book of charter schools.

Prior to choosing Alliant, Courtney was a sales associate for a small personal lines insurance brokerage firm. During these several years, she gained valuable experience and was responsible for the production, marketing, and servicing of a sizeable book of individual policyholders.

Being versatile, Courtney served in varying roles within Alliant including the management and day-to-day servicing of a large book of healthcare, real estate, educational institutions, and public entities. In addition, Courtney took on the added responsibility of bringing in new business.

Courtney earned her Bachelor of Science degree in Business Management and Leadership from Wisconsin Lutheran College in Milwaukee, Wisconsin. Licensed by the California Department of Insurance as a Fire and Casualty Broker Agent, Courtney has completed many hours of continuing education. Courtney is licensed in multiple states nationwide as a non-resident as well. She earned her Certified Insurance Counselor (CIC) designation and Certified Insurance Services Representative (CISR) designation. She is currently completing coursework, the last of three courses, required for the Associate in Risk Management (ARM) designation.

Gordon joined the Alliant team in 1987. He created the first liability joint purchase program for public entities. Gordon initially set up this specialized program in California and has since expanded it across the country. His expertise allowed him to structure the first medical malpractice program for California public entities. This program has flourished and now serves over 40 counties and several other public agencies in the state. More recently, Gordon helped to launch the first joint purchase program for public entity pools across the country. In addition, Gordon continues to serve as the lead broker for the country's largest public entity pool, the CSAC EIA.

Gordon's expertise extends to all lines of casualty coverages, including workers' compensation and professional liability coverages. He offers his specialized knowledge and significant experience when launching and operating joint purchase programs. His talents extend to placing a number of key property accounts. Comprehending the complexities and unique insurance needs of public entities, Gordon is frequently called upon to consult on these issues.

Gordon graduated from the University of California, Berkeley, with a Bachelor of Arts degree in Political Economies of Industrial Societies. Licensed by the California Department of Insurance as a Fire and Casualty Broker-Agent, he has completed many hours of continuing education. In addition, Gordon holds insurance licenses in numerous other states.

Michael joined the Alliant team in 1984 and currently serves as the Vice Chairman for the Public Entity Group. He is a key liaison for all public entity operations and assists all offices in developing creative service products for their clients. He has direct involvement with all Public Entity Practice staff members and the accounts they manage.

Often relied upon for his expertise in the public entity arena, Michael frequently serves as the lead broker for many of Alliant's larger public entity clients. Resourceful and inventive, Michael enjoys working with his clients to understand their issues and to create solutions to answer their needs. Recognized as a public entities insurance expert, Michael frequently addresses clients in board, council, and committee settings.

Michael's deep roots in public entity began with his prior association with the Sedgwick Group, and Marsh & McLennan. Well rounded in many areas, Michael's career includes time with the Liberty Mutual Insurance Company where he worked in Property/Casualty Underwriting and Loss Control. Since joining Alliant, he has excelled in all areas that he served. He has advanced from Managing Executive, to Managing Director, to his current position as Vice Chairman where he now has nationwide responsibilities for both public and private group programs. In all roles, Michael never wavers from providing only the best interests of his clients.

Michael graduated with a Bachelor of Arts degree in Economics from St. Lawrence University, located in Canton, New York. Licensed by the California Department of Insurance as a Fire and Casualty Broker-Agent, Michael has completed many hours of continuing education.

QUALIFICATIONS

Qualifications – Question 1

Account/Project	Services Provided	Specific Responsibility
City of Sacramento	Brokerage & Consulting Services	Rennetta Poncy (Team Leader); Courtney Ramirez (Account Executive); Gordon DesCombes (Peer Review); Jennifer Rodriguez (Account Manager)
City of Newport Beach	Brokerage & Consulting Services	Rennetta Poncy (Team Leader); Courtney Ramirez (Account Executive); Gordon DesCombes (Peer Review)
City of Garden Grove	Brokerage & Consulting Services	Rennetta Poncy (Team Leader); Courtney Ramirez (Account Executive); Jennifer Rodriguez (Account Manager)
City of Thousand Oaks	Brokerage & Consulting Services	Rennetta Poncy (Team Leader); Courtney Ramirez (Account Executive); Jennifer Rodriguez (Account Manager)
City of Fontana	Brokerage & Consulting Services	Rennetta Poncy (Team Leader); Courtney Ramirez (Account Executive); Jennifer Rodriguez (Account Manager)

Qualifications – Question 2

We have previously highlighted Alliant's more than 40 years of experience working with accounts similar in size and scope as the City. Alliant currently affords coverage to approximately 75% of cities; 56 of 58 counties and 1,000 special districts and similar agencies in the State of California. As the 12th largest broker in the country, Alliant has more than 10,000 public entity clients.

Qualifications – Question 3

This information can be found on the completed Company Profile & References form in ***Appendix A***.

Any public entity which submits a Proposal should describe in detail how it currently performs services like those identified in the scope of work within its or other jurisdictions, including photographs, written policies and/or video of services provided. If you have performed these services under contract for another public entity, please provide references for those entities as set forth above for private Proposers.

This question is not applicable as Alliant is not a public entity.

LEGAL COMPLIANCE

As a licensed professional, Alliant has a duty to comply with all State and Federal Laws and regulations pertaining to insurance brokers licensed in the State of California.

FINANCIAL CAPACITY

Please refer to ***Appendix E*** for a copy of Alliant's most recent audited financial statement and to ***Appendix F*** for current litigation report outlining all administrative proceedings, claims, lawsuits, or other exposures.

COST PROPOSAL

See ***Appendix G*** for the Cost Proposal. Note, our proposal shall remain valid for a minimum of 180 days following this response's submission.

DISCLOSURE

Alliant was the broker of record for the City from 1995 to 2013. However, Alliant has had no past or current relationship with any current elected official, appointed official, city employee or family member thereof.

SAMPLE PROFESSIONAL SERVICE AGREEMENT

Alliant has no exceptions to the proposed agreement.

FORMS

Please refer to ***Appendix A*** for all completed requested forms.

APPENDIX

A. All Required Forms
B. Draft Service Timetable
C. Program Brochures
D. Service Team Organizational Chart
E. Audited Financial Statement
F. Litigation Report
G. Cost Proposal

APPENDIX

A. All Required Forms

Please refer to the following page(s).

EX PARTE COMMUNICATIONS CERTIFICATION

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning **RFP No. 17-10 INSURANCE BROKER SERVICES** at any time after **February 1, 2017.**

Rennetta Poncy
Signature

Date: February 12, 2017

Rennetta Poncy
Print

OR

I certify that Proposer or Proposer's representatives have communicated after **February 1, 2017** with a City Councilmember concerning **RFP No. 17-10 INSURANCE BROKER SERVICES**. A copy of all such communications is attached to this form for public distribution.

Signature

Date:

Print

DISQUALIFICATION QUESTIONNAIRE

The Contractor shall complete the following questionnaire:

Has the Contractor, any officer of the Contractor, or any employee of the Contractor who has proprietary interest in the Contractor, ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

Yes _____ No __X__

If the answer is yes, explain the circumstances in the following space.

DISCLOSURE OF GOVERNMENT POSITIONS

Each Proposer shall disclose below whether any owner or employee of Contractor currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

None.

COMPANY PROFILE & REFERENCES

Company Profile

Company Legal Name: Alliant Insurance Services, Inc.

Company Legal Status (corporation, partnership, sole proprietor etc.): Corporation

Active licenses issued by the California State Contractor's License Board: CA insurance brokerage license 0C36861

Business Address: 1301 Dove Street, Suite 200, Newport Beach, CA 92660

Website Address: www.alliant.com

Telephone Number: (949) 660-8107 Facsimile Number: (619) 699-0906
Email Address: rponcy@alliant.com

Length of time the firm has been in business: 91 years Length of time at current location: 11 years
Is your firm a sole proprietorship doing business under a different name: _____ Yes X No
If yes, please indicate sole proprietor's name and the name you are doing business under: N/A
Is your firm incorporated: X Yes _____ No If yes, State of Incorporation: Delaware
Federal Taxpayer ID Number: 33-0785439
Regular business hours: Monday-Friday, 8:00AM-5:00PM
Regular holidays and hours when business is closed: Varies

Contact person in reference to this solicitation: Rennetta Poncy

Telephone Number: (949) 660-8107 Facsimile Number: (619) 699-0906

Email Address: rponcy@alliant.com

Contact person for accounts payable: Rory Ilog

Telephone Number: (619) 849-3892 Facsimile Number: (619) 699-2177

Email Address: rilog@alliant.com

Name of Project Manager: Rennetta Poncy

Telephone Number: (949) 660-8107 Facsimile Number: (619) 699-0906

Email Address: rponcy@alliant.com

COMPANY PROFILE & REFERENCES
(Continued)

Submit the company names, addresses, telephone numbers, email, contact names, and brief contract descriptions of at least five clients, preferably other municipalities for whom comparable projects have been completed or submit letters from your references which include the requested information.

Company Name: City of Sacramento Telephone Number: (916) 808-8587

Contact Name: Patrick Flaherty Contract Amount: 140,000

Email: pflaherty@cityofsacramento.org

Address: 915 I Street, 4th Floor, Sacramento, CA 95814

Brief Contract Description: Insurance brokerage and consulting services - all lines

Company Name: City of Newport Beach Telephone Number: (949) 644-3307

Contact Name: Cheryl Anderson Contract Amount: 90,000

Address: 100 Civic Center Drive, Newport Beach, CA 92660

Email: canderson@newportbeachca.gov

Brief Contract Description: Insurance brokerage and consulting services - all lines

Company Name: City of Garden Grove Telephone Number: (714) 741-5058

Contact Name: Ann Eifert Contract Amount: N/A - Commission based, no contract

Email: ann@ci.garden-grove.ca.us

Address: 11222 Acacia Parkway, Garden Grove, CA 92840

Brief Contract Description: Insurance brokerage and consulting services - all lines

Company Name: City of Thousand Oaks Telephone Number: (805) 449-2140

Contact Name: Gary Rogers Contract Amount: N/A - Commission based, no contract

Address: 2100 Thousand Oaks Blvd., Thousand Oaks, CA 91362

Email: grogers@toaks.org

Brief Contract Description: Insurance brokerage and consulting services - property, casualty, auxillary lines

Company Name: City of Fontana Telephone Number: (909) 350-6737

Contact Name: Terry Truitt Contract Amount: N/A - Commission based, no contract

Email: ttruitt@fontana.org

Address: 8491 Sierra Ave., Suite B, Fontana, CA 92335

Brief Contract Description: Insurance brokerage and consulting services - all lines

STAFFING PLAN

1. **Primary Staff to perform Agreement duties**

Name	Classification/Title	Years of Experience
Rennetta Poncy	Team Leader/Senior Vice President	42
Courtney Ramirez	Account Executive/Vice President	15
Gordon DesCombes	Peer Review/Executive Vice President	35
Michael Simmons	Peer Review/Vice Chairman	38

2. **Alternate staff** (for use only if primary staff are not available)

Name	Classification/Title	Years of Experience
Jennifer Rodriguez	Account Manager	15
Mary McLaughlin	Assistant Account Manager	21

Substitution or addition of Proposer's key personnel in any given category or classification shall be allowed only with prior written approval of the City Project Manager.

The Proposer may reserve the right to involve other personnel, as their services are required. The specific individuals will be assigned based on the need and timing of the service required. Assignment of additional key personnel shall be subject to City Project Manager approval. City reserves the right to have any of Contractor personnel removed from providing services to the City under this Agreement. City is not required to provide any reason for the request for removal of any Contractor personnel.

ADDENDUM NO. 1

REQUEST FOR PROPOSAL

FOR

INSURANCE BROKER SERVICES

RFP No. 17-10

Costa Mesa

HUMAN RESOURCES DEPARTMENT

CITY OF COSTA MESA

Released on February 9, 2017

The referenced document has been modified as per the attached Addendum No. 1

Please sign this Addendum where designated and return the executed copy with submission of your proposal. This addendum is hereby made part of the referenced proposal as through fully set forth therein. Any questions regarding this addendum should be addressed to Terri Combs, email terri.combs@costamesaca.gov

2. Schedule of Events: This Request For Proposal will be governed by the following revised schedule: (Changes in bold)

Release of RFP	January 25, 2017
Deadline for Written Questions	January 31, 2017 at 11:00 a.m.
Responses to Questions Posted on Web	**February 10, 2017**
Proposals are Due	**February 22, 2017 at 11:00 a.m.**
Interview (if held)	**March 21-23, 2017**
Approval of Contract	**TBD**

**All dates are subject to change at the discretion of the City.

All other provisions of the request for proposal shall remain in their entirety.

Vendors hereby acknowledge receipt and understanding of the above Addendum. Complete and submit this Addendum with your proposal.

Rennetta Poncy
Signature Date

Rennetta Poncy
Typed Name and Title

Alliant Ins.
Company Name

1301 Dove St. #200
Address

Newport Beach, CA. 92660
City State Zip

APPENDIX

B. Draft Service Timetable

Please refer to the following page(s).

Milestone
Services Timetable – City of Costa Mesa

Activity	Responsibility	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Strategy meetings/delivery of an annual stewardship report	City/Alliant	X											
Finalize objectives	City/Alliant	X											
Develop exposure data	Alliant		X	X									
Perform exposure analysis	Alliant		X	X		X	X						
Review Policies	Alliant								X	X	X	X	
Perform Retention Analysis	Alliant		X	X									
Design and finalize program structures	Alliant		X	X		X	X						
Select markets	Alliant	X			X	X							
Prepare market submissions	Alliant	X			X	X							
Present submissions to markets	Alliant				X	X							
Accompany insurers on inspections, if needed	Alliant	X	X	X	X	X	X	X	X	X	X	X	X
Address insurer questions and requests	Alliant		X			X	X						
Evaluate insurer proposals	Alliant		X			X	X						
Negotiate with “finalist” markets	Alliant		X			X	X						
Prepare proposal comparisons	Alliant		X			X	X						
Present final proposals	City/Alliant		X			X	X						
Make program selections	Alliant		X			X	X						
Advise selected markets	Alliant		X			X	X						
Prepare and deliver binders and invoices	Alliant		X			X	X						
Check policies, request necessary corrections	Alliant							X	X	X			
Deliver policies	Alliant							X	X	X			
Provide ongoing service*	Alliant	X	X	X	X	X	X	X	X	X	X	X	X

* All required services including but not limited to: periodic training, loss control, budget estimates, assisting with contract language, contract review, issuance of certificates, and assisting with claims.

APPENDIX

C. Program Brochures

Please refer to the following page(s).

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

The largest single property placement in the world... a significant advantage for members

Formed in 1993 to meet the unique property insurance needs faced by public entities, APIP has grown from 65 members in one state and $600 million in total insurable values (TIV) to more than 9,000 members in 45 states and more than $370 billion in TIV.

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

The program's tremendous growth is a result of highly competitive terms, comprehensive coverage and, most importantly, working closely with members to get their claims paid in a timely manner. In recent years, one of the primary marketing focuses of APIP has been on groups of public entities that jointly purchase their insurance. These "pools," or joint powers authorities (JPAs), have found that APIP coverage is significantly broader and typically 10% to 20% less expensive than similar placements offered by competitors.

APIP FEATURES

- Broad insuring agreement
- Coverage is not confined to a schedule; rather the policy provides coverage for all property of every description of an insurable nature—both real and personal—of the insured. Coverage also includes property of others in the care, custody, or control of the insured for which the insured is liable or under obligation to keep insured wherever located in the United States.
- Replacement cost for physical damage, including comprehensive and collision damage as an option for automobiles
- Automatic acquisition of new locations, which allows entities to grow without having to wait for underwriting approval
- Blanket fine arts coverage (if scheduled)
- Municipal bond and tax revenue interruption coverage
- Course of construction coverage, including delay in start-up
- Property appraisals for all real property over $5 million
- Boiler and Machinery coverage is included in the program
- Access to Alliant's proprietary OASYS-Net software system

APIP subscribers are an experienced group of highly qualified worldwide insurers and reinsurers. The program offers per occurrence limits up to $1 billion. Because of its large size, APIP offers members the best available pricing and access to large earthquake, flood, and wind limits with a carefully detailed spread of risk. In addition, Alliant leverages large premiums with the markets to obtain the best possible pricing and coverage terms.

APIP BOILER AND MACHINERY

The Boiler and Machinery program, with limits up to $100 million, is included in APIP. The program partners with major boiler and machinery authorized inspection agencies for both jurisdictional and consultative services. It provides board-certified engineering expertise in machinery, equipment, electronics, and HVAC through a nationwide field network.

To manage a wide range of critical exposures, the program offers electrical loss prevention surveys, infrared thermography, industry and technical consultation, key account service plan, transformer oil gas analysis, boiler operation and maintenance training, and boiler and pressure vessel inspection services for non-code vessels (and vessels located in jurisdictions that do not require inspections).

ENVIRONMENTAL LIABILITY

When unaddressed, environmental issues can have catastrophic effects on the physical and financial infrastructure of an organization. APIP offers pollution liability protection against the broad range of environmental risks facing public entities. A single comprehensive policy includes coverage for premises, covered operations, transportation, bodily injury/property damage from pollution conditions, pollution clean-up, mold, and both above-ground storage tanks (ASTs) and underground storage tanks (USTs). Our team of dedicated underwriters has extensive experience in environmental risk and a strong understanding of the unique needs of public entities.

CYBER RISK

When unchecked, cyber exposures can have a significant, negative impact on an organization's operations. APIP's cyber risk program provides a layer of protection against the ever-changing landscape of technology-related risks. The program is managed by a specialist that will help you assess the exposures that threaten your organization and deliver coverage that matches your unique risk profile. With cyber attacks looming larger than ever, cyber risk insurance is essential to the health of your organization.

OASYS-NET

OASYS-Net is the proprietary software program that Alliant uses to access property schedules, claims, vendor certificates, and place certificate requests via the Internet. It allows clients to update their property locations, report a claim, or request a certificate of insurance. Client input is reviewed and, once accepted, the changes become a part of the OASYS-Net database.

ALLIANT INSURANCE SERVICES: THE PARTNER YOU DESERVE.

With a history dating back to 1925, Alliant Insurance Services is one of the nation's leading distributors of diversified insurance products and services. Operating through a national network of offices, Alliant provides property and casualty, workers' compensation, employee benefits, surety, and financial products and services to more than 26,000 clients nationwide.

www.alliant.com

CONTACT
Tom Bryson
Senior Vice President
805 777 4763
tbryson@alliant.com

Alliant National Municipal Liability Program (ANML)

THE LIFEBLOOD OF OUR COMMUNITIES

Public agencies are the lifeblood of our communities. They educate us, move us, protect us, and sustain us. With so many essential responsibilities, concerns over the coverage and cost of liability insurance should never stand in the way of the mission.

Alliant National Municipal Liability Program (ANML)

The Alliant National Municipal Liability Program (ANML) is a group purchase program providing comprehensive liability coverage to public agencies and risk sharing public entity pools throughout the United States.

We understand that each entity has a unique mission and requires a specialized approach to insurance. Alliant has extensive experience in creating joint purchase insurance programs for public entities and will put this expertise to work in creating a customized solution to meet your needs.

THE FREEDOM TO CHOOSE

ANML offers public agencies a rare commodity in liability insurance: the freedom to choose. Since participants in ANML do not share risk, each entity has its own limits of liability and a choice of self-insured retentions. Despite this unprecedented level of freedom, you will not be vulnerable to insurance market fluctuations and rising costs. The combined size of ANML ensures that you will receive the most competitive costs in both hard and soft markets.

PROGRAM FEATURES

ANML was structured with the flexibility to serve a broad range of public agencies while providing comprehensive liability coverage. As a result, the program offers some of the most robust features in the industry to guarantee your agency receives the coverage and peace of mind it requires.

- Security is provided by Starr Indemnity & Liability Company or AmTrust Group. The program can provide reinsurance to public entity pools or excess insurance to individual self-insurance organizations.
- Coverage can be provided to all types of public agencies, including (but not limited to) schools, universities, transit districts, special districts, cities, counties, and utilities.
- Self-insured retentions start at $25,000 per occurrence.
- Basic limits are provided up to $10 million. The only aggregate limit applies to completed operations with no aggregate applying to public officials E&O or employment practices liability. There is no general aggregate. Additional excess limits are available through a number of carriers.
- Coverage is provided on an occurrence basis. Basic municipal coverages include general liability, auto liability, public officials E&O, and employment practices liability. Nose coverage is available to assist clients that currently have claims-made coverage.
- The coverage form that includes the above cover and limit structure is exclusive to Alliant Insurance under the ANML program.

ALLIANT INSURANCE SERVICES: THE PARTNER YOU DESERVE.

With a history dating back to 1925, Alliant Insurance Services is one of the nation's leading distributors of diversified insurance products and services. Operating through a national network of offices, Alliant provides property and casualty, workers' compensation, employee benefits, surety, and financial products and services to more than 26,000 clients nationwide.

www.alliant.com

CONTACT
Tom E. Corbett
Senior Vice President
949 660 8132
tecorbett@alliant.com

Special Events Program

Alliant

PROTECTING CIVIC PRIDE

You can learn a lot about a community through its events. From culture to education to athletics, events reveal the soul of a vibrant and healthy community and serve as a catalyst for civic pride. Liability exposures should never hinder a community's event calendar. We'll help you ensure they don't.

Special Events Program

Alliant Insurance Services created the Special Events Program to provide comprehensive liability coverage to public entities for the myriad events held on their premises. Since many of these events are hosted by under-insured third parties in public assembly facilities, the program empowers the host institution to insure its own events, providing an additional layer of protection for both the public entity and the event organizer.

BROAD COVERAGE

The special events program was designed with the flexibility to cover a wide array of events, providing public entities with broad protection and peace of mind. Available coverages include:

- Tenant/User Liability Insurance Program (TULIP)—Provides coverage for events held or sponsored by companies, organizations, or individuals that have been permitted to use a public entity's meeting rooms or other facilities. Liability insurance protects the public entity and the user of the facilities. The public entity determines the premium for the event and provides a certificate of insurance to the user. Events are reported quarterly, and reports, copies of certificates, and a check for the premium for all events are held within the quarter are remitted to Alliant.
- Instructor/recreation class program—Provides coverage for events that are instructional to participants. Also covered are instructors who are not employed by the public entity but who provide instructional services for a fee. The events are reported quarterly to Alliant, premiums are determined, and certificates are provided to the instructor by the public entity. Participant coverage requires signed waivers and prior approval from the underwriter.
- Nominee event program—Coverage is offered for events held or sponsored by the public entity itself or by any of its departments or divisions. Coverage can be expanded to cover co-sponsors if desired. This is not a self-rated program and events must be approved by Alliant, which issues insurance certificates.

PROGRAM FEATURES

The advantages of Alliant's Special Events Program are twofold: first, public entities receive the power and autonomy to insure events that occur on their premises; and second, a robust profile of features provides great efficiency, security, and service. Key features include:

- Lessees, instructors, or event holders as named insured
- Primary/non-contributory wording as respects the public entity
- Volunteer employees as insureds
- Entity or venue owner as additional insured
- Premises and products/completed operations liability
- Personal and advertising injury
- Fire damage and medical payments
- A.M. Best's guide rating
- Optional coverage
  - Liquor liability with payment or additional premium
  - Athletic participants included with underwriter's approval and signed waiver
  - Vendors, exhibitors, and concessionaries included with payment of additional premium

ALLIANT INSURANCE SERVICES: THE PARTNER YOU DESERVE.

With a history dating back to 1925, Alliant Insurance Services is one of the nation's leading distributors of diversified insurance products and services. Operating through a national network of offices, Alliant provides property and casualty, workers' compensation, employee benefits, surety, and financial products and services to more than 26,000 clients nationwide.

www.alliant.com

CONTACT
Rennetta Poncy
First Vice President
949 660 8107
rponcy@alliant.com

CA License No. 0C36861

Fiduciary Liability Insurance Program (FLIP)

PROTECTING THOSE WHO PROTECT

You are the steward of your employees' future. As a fiduciary, the decisions you make are integral to the long-term stability of your workforce, protecting their physical and financial health. You need an insurance partner that understands the magnitude of this responsibility and can protect you from its many inherent risks.

Fiduciary Liability Insurance Program (FLIP)

Alliant Insurance Services created the Fiduciary Liability Insurance Program (FLIP) to provide extensive individualized fiduciary liability coverage for public entities with built-in cost savings. The cost advantages associated with group purchase coverage enable public entities to take advantage of the broad coverage of FLIP at a cost that averages a staggering 25% below market for standalone policies.

THE POWER OF CHOICE

FLIP is employed by a broad array of public entities and is customized to meet the unique needs of each organization. Each participating entity has its own limits of liability and a choice of deductibles or self-insured retention. Eligible risk classes include but are not limited to:

- Public Employee Retirement Systems (PERS)
- State Teachers Retirement Systems (STRS)
- Standalone retirement systems
- Fire/police, pension systems
- States, counties, cities
- Special districts

SIZE. STRENGTH. SAVINGS.

The size and strength of Alliant creates a twofold benefit for FLIP participants: cost savings and broad coverage. Alliant's Public Entity Property Insurance Program (PEPIP) is the largest single property program in the world. The sheer size and reach of this program enables FLIP to absorb volatility in the insurance market. Additionally, because FLIP is a group purchase program and not a pool, participants do not share risk, providing further insulation from market fluctuations.

A WEALTH OF BENEFITS

FLIP offers one of the industry's most extensive fiduciary liability programs, creating a substantial layer of protection for both your organization and the people making the difficult decisions. Key benefits include:

- Limits: Annual individual member aggregates are inclusive of defense costs; various limits available
- Sublimits
  - $1,500,000 Health Insurance Portability and Accountability Act (HIPAA) penalties (or equal to policy limits whichever is less)
  - $500,000 Closing Agreement Program (CAP) penalties and voluntary compliance programs
  - $250,000 Health Information Technology for Economic and Clinical Health Act (HITECH)
  - $250,000 Patient Protection & Affordable Care Act fines and penalties (PPACA)
  - $250,000 tax penalty under Internal revenue code Section 4975
  - $1,000,000 settlor claims coverage (when purchased)
- Continuity of coverage provided (provides seamless transition for retro dates and warranty statements when moving from current carrier to FLIP program)
- Prior acts coverage with no retroactive date
- Flat fee ($100) for waiver of recourse regardless of number of trustees
- Choice of counsel available with prior approval
- Definition of loss to include punitive, exemplary, and multiplied damages (where insurable) with most favorable venue wording
- Defense costs for investment loss coverage
- Definition of insured persons to include employees of any insured plan
- Non-cancellable by insurer other than for non-payment of premium
- Policy is non-rescindable by Insurer
- Wrongful act definition includes administrative duties; counseling employees, participants, and beneficiaries; handling of records; failure to comply with privacy provisions of HIPAA
- Notice/claim reporting provision: notice required after general counsel, risk manager, trustee or functional equivalent of the insured plan first learns of claim
- No libel or slander exclusion
- Defense cost coverage for performance of managed care services with respect to selection of medical or health service providers
- Employee benefit law defined to acknowledge public entity risks not subject to ERISA
- Modified consent to settle clause to 80%/20%

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www.alliant.com

CONTACT
Rennetta Poncy
Senior Vice President
949 660 8107
rponcy@alliant.com

CA License No. 0C36861

Special Liability Insurance Policy (SLIP)

THE LIABILITY SOLUTION FOR SMALLER PUBLIC ENTITIES AND NOT-FOR-PROFIT ORGANIZATIONS

The need for small public entities and not-for-profit organizations to guard against liability exposures has never been more essential, but policies remain cost prohibitive, while budget increases are not an option. There is a solution.

Alliant Crime Insurance Program (ACIP)

PROTECTION FROM THE CONSTANT THREAT

Crime is swift and unpredictable. It can strike at a moment's notice, creating staggering costs and long-term damage. It occurs in the light of day and the dark of night and, in its many manifestations, poses an insidious and constant threat to your organization. It doesn't have to.

Alliant Crime Insurance Program (ACIP)

Alliant Insurance Services created the Alliant Crime Insurance Program (ACIP) to protect California's public entities from the scourge of crime. The program offers broad coverage for illegal acts committed by employees while on the job, offering valuable peace of mind and an iron-clad layer of protection against crime-related damages.

SIZE AND STABILITY

ACIP is among the state's largest programs of its kind and is comprised primarily of public entities with fewer than 1,000 employees. ACIP has a strong track record of results and a historically low loss ratio. This combination of size and stability empowers Alliant to offer competitive rates that are impervious to fluctuations in the general insurance market. Additionally, as a group purchase program, there is no risk sharing and, therefore, no possibility of assessments.

PROGRAM FEATURES

ACIP is a flexible insurance solution with a broad array of best-in-class features. It is customized to meet the wide-ranging needs of California's public entities, providing access to:

- Basic program limits of $1 million with a $25,000 deductible for each coverage
- The option to buy down the $25,000 deductible to $2,500
- Program limits up to $10 million available
- Faithful performance of duty up to the full employee theft limit
- Coverage for the treasurer/tax collector and any employees required by statute to carry individual bonds
- Coverage for volunteers

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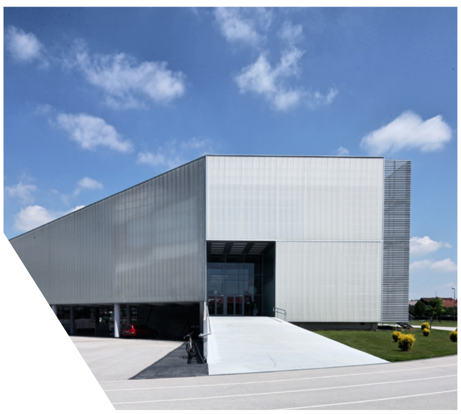
www.alliant.com

CONTACT
Tom E. Corbett
Senior Vice President
949 660 8132
tecorbett@alliant.com

Special Liability Insurance Policy (SLIP)

Alliant Insurance Services developed the Special Liability Insurance Policy (SLIP) to provide small public entities and not-for-profit organizations with comprehensive and cost-effective individualized liability coverage. The program uses the power of group purchase to provide affordable coverage that conveniently accommodates all of your liability needs under one contract.



THE FREEDOM TO CHOOSE

SLIP offers public agencies and not-for-profit organizations a rare commodity in liability insurance: the freedom to choose. Since participants in SLIP do not share risk, each entity has its own limits of liability and a choice of self-insured retentions with no possibility of future assessments. Despite this unprecedented level of freedom, you will not be vulnerable to insurance market fluctuations and rising costs.

The combined size of SLIP ensures that you will receive the most competitive rates in both hard and soft markets. Additionally, while joint powers authorities (JPAs) typically require a minimum of three years of participation, SLIP has no minimum participation requirement.

COVERAGE BUILT FOR YOU

SLIP was developed specifically for small public entities and not-for-profit organizations, offering a breadth of coverage options that can be customized to meet your individual needs. SLIP also provides the administrative advantage of placing multiple coverages under one A.M. Best "A" (Excellent) rated carrier. SLIP offers deductibles as low as $1,000 or self-insured retentions, with basic policies including up to $10 million per occurrence. Available coverages include:

- Primary general liability
- Public officials errors and omission liability (for public entities)
- Directors and officers liability (for not-for-profits)
- Owned automobile liability, including non-owned and hired
- Primary employment practice liability
- Primary broadcasters legal liability coverage for public, educational and governmental (PEG) access organizations and community media centers across the country

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www.alliant.com

CONTACT
Chris Tobin
First Vice President
949 660 8143
ctobin@alliant.com

CA License No. 0C36861

APPENDIX

D. Service Team Organizational Chart

Please refer to the following page(s).

CITY OF COSTA MESA

Primary Broker Team

- **Gordon DesCombes** — *Liability Peer Review*
- **Rennetta Poncy** — *Team Leader*
- **Michael Simmons** — *Peer Review*
- **Courtney Ramirez** — *Account Executive*

Service Team/Primary Broker Team Support

- **Jennifer Rodriguez** — *Account Manager*
- **Mary McLaughlin** — *Account Representative*

Other Resources – Support Team/Experts

- **Robert Frey** — *Claims Advocate*
- **Tim Leech** — *Loss Control Consultant*

APPENDIX

E. Audited Financial Statement

Please refer to the following page(s).

Alliant Holdings, L.P. and Subsidiaries

Consolidated Financial Statements as of December 31, 2015 (Successor's Basis) and 2014 (Predecessor's Basis), and for the Period from August 14, 2015 to December 31, 2015 (Successor's Basis), the Period from January 1, 2015 to August 13, 2015 (Predecessor's Basis) and the Years Ended December 31, 2014 and 2013 (Predecessor's Basis), and Independent Auditors' Report

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

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Deloitte.

Deloitte & Touche LLP
Suite 700
655 W Broadway
San Diego, CA 92101-8590
USA

Tel: +1 619 232 6500
Fax: +1 619 237 6802
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alliant Holdings, L.P.
Newport Beach, California

We have audited the accompanying consolidated financial statements of Alliant Holdings, L.P. and its subsidiaries ("Alliant"), which comprise the consolidated balance sheets as of December 31, 2015 (Successor's Basis) and 2014 (Predecessor's Basis), and the related consolidated statements of operations and comprehensive loss, equity, and cash flows for the period from August 14, 2015 to December 31, 2015 (Successor's Basis), the period from January 1, 2015 to August 13, 2015 (Predecessor's Basis), and the years ended December 31, 2014 and 2013 (Predecessor's Basis), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alliant Holdings, L.P. and its subsidiaries as of December 31, 2015 (Successor's Basis) and 2014 (Predecessor's Basis), and the results of their operations and their cash flows for the period from August 14, 2015 to December 31, 2015 (Successor's Basis), the period from January 1, 2015 to August 13, 2015 (Predecessor's Basis), and the years ended December 31, 2014 and 2013 (Predecessor's Basis) in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 3 to the consolidated financial statements, in 2015, Alliant Holdings I, L.P. and its subsidiaries (predecessor entity) were acquired in a business combination transaction accounted for as an acquisition by Alliant Holdings, L.P. (successor entity). As a result of the acquisition, the consolidated financial statements for the periods subsequent to the acquisition are presented on a different basis of accounting than those for the periods prior to the acquisition and, therefore, are not directly comparable. Our opinion is not modified with respect to this matter.

Deloitte & Touche LLP

April 29, 2016

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014
(In thousands)

	Successor's Basis December 31, 2015	Predecessor's Basis December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 68,647	$ 21,639
Fiduciary funds	138,897	102,063
Premiums and commissions receivable — net	269,705	200,843
Income taxes receivable	3,959	18,079
Deferred tax assets	36,778	26,347
Other	4,327	5,048
Total current assets	522,313	374,019
PROPERTY AND EQUIPMENT — Net	31,057	15,318
GOODWILL	1,831,921	1,239,430
INTANGIBLE ASSETS — Net	1,942,806	721,441
DEFERRED FINANCING COSTS — Net	50,548	28,669
OTHER ASSETS	52,070	10,138
TOTAL	$ 4,430,715	$ 2,389,015

(Continued)

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014
(In thousands, except units)

	Successor's Basis December 31, 2015	Predecessor's Basis December 31, 2014
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Commissions payable	$ 42,710	$ 33,092
Insurance premiums payable	329,757	243,927
Current portion of long-term debt	13,400	5,646
Accrued expenses and accounts payable	115,603	71,782
Other	6,152	9,462
Total current liabilities	507,622	363,909
LONG-TERM DEBT	1,850,807	1,212,589
OTHER	59,502	27,252
DEFERRED INCOME TAXES	659,167	241,134
Total liabilities	3,077,098	1,844,884
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Class A Units — 314,557,715 (291,551,811 vested) and 0 (0 vested) units issued and outstanding	1,462,323	-
Class A Units — 0 (0 vested) and 138,046,313 (135,198,026 vested) units issued and outstanding	-	696,505
Class B Units — 18,586,319 (0 vested) and 0 (0 vested) units issued and outstanding	-	-
Class B Units — 0 (0 vested) and 18,237,001 (0 vested) units issued and outstanding	-	-
Class C Units — 0 (0 vested) and 3,160,200 (0 vested) units issued and outstanding	-	-
Class D Units — 0 (0 vested) and 1,000 (0 vested) units issued and outstanding	-	-
Accumulated deficit	(108,940)	(151,668)
Accumulated other comprehensive income (loss)	234	(495)
Noncontrolling interest	-	(211)
Total equity	1,353,617	544,131
TOTAL	$ 4,430,715	$ 2,389,015

See notes to consolidated financial statements.

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE PERIOD FROM AUGUST 14, 2015 TO DECEMBER 31, 2015,
THE PERIOD FROM JANUARY 1, 2015 TO AUGUST 13, 2015, AND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands)

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor's Basis Year Ended December 31, 2013
REVENUES:				
Commissions and fees	$ 281,985	$ 546,856	$ 620,787	$ 547,944
Interest income	30	99	67	376
Total revenues	282,015	546,955	620,854	548,320
EXPENSES:				
Compensation and employee benefits	161,266	311,064	394,000	294,589
Subbrokerage expense	30,157	53,367	40,779	29,976
Other operating expenses	53,948	65,782	80,739	90,690
Acquisition transaction costs	2,292	6,114	3,379	473
Amortization	79,879	77,646	134,775	138,060
Depreciation	4,589	5,456	6,378	6,296
Interest and related fees	55,882	72,057	73,178	79,977
Loss on extinguishment of debt	58,700	-	-	-
Total expenses	446,713	591,486	733,228	640,061
LOSS BEFORE INCOME TAXES	(164,698)	(44,531)	(112,374)	(91,741)
INCOME TAX PROVISION (BENEFIT)	(55,758)	2,121	(37,805)	(41,722)
NET LOSS	(108,940)	(46,652)	(74,569)	(50,019)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	211
NET LOSS ATTRIBUTABLE TO ALLIANT HOLDINGS, L.P.	$ (108,940)	$ (46,652)	$ (74,569)	$ (49,808)
COMPREHENSIVE LOSS, Net of taxes:				
Net loss	$ (108,940)	$ (46,652)	$ (74,569)	$ (49,808)
Unrealized gain (loss) on interest rate swaps	234	(1,401)	(4,381)	3,886
COMPREHENSIVE LOSS, Net of taxes	$ (108,706)	$ (48,053)	$ (78,950)	$ (45,922)

See notes to consolidated financial statements.

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE PERIOD FROM AUGUST 14, 2015 TO DECEMBER 31, 2015,
THE PERIOD FROM JANUARY 1, 2015 TO AUGUST 13, 2015, AND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands, except units)

	Class A		Class B		Class C		Class D		Member Notes	Accumulated	Accumulated Other Comprehensive	Noncontrolling	Total
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Receivable	Deficit	Income	Interest	Equity
Predecessor's Basis													
BALANCE — January 1, 2013	128,966,720	$ 642,699	-	$ -	-	$ -	-	$ -	$ -	$ (27,291)	$ -	$ -	$615,408
Issuance of units for acquisitions	1,975,642	11,299	-	-	-	-	-	-	-	-	-	-	11,299
Issuance of units	218,380	1,466	-	-	-	-	-	-	-	-	-	-	1,466
Issuance of unvested units	214,020	-	13,503,743	-	3,160,200	-	-	-	-	-	-	-	-
Vesting of units	-	3,222	-	-	-	-	-	-	-	-	-	-	3,222
Repurchase of units	(85,156)	(426)	-	-	-	-	-	-	-	-	-	-	(426)
Forfeiture of unvested units	(23,522)	-	(71,104)	-	-	-	-	-	-	-	-	-	-
Unrealized gain on interest rate hedges, net of tax	-	-	-	-	-	-	-	-	-	-	3,886	-	3,886
Net loss	-	-	-	-	-	-	-	-		(49,808)	-	(211)	(50,019)
BALANCE — December 31, 2013	131,266,084	658,260	13,432,639	-	3,160,200	-	-	-	-	(77,099)	3,886	(211)	584,836
Issuance of units for acquisitions	4,560,738	33,827	-	-	-	-	-	-	-	-	-	-	33,827
Issuance of units	880,087	5,721	640,000	-	-	-	-	-	-	-	-	-	5,721
Issuance of unvested units	2,874,082	-	4,393,115	-	-	-	1,000	-	-	-	-	-	-
Vesting of units	-	8,599	-	-	-	-	-	-	-	-	-	-	8,599
Repurchase of units	(1,523,428)	(9,902)	-	-	-	-	-	-	-	-	-	-	(9,902)
Forfeiture of unvested units	(11,250)	-	(228,753)	-	-	-	-	-	-	-	-	-	-
Unrealized loss on interest rate hedges, net of tax	-	-	-	-	-	-	-	-	-	-	(4,381)	-	(4,381)
Net loss	-	-	-	-	-	-	-	-	-	(74,569)	-	-	(74,569)
BALANCE — December 31, 2014	138,046,313	696,505	18,237,001	-	3,160,200	-	1,000	-	-	(151,668)	(495)	(211)	544,131
Issuance of units for acquisitions	1,755,237	17,433	-	-	-	-	-	-	-	-	-	-	17,433
Issuance of units	1,233,403	9,251	-	-	-	-	-	-	-	-	-	-	9,251
Issuance of units for notes	941,966	7,065	-	-	-	-	-	-	(7,065)	-	-	-	-
Issuance of unvested units	408,838	-	3,809,058	-	-	-	-	-	-	-	-	-	-
Vesting of units	-	13,099	-	23,906	-	9,227	-	10,500	-	-	-	-	56,732
Repurchase of units	(556,459)	(4,086)	-	-	-	-	-	-	-	-	-	-	(4,086)
Forfeiture of unvested units	-	-	(39,690)	-	-	-	-	-	-	-	-	-	-
Unrealized loss on interest rate hedges, net of tax	-	-	-	-	-	-	-	-	-	-	(1,401)	-	(1,401)
Net loss	-	-	-	-	-	-	-	-	-	(46,652)	-	-	(46,652)
BALANCE — August 13, 2015	141,829,298	$ 739,267	22,006,369	$ 23,906	3,160,200	$ 9,227	1,000	$ 10,500	$ (7,065)	$(198,320)	$ (1,896)	$ (211)	$575,408

(Continued)

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE PERIOD FROM AUGUST 14, 2015 TO DECEMBER 31, 2015, THE PERIOD FROM JANUARY 1, 2015 TO AUGUST 13, 2015, AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands, except units)

	Class A		Class B		Accumulated	Accumulated Other Comprehensive	Noncontrolling	Total
	Units	Amount	Units	Amount	Deficit	Income	Interest	Equity
Successor's Basis								
BALANCE — August 14, 2015	-	$ -	-	$ -	$ -	$ -	$ -	$ -
Issuance of units for acquisitions	300,859	1,504	-	-	-	-	-	1,504
Issuance of units	294,471,347	1,472,608	-	-	-	-	-	1,472,608
Issuance of unvested units	23,487,558	-	18,586,319	-	-	-	-	-
Vesting of units	-	6,721	-	-	-	-	-	6,721
Repurchase of units	(3,702,049)	(18,510)	-	-	-	-	-	(18,510)
Unrealized gain on interest rate hedge, net of tax	-	-	-	-	-	234	-	234
Net loss	-	-	-	-	(108,940)	-	-	(108,940)
BALANCE — December 31, 2015	314,557,715	$1,462,323	18,586,319	$ -	$(108,940)	$ 234	$ -	$ 1,353,617

See notes to consolidated financial statements.

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 14, 2015 TO DECEMBER 31, 2015, THE PERIOD FROM JANUARY 1, 2015 TO AUGUST 13, 2015, AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands)

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor's Basis Year Ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (108,940)	$ (46,652)	$ (74,569)	$ (50,019)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	87,385	87,395	146,863	150,091
Amortization of discount on term loan	257	793	502	504
Loss on extinguishment of debt	58,700	-	-	-
Costs related to amendment of credit agreement	-	10,178	-	2,058
Deferred tax asset and liability	(61,586)	(180)	(39,677)	(47,671)
Share-based compensation	9,831	57,578	8,998	3,222
Gain on disposal of assets	-	-	(2,804)	(731)
Other	(200)	-	760	349
Changes in operating assets and liabilities (excluding effect of acquisitions):				
Premiums and commissions receivable	35,705	(71,954)	20,058	(29,386)
Insurance premiums payable — net of fiduciary funds	(7,983)	24,055	(21,619)	26,545
Commissions payable	(7,904)	17,814	5,195	7,154
Accrued expenses and accounts payable	9,967	18,909	(1,390)	(5,472)
Income taxes receivable and payable	1,393	12,727	(317)	80
Other assets and liabilities	8,054	7,428	4,148	2,629
Net cash provided by operating activities	24,679	118,091	46,148	59,353
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(8,838)	(8,076)	(7,918)	(6,299)
Cash paid for businesses acquired	(15,083)	(299,628)	(125,236)	(29,541)
Proceeds from sale of businesses	-	-	2,503	1,939
Cash deposited into escrow	-	(117,500)	-	-
Cash released from escrow	-	85,000	-	-
Net cash used in investing activities	(23,921)	(340,204)	(130,651)	(33,901)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of long-term debt	1,870,650	440,550	-	-
Financing costs related to issuance of long-term debt	(53,476)	-	-	-
Costs related to amendment of credit agreement	-	(10,178)	-	(2,058)
Proceeds from revolving loan	-	-	87,000	26,300
Repayment of debt	(6,700)	(92,559)	(14,246)	(33,351)
Extinguishment of debt	(1,601,311)	-	-	-
Proceeds from issuance of units - merger transaction	684,909	-	-	-
Proceeds from issuance of units	275	9,251	5,721	1,464
Repurchase of units - merger transaction	(950,635)	-	-	-
Repurchase of units	(18,510)	(3,903)	(9,866)	(426)
Net cash provided by (used in) financing activities	(74,798)	343,161	68,609	(8,071)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(74,040)	121,048	(15,894)	17,381
CASH AND CASH EQUIVALENTS — Beginning of period	142,687	21,639	37,533	20,152
CASH AND CASH EQUIVALENTS — End of period	$ 68,647	$ 142,687	$ 21,639	$ 37,533

(Continued)

ALLIANT HOLDINGS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 14, 2015 TO DECEMBER 31, 2015,
THE PERIOD FROM JANUARY 1, 2015 TO AUGUST 13, 2015, AND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands)

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor's Basis Year Ended December 31, 2013
SUPPLEMENTAL DISCLOSURES:				
Cash paid during the period for:				
Interest	$ 15,459	$ 56,996	$ 65,574	$ 72,124
Taxes — net of refunds received	$ 4,247	$ 2,283	$ 2,515	$ 4,060
Noncash activities during the period for:				
Units issued for acquisitions	$ 1,504	$ 17,433	$ 33,827	$ 11,299
Issuance of member notes — net of cancellation of notes	$ -	$ 7,065	$ -	$ -
Consideration for acquisitions in accrued expenses and accounts payable and other long-term liabilities	$ -	$ 18,642	$ 17,704	$ 8,002
Receivable from sale of assets	$ -	$ -	$ 9,648	$ 1,000
Issuance of units in exchange from predecessor to successor	$ 785,806	$ -	$ -	$ -
Issuance of units in accrued expenses and accounts payable	$ 1,343	$ -	$ -	$ -

1. ORGANIZATION

Alliant Holdings, L.P. and subsidiaries ("Holdings" or "Alliant") operate as an integrated distributor of insurance and financial products and services. Alliant's strategy is to acquire and operate insurance-related operations as the platform for continuing to develop a national distribution network for insurance and financial products and services. Through its operating subsidiaries, Alliant currently operates general insurance agencies and provides ancillary services.

Alliant provides insurance brokerage and advisory services primarily to middle-market businesses and governmental entities nationwide. Services include the placement of property and casualty insurance and employee benefits products, and specialize in various industries including public entities, Indian Nations, construction, law firms, energy and marine, healthcare, real estate, and community associations.

On August 14, 2015, investment funds managed by an affiliate of Stone Point Capital LLC ("Stone Point"), along with preexisting employee owners and investment funds managed by an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR"), acquired 100% of the ownership interest of Alliant Holdings I, L.P. ("Alliant Holdings") pursuant to an agreement and plan of merger (the "Stone Point Merger Transaction"). Under the terms of the Stone Point Merger Transaction, Wayne Merger Sub, LLC, a wholly owned subsidiary of Alliant, was merged with and into Alliant Holdings, with Alliant Holdings then merging into Alliant Holdings Intermediate, LLC ("Alliant Intermediate"), with Alliant Intermediate continuing as the surviving entity. Alliant Intermediate continues to operate its subsidiary companies. As a result of the Stone Point Merger Transaction, Alliant has become the ultimate parent of Alliant Intermediate. The transaction was accounted for as a business combination under the acquisition method. These consolidated financial statements include the operations of Alliant Holdings and subsidiaries prior to the Stone Point Merger Transaction (the period from January 1, 2015 to August 13, 2015) and include the operations of Alliant subsequent to the Stone Point Merger Transaction (the period from August 14, 2015 to December 31, 2015). The consolidated financial statements for the period subsequent to the Stone Point Merger Transaction are based on different carrying values than those for the periods prior to the Stone Point Merger Transaction and, therefore, are not directly comparable. See Note 3 for further discussion of the Stone Point Merger Transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation — The consolidated financial statements include the accounts of Alliant Holdings, L.P. (Alliant Holdings I, L.P. prior to the Stone Point Merger Transaction) and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition — For insurance products, Alliant recognizes commission revenue principally on the later of the effective date of the policy or the billing date, net of policy cancellation reserves, which are estimated based on historic and current data on cancellations. Alliant records installment premiums and related commissions periodically as billed for policies where the premiums are not readily estimable. Contingent commissions and override commissions are recorded the earlier of when estimable or received.

Fees in lieu of commissions are recognized principally on the later of the effective date of the policy or the billing date.

Premiums and commissions receivable in the consolidated balance sheets are net of allowances for estimated policy cancellations and doubtful accounts. The allowance for estimated policy cancellations is established through a charge to revenues, while the allowance for doubtful accounts is established through a charge to other operating expenses. Both of these allowances are based on estimates and assumptions using historical data to project future expense. Alliant periodically reviews the adequacy of these allowances and makes adjustments as necessary. The use of different estimates or assumptions could produce different results.

Subbrokerage expenses, which are paid to third parties, are recognized as incurred when the related commission revenue is recognized. Fees for services are primarily recorded as earned when services are rendered.

Cash and Cash Equivalents — Cash and cash equivalents include highly liquid investments, such as money market accounts and certificates of deposit with original maturities of three months or less when purchased. The carrying amount reported in the consolidated balance sheets approximates fair value.

Fiduciary Funds — Insurance premiums and retirement plan deposits received from clients, but not yet remitted to the insurance company or broker-dealer are restricted as to use by law in certain states in which Alliant operates. Accordingly, Alliant invests these funds in interest-bearing accounts. Alliant earns interest income on these unremitted funds, which is included in interest income in the accompanying consolidated statements of operations and comprehensive loss.

Property and Equipment — Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Assets recorded under capital leases are amortized using the straight-line method over the shorter of the expected useful life or the term of the related lease.

Intangible Assets and Goodwill — Intangible assets primarily represent customer lists and restrictive covenants of employment agreements. Customer lists are records and files obtained from acquired businesses that contain information on clients and their retirement accounts, insurance policies and other information that is essential to maintaining and expanding services provided to clients. Customer lists are amortized on a straight-line basis over their estimated lives of 5 to 24 years (successor's period) and 3 to 14 years (predecessor's period). The costs of restrictive covenants of employment agreements are amortized on a straight-line basis over the term of the estimated restrictive period. The initial terms of such agreements are one to five years (successor's period and predecessor's period). Alliant's trade name has also been identified as an intangible asset that is deemed to have an indefinite life and is, therefore, not subject to amortization. Trade names acquired as a result of acquisitions are amortized on a straight-line basis over their estimated useful lives of three to four years (successor's period) and four years (predecessor's period), or have been determined to have an indefinite life and is, therefore, not subject to amortization. The carrying value of intangible assets with definite useful lives is reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such a review indicates that the intangibles will not be recoverable, as determined based upon the undiscounted future net cash flows of the assets, an impairment charge would be recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Goodwill is established as the excess of cost over the fair value of net assets acquired in business combinations. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Intangibles — Goodwill and Other*, requires that goodwill and intangible assets with indefinite useful lives not be amortized, but instead be tested for impairment at least annually. In accordance with ASC 350, Alliant performs an annual impairment test for goodwill and intangible assets with indefinite lives in the fourth quarter of the year using financial information as of September 30, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Such indicators include, but are not limited to, a sustained significant decline in the value of Alliant or a significant decline in expected future cash flows due to changes in company-specific factors or the broader business climate. The evaluation of such factors requires considerable judgment. Any adverse change in these factors could have a significant impact on the recoverability of goodwill and could have a material impact on Alliant's consolidated financial statements.

The goodwill impairment test has two steps. The first step of the test identifies potential impairments at the reporting unit level. Alliant has four reporting units in 2015 and 2014. For each reporting unit, Alliant first compares its estimated fair value with its net book value. If the estimated fair value exceeds its net book value, there is no impairment of goodwill. If the net book value of the reporting unit exceeds its estimated fair value, Alliant then performs a second test to calculate the amount of impairment, if any. To determine the amount of impairment, Alliant calculates the implied fair value of goodwill. Specifically, Alliant determines the fair value of all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical calculation that yields the implied fair value of goodwill. If the implied fair value of goodwill is less than recorded goodwill, Alliant records an impairment charge for the difference.

The fair value of a reporting unit is determined using a combination of income and market approaches. The valuation methodologies used to derive the estimated fair value of the reporting units are as follows:

Alliant uses a weighting method in assessing fair value for each reporting unit using the discounted cash flow (DCF) method, the guideline public company (GPC) method, and the guideline transactions (GT) method. The DCF method involves an analysis of future cash flow projections for each reporting unit. Cash flows are discounted at a rate reflective of the perceived risks inherent in the projections. A terminal value, the estimated value of the reporting unit at the end of the discrete forecast, is calculated by dividing the terminal year net cash flow by an appropriate capitalization rate, which assumes constant growth into perpetuity.

Under the GPC method, the fair value of a reporting unit is estimated by comparing the reporting unit to similar companies with publicly traded ownership interests. From these guideline companies, valuation multiples are derived and then applied to the appropriate operating statistics of the reporting unit to arrive at indications of value. Alliant identified five guideline companies for use in its analysis of reporting units. For purposes of this analysis, the guideline companies selected represented reasonably similar, but alternative investment opportunities to an investment in the reporting unit.

Under the GT method, the fair value of a reporting unit is estimated by identifying transactions that involve companies with similar operations and analyzing those transactions for comparability. From these guideline companies, valuation multiples are derived and then applied to the appropriate operating statistics of the reporting unit to arrive at indications of value. Alliant identified seven and fourteen guideline transactions in 2015 and 2014, respectively, for use in the analysis of reporting units. For purposes of this analysis, the guideline transactions selected represented reasonably similar but alternative investment opportunities to an investment in the reporting unit.

The determination of fair value of reporting units requires significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, earnings and required capital projections, discount rates, terminal growth rates, and the weighting assigned to the results of each of the valuation methods described above. Changes in certain assumptions could have a significant impact on the impairment assessment. Alliant evaluated the significant assumptions used to determine the estimated fair values of each reporting unit, both individually and in the aggregate, and concluded they are reasonable. If these estimates or related assumptions change in the future, Alliant may be required to revise the assessment and, if appropriate, record an impairment charge.

Based on the results of the process described above, Alliant did not recognize any impairment of goodwill or intangible assets during 2015.

Income Taxes — Alliant Holdings, L.P. is a partnership. However, the operating subsidiaries are C corporations and, as such, are treated as taxpayers for federal, state, and local income tax purposes. Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on the differences between financial statement and tax bases of assets and liabilities using currently enacted tax rates.

Uncertain Tax Positions — The calculation of Alliant's tax liabilities involves dealing with uncertainties in the application of complex tax regulations. In accordance with the applicable accounting guidance for uncertainty in income taxes, Alliant recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. If Alliant determines that a tax position will more likely than not be sustained on audit, then the second step requires Alliant to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as Alliant has to determine the probability of various possible outcomes. Alliant reevaluates these uncertain tax positions on an annual basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax laws, effective settlement of audit issues, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

Deferred Financing Costs — Deferred financing costs are nonrefundable amounts paid by Alliant in connection with the establishment and amendment of its credit facilities (see Note 8). Such costs are being amortized over the expected term of the credit facilities and are included in interest and related fees in the consolidated statements of operations and comprehensive loss. Amortization of deferred financing costs was $2.9 million, $4.3 million, $5.7 million and $5.7 million for the period from August 14, 2015 to December 31, 2015, and the period from January 1, 2015 to August 13, 2015, the years ended December 31, 2014 and 2013, respectively.

In connection with the amendment to the credit agreement in 2013 (see Note 8), Alliant expensed $2.1 million in financing costs in December 2013, included in interest and related fees in the consolidated statement of operations and comprehensive loss.

Fair Value of Financial Instruments — Cash and cash equivalents, fiduciary funds, premiums and commissions receivable, other current assets, insurance premium payable, payables and accrued expenses, other current liabilities, and long-term debt are considered financial instruments. Alliant believes that due to the short duration of these financial instruments, other than long-term debt, carrying amounts approximate fair value. For long-term debt, Alliant uses market trading information and the present value of future cash flows, discounted at Alliant's current incremental rate of borrowing on similar debt, to estimate a fair value. At December 31, 2015 and 2014, the fair value of Alliant's debt was estimated to be $1,797.5 million and

$1,219.1 million, respectively. Interest rate swaps and liabilities for contingent consideration arrangements are carried at fair value, estimated as described in Note 5.

Concentration of Credit Risk — Financial instruments, which potentially subject Alliant to a concentration of credit risk, principally consist of cash, cash equivalents, fiduciary funds, and receivables. Alliant invests available cash in cash equivalents and money market securities of high-credit-quality financial institutions. Alliant had cash and cash equivalents in the amount of $66.3 million and $29.0 million as of December 31, 2015 and 2014, respectively, in excess of federally insured limits. At December 31, 2015 and 2014, Alliant's receivables were primarily from insurance carriers and clients in various industries. To reduce credit risk, Alliant performs periodic credit evaluations of its clients, but does not generally require collateral.

Derivatives — Alliant accounts for derivative instruments in accordance with the provisions of ASC 815, *Derivatives and Hedging*. On the date Alliant enters into a derivative contract, Alliant may designate the derivative as a hedge of the identified exposure. Derivatives are reported in the accompanying consolidated balance sheets at fair value. For derivatives designated as hedges, changes in fair value are reported in other comprehensive loss to the extent that the hedge is effective. Alliant formally measures effectiveness of its hedging relationships, both at the hedge inception and on an ongoing basis, in accordance with its risk management policy. For derivatives not designated as hedges, changes in fair value are reported as a component of interest and related fees in the accompanying consolidated statements of operations and comprehensive loss. Alliant has no derivatives that were not designated as hedges.

Litigation — Alliant is the defendant in various legal actions related to claims, lawsuits, and proceedings incidental to the nature of its business. Alliant records undiscounted liabilities for loss contingencies, including legal costs to be incurred, when it is probable that a liability has been incurred on or before the balance sheet date and the amount of the liability can be reasonably estimated. To the extent recovery of such losses and legal costs is probable under Alliant's insurance programs, estimated recoveries are recorded concurrently with the losses recognized. Significant management judgment is required to estimate the amounts of such contingent liabilities and the related insurance recoveries. In order to assess Alliant's potential liability, Alliant analyzes litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters. These liabilities are uncertain by their nature and the recorded amounts may change due to a variety of factors, including new developments or changes in approach, such as changing the settlement strategy as applicable to each matter.

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accumulated Other Comprehensive Income (Loss) — Accumulated other comprehensive income (loss) refers to revenues, expenses, gains, and losses that are recorded as an element of equity but are excluded from net income (loss). Alliant's other comprehensive income consists of net gains and losses on certain derivative instruments accounted for as cash flow hedges. As of December 31, 2015, accumulated other comprehensive income was $0.4 million, recorded net of tax expense of $0.2 million, or $0.2 million. As of December 31, 2014, accumulated other comprehensive loss was $0.8 million, recorded net of tax benefit of $0.3 million, or $0.5 million.

Noncontrolling Interest — Noncontrolling interest in a subsidiary is presented within total equity in Alliant's consolidated balance sheets. The amount of consolidated net income (loss) attributable to the noncontrolling interest is presented in the consolidated statements of operations and comprehensive loss. The carrying amount of the noncontrolling interest is adjusted based on an allocation of subsidiary income (loss) based on ownership interest.

Share-Based Compensation — Alliant accounts for share-based payments under ASC 718, *Compensation — Stock Compensation,* which requires compensation cost related to share-based payment transactions to be recognized in an issuer's consolidated financial statements.

Alliant has issued unvested units to employees with stated vesting periods that require continued employment with Alliant and, in some cases, with stated performance conditions. The excess of the value of such units over the purchase price is generally recognized as compensation expense ratably over the requisite service period. Alliant's determination of compensation expense includes estimated forfeitures of unvested units and assessment of the probability of the performance conditions being met by the holders of the unvested units. Changes in estimates are recognized currently in the consolidated statements of operations and comprehensive loss. Alliant has also issued unvested units to employees that include, in addition to time or performance conditions, forfeiture provisions that terminate only upon the earlier of uncertain future events: a change in control (as defined in Alliant's partnership agreement) or the consummation of an initial public offering. No compensation expense is recognized for such units until the forfeiture provisions terminate.

New Accounting Pronouncements — In March 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-09, *Improvements to Employee Share-Based Payment Accounting.* The standard simplifies the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification of the statement of cash flows. ASU No. 2016-09 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Consideration.* This standard requires an entity to evaluate whether it is the principal or agent for each specified good or service promised in a contract with a customer. ASU No. 2016-08 is effective for fiscal periods beginning after December 15, 2019. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases,* which changes the presentation of leases in the financial statements. Under this standard, the entity presents all leases on the balance sheet. For non-public entities, ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted, and is effective for interim periods in the year of adoption. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Liabilities.* This standard allows non-public entities to elect to not disclose the fair value of financial instruments measured at amortized cost. ASU No. 2016-01 is effective for fiscal periods beginning after December 15, 2018. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. This update requires entities to classify deferred tax liabilities and assets as noncurrent in a classified statement of financial position. The amendments must be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented and early adoption is permitted. ASU No. 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments.* The standard requires the acquirer to recognize adjustments to provisional amounts that are identified during the measurement period for a business combination in the reporting period in which the adjustment amount is determined. Additionally, it requires acquirers to present separately on the face of the income statement, or disclose in the notes, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU No. 2015-16 is effective for fiscal years beginning after December 15, 2016. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* which changes the presentation of debt issuance costs in financial statements. Under this standard, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. ASU No. 2015-03 is effective for fiscal years beginning after December 15, 2015, and interim periods beginning after December 15, 2016. Alliant will adopt this pronouncement effective January 1, 2016. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This standard provides guidance on disclosing going concern uncertainties in the financial statements. The standard requires management to perform interim and annual assessments of the entity's ability to continue as a going concern within one year of the issuance of the financial statements. ASU No. 2014-15 is effective for annual periods ending after December 31, 2016. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*, which applies to reporting entities that grant their employees share-based awards where the terms of the award provide a performance target that affects vesting and the performance target can be achieved after the requisite service period. The standard requires that he performance target is accounted for as a performance condition in accordance with Topic 718 and is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for all entities to use in accounting for revenue arising from contracts with customers. The new standard supersedes most existing revenue recognition guidance, including industry-specific guidance. ASU No. 2014-09 will be effective for Alliant's annual financial statements for 2018 and interim financial statements for 2019, and may be applied either 1) retrospectively to each prior reporting period presented or 2) retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,* which defers the effective date of ASU No. 2014-09 by one year for all entities and permits early adoption on a limited basis. Alliant has not yet assessed whether the adoption of the ASU will have a material impact on Alliant's consolidated financial statements.

The Private Company Council of the FASB (PCC) has issued a number of pronouncements specifically for entities that are not required to file or furnish financial statements with the Securities and Exchange Commission or another domestic or foreign regulatory agency, or otherwise make financial statements publicly available. Alliant is not required to, and does not anticipate that it will, implement PCC pronouncements and therefore does not believe that any of these pronouncements will have an impact on Alliant's consolidated financial statements.

3. MERGER TRANSACTION

As discussed in Note 1, Alliant Holdings entered into the Stone Point Merger Transaction on August 14, 2015. Under the terms of this transaction, holders of Alliant Holdings Class A, Class B, and Class C units were offered cash consideration of $11.45, $6.45 and $6.45 per unit, respectively. Certain holders of Class A, Class B and Class C units elected to exchange their holdings for units in Alliant.

Concurrent with the Stone Point Merger Transaction, Alliant entered into a new debt facility (Note 8). The total consideration received in the Stone Point Merger Transaction was $3,341.4 million, consisting of debt proceeds of $1,870.7 million, proceeds from new shareholders of $684.9 million and $785.8 million relating to continuing owners who exchanged their shares of Alliant Holdings for units in Alliant. The proceeds were primarily used to pay off existing debt of $1,573.2 million and call premium of $28.2 million, to pay selling shareholders $950.6 million, and to pay merger transaction costs of approximately $58.2 million, including approximately $4.7 million and $53.5 million of such costs that were expensed or were capitalized as deferred financing costs, respectively.

As a result of the Stone Point Merger Transaction, Alliant recorded customer lists of $1,784.9 million, restrictive covenants of $135.9 million, trade name of $92.4 million, and goodwill of $1,831.9 million. These amounts reflect the results of Alliant's purchase price allocation, based upon estimated valuations of acquired assets and liabilities.

4. ACQUISITIONS

Alliant's acquisitions may include provisions for contingent additional consideration based on future financial results of the acquired companies. In accordance with ASC 805, *Business Combinations*, contingent future cash payments related to acquisitions are recognized at estimated fair value as of the acquisition date, and such amount is included in the determination of the acquisition date purchase price. Any subsequent changes in the fair value of the contingent future cash payments are recognized in earnings in the period that the change occurs.

The basic structure for an acquisition by Alliant generally includes employment agreements with the employee shareholders of the acquired company. Compensation under these agreements, which is consistent with prevailing market rates, is generally in the form of salary, plus an incentive-based bonus. Such amounts are expensed as incurred.

In connection with acquisitions, Alliant records the estimated fair value of the net tangible assets purchased and the fair value of the identifiable intangible assets purchased, which typically consist of purchased customer accounts and noncompete agreements. Purchased customer accounts primarily represent the present value of the underlying cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising those purchased customer accounts. Noncompete agreements are valued based on their duration and any unique features of particular agreements. The valuation of purchased customer accounts and noncompete agreements involves significant estimates and assumptions. Any change in assumptions could affect the carrying value of purchased customer accounts or noncompete agreements.

On July 1, 2015, Alliant acquired Preferred Concepts Holdings, LLC and its subsidiaries ("PCH") pursuant to a stock purchase agreement. PCH's subsidiaries are engaged in the business of property and casualty and underwriting services. The aggregate purchase price was $91.4 million and included cash of $72.5 million, Class A units with an estimated fair value of $10.0 million, and an accrued liability of $8.9 million relating to potential contingent purchase payments. The excess of the purchase price over the estimated aggregate tangible net assets acquired of $2.4 million was $89.0 million, which has been estimated to consist of customer lists of $44.4 million, restrictive covenants of $5.1 million, trade name of $0.4 million, and goodwill of $39.1 million. Transaction costs relating to this acquisition amounted to $1.0 million and are expensed in the period incurred. Alliant estimated the fair value of the contingent consideration to be $8.9 million at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization over three years, and discount rates. Alliant has recorded the contingent consideration of $9.4 million as of December 31, 2015, within other long-term liabilities, and remeasures contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum contingent consideration payable is $32.5 million and the minimum is zero, payable in cash and in Class A units.

Effective July 1, 2015, Alliant acquired the assets of Todd Garibaldi Insurance Agency ("TGI"). TGI is a provider of property and casualty and risk management services. The aggregate purchase price was $14.6 million and included cash of $10.0 million, Class A units with an estimated fair value of $4.6 million, and an accrued liability of $20,000 relating to potential contingent purchase payments. The purchase price has been estimated to consist of customer lists of $6.9 million, restrictive covenants of $1.0 million, and goodwill of $6.7 million. Transaction costs relating to this acquisition amounted to $0.2 million and are expensed in the period incurred. Alliant estimated the fair value of the contingent consideration to be $20,000 at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization over three years, and discount rates. Alliant has recorded the contingent consideration of $21,000 as of December 31, 2015, within other long-term liabilities, and remeasures contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum contingent consideration payable is $2.1 million and the minimum is zero, payable in cash and in Class A units.

On February 2, 2015, Alliant acquired all the outstanding stock of QBE U.S. Agencies, Inc. and its subsidiaries ("QBE"). QBE's direct and indirect subsidiaries, including Community Association Underwriters of America, Inc., Deep South Surplus, Inc., S.I.U., LLC, DSCM Inc., and Deep South Surplus of Texas, L.P., are engaged in the business of insurance services and administering insurance claims. The aggregate purchase price was $230.5 million, all of which was cash. The excess of the purchase price over the estimated aggregate tangible net assets acquired of $25.7 million was $204.8 million, which has been estimated to consist of customer lists of $64.8 million, restrictive covenants of $2.7 million, trade name of $4.2 million, and goodwill of $133.1 million. Transaction costs relating to this acquisition amounted to $2.9 million and are expensed in the period incurred. Alliant estimated the fair value of the contingent consideration to be zero at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that indicates assumptions about growth in revenue over two to five years, and discount rates. The total maximum contingent consideration payable is $82.5 million and the minimum is zero, payable in cash. During the year ended December 31, 2015, $32.5 million was deposited into an escrow account and is included in other long-term assets in the accompanying consolidated balance sheets.

Effective December 31, 2014, Alliant acquired all the outstanding stock of Worth Corporate Planning, Inc. (and its subsidiary American Benefits Consulting, LLC) and American Benefits and Compensation Systems, Inc., and the assets of ABC Benefits Consulting PA, LLC (collectively known as "ABC"), a provider of employee benefit and risk management services. The aggregate purchase price was $97.6 million and included cash of $73.9 million, Class A units with an estimated fair value of $14.1 million, and an accrued liability of $9.6 million relating to potential contingent purchase payments. The excess of the purchase price over the estimated aggregate tangible net assets acquired of $1.7 million was $95.9 million, which has been estimated to consist of customer lists of $32.6 million, restrictive covenants of $3.3 million, trade name of $0.4 million, and goodwill of $59.6 million. Transaction costs relating to this acquisition amounted to $0.6 million and are expensed in the period incurred. Alliant estimated the fair value of the contingent consideration to be $9.6 million at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization over three years, and discount rates. Alliant has recorded the contingent consideration of $11.2 million and $9.6 million as of December 31, 2015 and 2014, respectively, within other long-term liabilities, and remeasures contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum contingent consideration payable is $17.4 million and the minimum is zero, payable in cash and in Class A units.

Effective December 1, 2014, Alliant acquired the assets of The Camps Group, LLC ("Camps"), a provider of employee benefit and risk management services. The aggregate purchase price was $19.2 million and included cash of $16.0 million, Class A units with an estimated fair value of $1.7 million, and an accrued liability of $1.5 million relating to potential contingent purchase payments. The excess of the purchase price over the estimated aggregate tangible net assets acquired of $0.2 million was $19.0 million, which has been estimated to consist of customer lists of $6.9 million, restrictive covenants of $1.5 million, and goodwill of $10.6 million. Transaction costs relating to this acquisition amounted to $0.3 million and are expensed in the period incurred. Alliant estimated the fair value of the contingent consideration to be $1.5 million at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization over three to four years, and discount rates. Alliant has recorded the contingent consideration of $1.7 million and $1.5 million as of December 31, 2015 and 2014, respectively, within other long-term liabilities, and remeasures contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum contingent consideration payable is $5.3 million and the minimum is zero, payable in cash and in Class A units.

Effective August 31, 2014, Alliant acquired the assets of Moloney, O'Neill, Corkery & Jones, Inc. and all the outstanding stock of Moloney & O'Neill Life, Inc. and Corkery & Jones Benefits, Inc. (collectively known as "Moloney"), a provider of property and casualty, employee benefit, and risk management services. The aggregate purchase price was $54.6 million and included cash of $35.4 million, Class A units with an estimated fair value of $13.6 million, and an accrued liability of $5.6 million relating to potential contingent purchase payments. The excess of the purchase price over the estimated aggregate tangible net assets acquired of $1.2 million was $53.4 million, which has been estimated to consist of customer lists of $24.3 million, restrictive covenants of $3.9 million and goodwill of $25.2 million. Transaction costs relating to this acquisition amounted to $0.6 million and are expensed in the period incurred. Alliant estimated the fair value of the contingent consideration to be $5.6 million at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecast determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization over three years, and discount rates. Alliant has recorded contingent consideration of $8.2 million and $5.8 million as of December 31, 2015 and 2014, respectively, within other long-term liabilities, and remeasures contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum contingent consideration payable is $12.4 million and the minimum is zero, payable in cash and in Class A units.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of the acquisitions described above (in thousands):

	PCH 2015	TGI 2015	QBE 2015	ABC 2014	Camps 2014	Moloney 2014
Current assets	$ 30,870	$ -	$ 62,620	$ 3,249	$ 400	$ 3,910
Intangible assets	49,953	7,933	71,716	36,291	8,444	28,227
Goodwill	39,047	6,679	133,062	59,588	10,550	25,225
Other noncurrent assets	844	-	6,280	1,377	-	183
Total assets acquired	120,714	14,612	273,678	100,505	19,394	57,545
Current liabilities	29,343	-	42,568	2,878	168	2,909
Noncurrent liabilities	-	-	656	-	-	-
Total liabilities assumed	29,343	-	43,224	2,878	168	2,909
Net assets acquired	$ 91,371	$ 14,612	$230,454	$ 97,627	$ 19,226	$ 54,636

During the period from August 14, 2015 to December 31, 2015 and the period from January 1, 2015 to August 13, 2015, Alliant had other acquisitions with a total purchase price of $8.9 million and $14.8 million, respectively, in cash and units.

Effective December 31, 2013, Alliant acquired the assets of Sagewell Partners, Inc. (“Sagewell”). The aggregate purchase price included an accrued liability relating to potential contingent purchase payments. Alliant estimated the fair value of the contingent consideration to be $2.4 million at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization over one to four years, and discount rates. Alliant has recorded contingent consideration of $6.6 million and $2.6 million as of December 31, 2015 and 2014, respectively, within other long-term liabilities, and remeasures contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum contingent consideration payable is $7.8 million and the minimum is zero, payable in cash and in Class A units. During the period from January 1, 2015 to August 13, 2015, Alliant paid $1.8 million of the contingent consideration in cash and Class A units.

Effective September 30, 2013, Alliant acquired the assets of EnRisk Services, Inc. (“EnRisk). The aggregate purchase price included an accrued liability relating to potential contingent purchase payments. Alliant estimated the fair value of the contingent consideration to be $5.6 million at the close of the transaction, which was determined using a discounted cash flow methodology based on financial forecasts determined by Alliant that includes assumptions about growth in earnings before interest, taxes, depreciation, and amortization, over three to four years, and discount rates. Alliant has recorded the contingent consideration of $8.2 million and $6.5 million at December 31, 2015 and 2014, respectively, within accrued expenses and other long-term liabilities, and remeasures the contingent consideration at fair value at each reporting period with changes recognized in earnings (see Note 5). The total remaining maximum payable is $9.0 million and the minimum is zero, payable in cash and in Class A units.

5. FAIR VALUE MEASUREMENTS

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, DCF methodologies, and similar techniques that use significant unobservable inputs.

ASC 820 requires Alliant to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

Alliant's financial assets and liabilities measured at fair value on a recurring basis consist of cash equivalents, derivative financial instruments, and liabilities for contingent consideration arising from business combination transactions. Certain other assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, for example, when evidence of impairment exists. Alliant has categorized all financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014 are summarized below (in thousands):

	2015		
	Level 1	**Level 2**	**Level 3**
Assets — cash equivalents (a)	$ 474	$ -	$ -
Total assets at fair value	$ 474	$ -	$ -
Liabilities:			
Interest rate swaps (b)	$ -	$ 4,966	$ -
Contingent consideration (c)	-	-	45,548
Total liabilities at fair value	$ -	$ 4,966	$ 45,548

	2014		
	Level 1	**Level 2**	**Level 3**
Assets — cash equivalents (a)	$ 4,780	$ -	$ -
Total assets at fair value	$ 4,780	$ -	$ -
Liabilities:			
Interest rate swaps (b)	$ -	$ 967	$ -
Contingent consideration (c)	-	-	26,789
Total liabilities at fair value	$ -	$ 967	$ 26,789

a) Cash equivalents include money market accounts held at various financial institutions. This amount includes Alliant's own accounts and the fiduciary accounts.

b) Interest rate swap positions are valued using readily observable market parameters. The inputs include current prevailing interest rate swap curves and the terms of the hedges that Alliant has locked in.

c) Consideration for some acquisitions made by Alliant includes contingent consideration arrangements, which are included in other current and long-term liabilities, as appropriate, in the accompanying consolidated balance sheets. The contingent consideration is measured at fair value on a recurring basis using significant unobservable inputs (Level 3). Contingent consideration is measured by discounting to present value the contingent payments expected to be made based on Alliant's estimates of certain financial targets expected to result from the acquisitions.

There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy during 2015 or 2014.

Changes in Level 3 Recurring Fair Value Measurements — The table below provides information on the valuation technique, significant unobservable inputs and the rates utilized by Alliant in measuring fair value on a recurring basis of the Level 3 liabilities at December 31, 2015 and 2014 (in thousands):

	December 31, 2015			
	Fair Value	**Valuation Technique**	**Unobservable Input**	**Weighted-Average Rate**
Contingent consideration	$ 45,548	Discounted cash	Discount rate	11.3%
	December 31, 2014			
	Fair Value	**Valuation Technique**	**Unobservable Input**	**Weighted-Average Rate**
Contingent consideration	$ 26,789	Discounted cash	Discount rate	11.2%

Alliant determines the fair value for its contingent consideration obligations using an income approach whereby Alliant assesses the probability and timing of the achievement of the applicable milestones, which are based on contractually negotiated financial or operating targets that vary by acquisition transaction, such as earnings before interest, taxes, depreciation and amortization, and commission revenue. The contingent payments are estimated using a probability-weighted multi-scenario analysis of expected future performance of the acquired businesses. Alliant then discounts these expected payment amounts to calculate the fair value as of year-end. Alliant's management evaluates the underlying projections and other related factors used in determining fair value each period and makes updates when there have been significant changes in management's expectations.

The principal significant unobservable input used in the valuations of Alliant's contingent consideration obligations is a risk-adjusted discount rate. An increase in the discount rate will result in a decrease in the fair value of contingent consideration. Conversely, a decrease in the discount rate will result in an increase in the fair value of contingent consideration.

A reconciliation of the fair value of contingent consideration liabilities for the years ended December 31, 2015 and 2014 is as follows (in thousands):

	Successor's Basis 2015	**Predecessor's Basis 2014**
Fair value at beginning of year	$ 26,789	$ 11,907
Contingent consideration — current year acquisitions	8,923	16,980
Remeasurement of fair value	12,120	2,287
Payment of contingent consideration	(2,284)	(4,385)
Fair value at end of year	$ 45,548	$ 26,789

6. PROPERTY AND EQUIPMENT

At December 31, 2015 and 2014, property and equipment consists of the following (in thousands):

	Successor's Basis 2015	Predecessor's Basis 2014
Furniture, equipment and software	$ 29,253	$ 24,306
Leasehold improvements	6,316	3,822
	35,569	28,128
Less accumulated depreciation	(4,512)	(12,810)
Property and equipment — net	$ 31,057	$ 15,318

Depreciation expense was $4.6 million, $5.5 million, $6.4 million, and $6.3 million for the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill — The changes in the carrying amounts of goodwill for the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, are as follows (in thousands):

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor's Basis Year Ended December 31, 2013
Balance — beginning of period	$ -	$ 1,239,430	$ 1,132,845	$ 1,105,921
Acquired during period	-	188,227	105,290	25,436
Additional consideration for prior periods' acquisitions	-	145	1,295	114
Dispositions	-	-	-	-
KKR Merger Transaction	-	-	-	1,374
Stone Point Merger Transaction	1,831,921	-	-	-
Balance — end of period	$ 1,831,921	$ 1,427,802	$ 1,239,430	$ 1,132,845

Intangible Assets — At December 31, 2015 and 2014, intangible assets consist of the following (in thousands):

	Successor's Basis 2015	Predecessor's Basis 2014
Restrictive covenants	$ 135,882	$119,869
Accumulated amortization	(26,948)	(95,302)
Net restrictive covenants	108,934	24,567
Customer lists	1,793,779	810,224
Accumulated amortization	(52,194)	(178,282)
Net customer lists	1,741,585	631,942
Trade names	92,368	64,932
Accumulated amortization	(81)	-
Net trade names	92,287	64,932
Total intangible assets — net	$ 1,942,806	$721,441

Amortization expense of $79.9 million, $77.6 million, $134.8 million, and $138.1 million was recorded for the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, respectively.

Estimated amortization expenses for the years ending December 31 are as follows (in thousands):

2016	$ 202,439
2017	175,044
2018	142,544
2019	137,826
2020	134,400
Thereafter	1,058,839
Total	$ 1,851,092

Alliant acquired lease intangible assets for $8.8 million which are amortized over the leases remaining terms, which range from one to six years and is included in other assets. Amortization expense of the lease intangible assets for the period from August 14, 2015 to December 31, 2015 was $0.8 million.

In accordance with ASC 350, *Intangibles – Goodwill and Other*, Alliant performs an annual impairment test for goodwill and intangible assets with indefinite lives in the fourth quarter of the year using financial information as of September 30, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Such indicators include, but are not limited to, a sustained significant decline in the value of Alliant or a significant decline in expected future cash flows due to changes in Alliant-specific factors or the broader business climate. The evaluation of such factors requires considerable judgment. Any adverse change in these factors could have a significant impact on the recoverability of goodwill and intangible assets and could have a material impact on Alliant's consolidated financial statements. There were no indicators of possible impairment of Alliant's goodwill and intangible assets during the years ended December 31, 2015 and 2014.

8. DEBT

Alliant's debt as of December 31, 2015 and 2014 consists of the following (in thousands):

	Successor's Basis 2015	Predecessor's Basis 2014
Senior notes	$ 535,000	$ -
Senior Credit Facility - term loan — net of $4,093 discount at December 31, 2015	1,329,207	-
Senior notes		450,000
Senior Credit Facility - term loan — net of $2,503 discount at December 31, 2014	-	681,235
Senior Credit Facility — line of credit	-	87,000
Total	1,864,207	1,218,235
Less current portion of long-term debt	(13,400)	(5,646)
Long-term debt — net of current portion	$ 1,850,807	$ 1,212,589

On August 14, 2015, Alliant entered into a credit agreement providing for a term loan (the "2015 Senior Term Loan") of $1,340.0 million and issued senior notes totaling $535.0 million (collectively, the "2015 Senior Credit Facility"). Concurrently, Alliant paid off the existing Senior Term Loans of $1,123.0 million as well as the existing senior notes totaling $450.0 million. Included in loss on extinguishment of debt in the consolidated statement of operations and comprehensive loss for the period August 14, 2015 to December 31, 2015, are previously unamortized deferred financing costs of $24.4 million and $6.1 million of unamortized discount. In connection with paying off the senior notes, Alliant paid a call premium of $28.2 million which is included in the loss on extinguishment of debt in the accompanying consolidated statement of operations and comprehensive loss for the period from August 14, 2015 to December 31, 2015. Under the Senior Credit Facility, $200.0 million is available as a revolving line of credit that expires on August 14, 2020. The 2015 Senior Term Loan expires on August 14, 2022. The 2015 senior notes are due on August 1, 2023. Borrowings for the 2015 Senior Term Loan bear interest based on either the London InterBank Offered Rate (LIBOR) plus a maximum of 3.5% or prime plus a maximum of 2.5% at Alliant's option, provided that if at any time the LIBOR rate is less than 1.00%, then the LIBOR rate will be deemed at such time to be equal to 1.00%, and if the prime rate is less than 2.00%, then the prime rate will be deemed at such time to equal 2.00%. Revolving loans bear interest based on either LIBOR plus 3.50% or prime plus 2.50%, at Alliant's option. Additionally, there is a maximum commitment fee of 0.50% on the unused portion of the revolving loan commitment. The weighted-average interest rate in effect was 4.5% at December 31, 2015 and 4.25% at December 31, 2014.

The proceeds of the 2015 Senior Credit Facility can be used for acquisition financing and for general corporate purposes. Additionally, the revolving loan commitment is available on a revolving basis for loans denominated in U.S. dollars and for letters of credit. The amount available under the term loan facility can be increased subject to the terms of the credit agreement including, with respect to the additional facility, compliance with a maximum senior leverage ratio.

The 2015 Senior Term Loan contains provisions that limit the payment of dividends or other distributions to unit holders and which limit the incurrence of indebtedness, liens on assets, sale of assets, certain acquisitions, investments, and other limitations. Alliant is in compliance with all debt covenants governing its 2015 Senior Term Loan indebtedness. Substantially all of the assets of Alliant are pledged as collateral against the 2015 Senior Term Loan.

The 2015 senior notes are unsecured and bear interest at 8.25%. Interest payments are due on a semiannual basis in February and August of each year until maturity. The indenture governing the 2015 senior notes contains provisions that limit Alliant's ability to incur additional indebtedness, which limit the payment of certain dividends and distributions to partners, and which limit the incurrence of asset sales, certain acquisitions, investments and other limitations. Alliant is in compliance with all debt covenants governing its 2015 senior notes.

On December 20, 2012, Alliant entered into a credit agreement providing for a term loan (the "2012 Senior Term Loan") of $705.0 million and issued senior notes totaling $450.0 million (collectively, the "Senior Credit Facility"). Concurrently, Alliant paid off the existing Senior Term Loan of $358.8 million and the incremental term loans of $201.2 million, as well as the existing senior notes totaling $265.0 million. Under the Senior Credit Facility, $100.0 million was available as a revolving line of credit that was due on December 20, 2017. The senior notes were due on December 20, 2020.

In December 2013, Alliant entered into an amendment to its Senior Credit Facility to refinance the 2012 Senior Term Loan in an aggregate principal amount of $699.7 million with a new term loan ("2013 Senior Term Loan") in the same principal amount. The 2013 Senior Term Loan was due on December 20, 2019.

In February 2015, Alliant entered into amendment to the 2013 Senior Term Loan providing for additional term loans totaling $360.0 million ("2015-1 New Term Loan") and $85.0 million ("2015-2 New Term Loan"). The proceeds of the 2015-1 New Term Loan were used to finance in part the consideration paid in connection with the acquisition of QBE, to pay fees and expenses related to the acquisition and the associated financing, and for certain other purposes.

Maturities of Alliant's long-term debt as of December 31, 2015, exclusive of any mandatory principal prepayments that may be required in years subsequent to 2016, are as follows (in thousands):

Years Ending December 31	
2017	$ 13,400
2018	13,400
2019	13,400
2020	13,400
2021	13,400
Thereafter	1,783,807
Long-term debt — net of current portion	$1,850,807

In 2013, Alliant entered into five forward interest rate swap agreements, each with a notional amount of $50.0 million (the "2013 Swaps") that Alliant has designated as cash flow hedges against future interest payments associated with a portion of the variable rate Senior Term Loan. In August 2015, the swaps were redesignated and associated with a portion of the variable rate 2015 Senior Term Loan. Under the terms of the 2013 Swaps, Alliant receives a three-month LIBOR rate and pays a fixed rate of approximately 1.25%. The 2013 Swaps have an effective date of December 20, 2016, and a maturity date of December 20, 2019. During the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, Alliant recognized $0.3 million, ($1.4) million, ($4.3) million and $3.9 million, respectively, in other comprehensive income (loss) representing the change in fair value of the 2013 Swaps, net of income tax expense (benefit) of $0.2 million, $0.9 million, ($2.7) million and $2.3 million, respectively. The fair value of the 2013 Swaps at December 31, 2015 and 2014 amounted to $5.0 million and $1.0 million and is included within other long-term liabilities in the accompanying consolidated balance sheets.

9. EQUITY

Alliant Holdings, L.P. has authorized the issuance of Class A and Class B units. Class A partners are entitled to elect the board of directors with each such partner having one vote for each Class A unit held by such partner. Pursuant to the Limited Partnership agreement, partners have agreed to delegate their authority to act on behalf of Alliant to Alliant's board of directors. Distributions, to the extent distributable, are made first to Class A units that are entitled to receive a preferred return equal to the original issuance price of $5.00 per unit. Distributions will then be made among all unitholders of Class A and Class B units, pro rata according to the number of units held by each partner.

Alliant Holdings I, L.P. had authorized the issuance of Class A, Class B, Class C, and Class D units. Class A partners were entitled to elect the board of directors with each such partner having one vote for each Class A unit held by such partner. Pursuant to the Limited Partnership agreement, partners had agreed to delegate their authority to act on behalf of Alliant to Alliant's board of directors. Distributions, to the extent distributable, were made first to Class A units that were entitled to receive a preferred return equal to the original issuance price of $5.00 per unit, and second to the Class C units until each Class C unit received an amount equal to $5.00 per unit, and third to the Class D units until the Class D return had been achieved. The Class D return represents a tracking interest related to certain employees, as calculated on the earlier of a liquidity event, or December 31, 2017. After the aforementioned Class A, Class C and Class D distributions had been satisfied, the remaining funds available were to be distributed pro rata among the Class A and Class B partners, according to the number of units held by each partner, until a value of $5.00 per unit was achieved, which for the Class A units was in addition to the first distribution. Lastly, distributions were to be made among all unitholders of Class A, Class B and Class C units, pro rata according to the number of units held by each partner.

There was $685.2 million, $9.3 million, $5.7 million, and $1.5 million in cash proceeds from sale of Class A units, during the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, respectively. During the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, Alliant repurchased Class A units in cash for the amount of approximately $969.1 million, $3.9 million, $9.9 million, and $0.4 million, respectively.

As part of its incentive compensation program, Alliant granted Class B units on an annual basis to certain employees. The units were typically granted subject to a five-year vesting term, with one-fifth vesting in each year of the five-year term.

Alliant issued $16.3 million in Class A units to certain employees during the period from January 1, 2015 to August 13, 2015, $7.1 million of which was recorded as member receivable. In August 2015, the member receivable was settled in connection with the Stone Point Merger Transaction.

For the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, Alliant recognized $9.8 million, $57.6 million, $9.0 million, and $3.2 million, respectively, of share-based compensation expense under ASC 718 related to the vesting of unvested units. A summary of the status of Alliant's unvested units as of December 31, 2015, 2014, and 2013, and changes during the years then ended, is presented below (units in thousands):

	Class A Units	Weighted-Average Grant-Date Fair Value Class A	Class B Units	Weighted-Average Grant-Date Fair Value Class B	Class C Units	Weighted-Average Grant-Date Fair Value Class C	Class D Units	Weighted-Average Grant-Date Fair Value Class D
Predecessor's Basis								
Unvested —								
January 1, 2013	427	$ 5.00	-	$ -	-	$ -	-	$ -
Granted	214	5.00	13,504	1.31	3,160	2.92	-	-
Vested	(543)	5.00	-	-	-	-	-	-
Forfeited	(24)	5.00	(71)	1.31	-	-	-	-
Unvested —								
December 31, 2013	74	5.00	13,433	1.31	3,160	2.92	-	-
Granted	2,874	7.40	5,033	1.96	-	-	1,000	-
Vested	(89)	5.43	-	-	-	-	-	-
Forfeited	(11)	5.00	(229)	1.58	-	-	-	-
Unvested —								
December 31, 2014	2,848	7.40	18,237	1.49	3,160	2.92	1,000	-
Granted	409	7.42	3,809	1.96	-	-	-	-
Vested	(2,798)	7.42	(16,187)	1.48	(3,160)	2.92	-	-
Forfeited	-	-	(40)	1.55	-	-	-	-
Unvested —								
August 13, 2015	459	$ 7.39	5,819	$ 1.75	-	$ -	1,000	$ -
Successor's Basis								
Unvested —								
August 14, 2015	-	$ -	-	$ -	-	$ -	-	$ -
Granted	23,488	5.00	18,586	0.77	-	-	-	-
Vested	(34)	5.00	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-	-	-
Unvested —								
December 31, 2015	23,454	$ 5.00	18,586	$ 0.77	-	$ -	-	$ -

For unvested Class A Units, as of December 31, 2015, 2014, and 2013, there was $113.5 million, $12.6 million, and $0.0 million, respectively, of total unrecognized compensation cost related to unvested share-based compensation arrangements granted. That cost is expected to be recognized over a weighted-average period of 3.5 years, 2.4 years, and 0.1 years, respectively.

During 2015, Class B Units were issued to employees which have a performance condition related to a change in control or consummation of an initial public offering (the "Event"). Because an Event is not deemed probable until it has occurred, compensation expense will not be recognized until it is probable that the employee will satisfy the requisite service periods. Upon the Event, all unvested portions of the time-based units vest immediately prior to the Event. Performance-based units may vest immediately prior to the Event subject to meeting certain performance conditions.

As of December 31, 2015, there was approximately $14.3 million of total unrecognized compensation cost related to Class B unvested unit-based compensation arrangements. That cost is expected to be recognized on the occurrence of an Event. All units subject to this performance are outstanding and unvested as of December 31, 2015. Alliant did not record any compensation expense in the year ended December 31, 2015 in connection with these units.

10. INCOME TAX

For the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, the provision (benefit) for income taxes consists of the following (in thousands):

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor's Basis Year Ended December 31, 2013
Current provision (benefit):				
Federal	$ (131)	$ 5,519	$ (617)	$ 1,699
State	804	1,434	2,512	2,541
Foreign	7	148	96	-
Total current provision	680	7,101	1,991	4,240
Deferred benefit:				
Federal	(48,310)	(4,770)	(38,373)	(38,058)
State	(8,128)	(210)	(1,423)	(7,904)
Total deferred benefit	(56,438)	(4,980)	(39,796)	(45,962)
Total income tax provision (benefit)	$ (55,758)	$ 2,121	$ (37,805)	$ (41,722)

Income taxes recorded by Alliant differ from the amounts computed by applying the statutory U.S. federal tax rate to income before income taxes. Significant reconciling items for the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013 are as follows (in thousands):

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor's Basis Year Ended December 31, 2013
U.S. federal income tax at statutory rate	$ (57,644)	$ (15,586)	$ (39,331)	$ (32,109)
State income taxes — net of federal benefit	(4,760)	795	708	(3,486)
Reversal of uncertain tax positions	-	-	(290)	-
Reversal of valuation allowance	-	-	(30)	-
Stock compensation	3,109	16,233	357	105
Meals and entertainment	278	358	528	371
Nontaxable income	1	2	77	44
Nondeductible transaction costs	568	431	-	-
Litigation expense	-	-	-	(7,613)
Other	2,690	(112)	176	966
Total income tax provision (benefit)	$ (55,758)	$ 2,121	$ (37,805)	$ (41,722)

The tax effects of the significant temporary differences giving rise to Alliant's net deferred tax liability as of December 31, 2015 and 2014, are as follows (in thousands):

	Successor's Basis 2015	Predecessor's Basis 2014
Deferred tax assets:		
Deferred revenue	$ 3,344	$ 3,104
Accrued compensation	7,401	8,328
Accrued professional fees	5,063	2,640
Cancellation reserve	2,161	1,796
Interest rate swaps	1,923	312
Net operating losses	13,610	8,003
Transaction costs	6,103	3,796
Other	4,830	4,120
Gross deferred tax assets	44,435	32,099
Valuation allowance	(7)	(5)
Deferred tax liabilities:		
Purchased intangible assets	(660,968)	(225,938)
Deductible goodwill	(2,664)	(12,863)
Installment sale	(2,376)	(3,443)
Earnout bonus	-	(4,195)
Other	(809)	(442)
Gross deferred tax liabilities	(666,817)	(246,881)
Net deferred tax liability	$(622,389)	$(214,787)

In assessing the realizability of deferred tax assets, Alliant considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Alliant is required to record a valuation allowance to reduce its net deferred tax asset to the amount that management believes is more likely than not to be realized. Annually, Alliant performs an assessment of its deferred tax assets and maintains a valuation allowance against a foreign loss.

For the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, a reconciliation of Alliant's total gross unrecognized tax benefits, excluding accrued interest, is as follows (in thousands):

	Successor's Basis Period from August 14, 2015 to December 31, 2015	Predecessor's Basis Period from January 1, 2015 to August 13, 2015	Predecessor's Basis Year Ended December 31, 2014	Predecessor Basis Year Ended December 3: 2013
Balance — beginning of period	$ -	$ -	$ 191	$ 191
Increase related to prior periods	172	-	-	-
Increase related to prior periods of acquired entities	4,966	-	-	-
Increase (decrease) relating to settlements with taxing authorities	-	-	(191)	-
Balance — end of period	$ 5,138	$ -	$ -	$ 191

Alliant's policy is to record interest and penalties as part of the income tax provision. At December 31, 2015, Alliant had no material interest or penalties recorded. Alliant does not expect any significant increases or decreases to its unrecognized tax benefits within the next 12 months. Alliant's tax returns are generally subject to examination by the U.S. federal and state taxing authorities beginning in year 2012 and 2011, respectively.

At December 31, 2015, Alliant had a Federal income tax net operating loss carryforward of $33.3 million which will expire beginning in 2035. As of December 31, 2015, Alliant had state income tax net operating loss carryforwards of $38.9 million that will expire beginning 2022. Alliant incurred a Section 382 ownership change on August 14, 2015; however, does not anticipate that this change will result in a limitation on the future utilization of these losses. It is possible that future utilization of the losses could be limited if another ownership change were to occur for purposes of Section 382.

11. LEASES

Alliant leases various facilities and equipment under noncancelable operating leases. These leases generally contain renewal and/or purchase options and escalation clauses.

Minimum aggregate rental commitments at December 31, 2015, under Alliant's noncancelable operating leases having an initial term of more than one year are as follows (in thousands):

Years Ending December 31	Amount
2016	$ 20,904
2017	20,624
2018	19,859
2019	16,409
2020	12,825
Thereafter	13,615
Total	$104,236

Total rental expense was $7.2 million, $11.0 million, $13.7 million, and $13.6 million for the period from August 14, 2015 to December 31, 2015, the period from January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, respectively.

12. EMPLOYEE BENEFITS

Alliant has a 401(k) plan (the "Plan"), which covers substantially all employees of Alliant. The Plan allows for matching contributions and discretionary profit-sharing contributions.

Alliant's contribution expense related to the Plan was $1.2 million, $3.2 million, $3.1 million, and $2.6 million for the period from August 14, 2015 to December 31, 2015, the period January 1, 2015 to August 13, 2015, and the years ended December 31, 2014 and 2013, respectively.

13. RELATED-PARTY TRANSACTIONS

In connection with theStone Point Merger Transaction, Alliant entered into a monitoring agreement with affiliates of Stone Point and KKR, whereby such entities will provide management services to Alliant. In 2015 and 2014, the monitoring fee was approximately $3.9 million and $3.7 million, respectively.

14. BUSINESS CONCENTRATIONS

A significant portion of Alliant's commissions and fees are received from insureds in the state of California. Accordingly, the occurrence of adverse insurance markets, economic conditions, or regulatory climate in California could have a material adverse effect on Alliant. However, Alliant believes, based on the nature of its business, diversified customer base and product lines within the states in which it operates, that there is minimal risk of a material adverse occurrence due to these concentrations.

15. CONTINGENCIES

Prior Disclosed Matter — On June 12, 2013, a confidential settlement agreement was reached, resolving previously disclosed litigation involving certain producers who were hired by Alliant in 2011. At December 31, 2012, Alliant had recorded a current liability of $13.0 million representing its estimate of future legal costs. Alliant recorded additional expenses of $17.5 million during the year ended December 31, 2013 related to this matter, in other operating expenses. Alliant does not expect any future expense related to this matter.

Other Transitioning Producer Litigation Matters — Alliant's operating subsidiaries are occasionally involved in routine litigation related to the transition of new producers to Alliant from their former employers that has arisen in the ordinary course of business. Specifically, the litigation involves the transfer of business from the prior brokerage firms. Although an estimate of the possible loss or range of loss cannot be made, the conclusions of such matters are not expected to have a material adverse effect on Alliant's consolidated financial statements.

General Litigation Matters — Alliant's operating subsidiaries are occasionally involved in routine insurance policy-related and employment practices litigation that has arisen in the ordinary course of business. The litigation is covered in whole or in part by insurance. Although an estimate of the possible loss or range of loss cannot be made, the conclusions of such matters are not expected to have a material adverse effect on Alliant's consolidated financial statements.

Self-Insurance — Beginning in March 2009, Alliant became self-insured for employee health, with stop-loss coverage for claims in excess of $250,000 per year for each beneficiary. At December 31, 2015 and 2014, Alliant has recorded a liability in accrued expenses and accounts payable of approximately $1.3 million and $1.3 million, respectively, representing estimated claims incurred, but not yet reported, under the employee health coverage plan.

16. SUBSEQUENT EVENTS

Alliant has evaluated subsequent events through April 29, 2016, the date the consolidated financial statements were issued.

In February and March 2016, Alliant entered into four interest rate cap agreements, each with a notional amount of $100.0 million ("the 2016 Caps") that Alliant has designated as cash flow hedges against future interest payments associated with a portion of the variable rate 2015 Senior Term Loan described in Note 8. Under the terms of the 2016 Caps, should three-month LIBOR exceed 3.50% on a rate reset date during the effective period of the caps, Alliant will receive an amount equal to the cap notional multiplied by the three-month LIBOR minus 3.50%, multiplied by the number of days in the period divided by 360. The 2016 Caps have 5 year a maturity.

On February 1, 2016, Alliant acquired the assets of John F. Throne & Co. Insurance Marketing, Inc. ("Throne"). Throne is engaged in the business of property and casualty and risk management services for the aviation industry. The aggregate consideration paid in connection with the transaction was approximately $49.4 million in cash and units, subject to adjustment for closing working capital and further post-closing adjustments, and potential future earn-out payments totaling a maximum of $12.0 million.

* * * * * *

APPENDIX

F. Litigation Report

Please refer to the following page(s).

Describe any administrative proceedings, claims, lawsuits, or other exposures pending against the Proposer.

Below is a disclosure of litigation and legal proceedings that are currently pending against Alliant Insurance Services, Inc.   Employment related matter have been excluded. There are no pending administrative proceedings.

Abbreviated Case Name	Case Number	Venue	Date Filed	Case Status	Litigation Status	Disposition
Tutor Perini Corporation vs. Alliant Insurance Services, AON Risk Insurance Services West, Inc., AIG Claims, Inc. et al.	BC624623	Superior Court of California, County of Los Angeles, Central District	6/21/2016	Pending	Pleading Stage	Pending
Abel Mendoza, Inc., v Applied Underwriters, Inc., Applied Underwriters Captive Risk Assurance Company, Inc., et al.	STK-CV-JMC-2016-381	Superior Court of California, County of San Joaquin	1/14/2016	Pending	Pleading Stage	Pending
Mark Sauer Construction, Inc. vs. Liberty Mutual Insurance Company, West American Insurance Company, Alliant Insurance Services, Inc.	RIC 1514370	Superior Court Of The State Of California, County Of Riverside, Unlimited Jurisdiction	12/8/2015	Pending	Pleading Stage	Pending
The City of Westminster vs Everest National Insurance Company, Zurich American Insurance Company, Am WINS Insurance Brokerage of California, LLC, and Alliant Insurance Services, Inc.	30-2015-00822401-CU-IC-CXC	Superior Court of California, County of Orange	11/24/2015	Pending	Pleading Stage	Pending
Dean Henderson vs Tribal First, Alliant Insurance Services, Inc.	2015-CV-CV-2490	In The Chippewa Cree Tribal Court Of Rocky Boy, Montana	11/20/2015	Pending	Pleading Stage	Pending
Columbus Farmers Market, LLC and Columbus Flea World, LLC vs. Bruce Chris, Inc. t/a R/G Electric, et al	BUR-L-2652-15	Superior Court of New Jersey, Burlington County, Law Division	11/17/2015	Pending	Pleading Stage	Pending
Urban Foundation/Engineering, LLC vs. T&H Brokers Inc.	Index No.: 653636/2015	Supreme Court of the State of New York, County of New	11/3/2015	Pending	Discovery	Pending
Produce International, LLC and P.I. Trucking, Inc. vs. Robert Underwood et al	BC587309	Superior Court of California, County of Los Angeles	7/8/2015	Pending	Pleading Stage	Pending

Costa Mesa RFP

Abbreviated Case Name	Case Number	Venue	Date Filed	Case Status	Litigation Status	Disposition
Paulson & Nace, PLLC vs. Alliant Insurance Services, Inc.	2015 CA 003701 B	Superior Court, District Of Columbia	5/20/2015	Pending	Discovery	Pending
Myria Carson vs. Brent Coleman	580,040 A	Caddo Parish District Court, Louisiana	10/3/2014	Pending	AIS Incorrectly Named	Pending
Ausonio, Inc et al vs Lee Contractors and Consultants, Inc	M129454	Superior Court of California. County of Monterey	10/1/2014	Pending	AIS Incorrectly Named	Pending
Bergnat Realty Associates L.P. vs. Alliant Insurance Services, Inc.	14-cv-05487-GBD	United States District Court, Southern District of New York	7/22/2014	Pending	Discovery	Pending
United States of America, for the Use of JSC Systems, Inc. flk/a Jacksonville Sound and Communications, Inc. d/b/a Charleston Systems and/or Savannah Systems vs. Alliant Insurance Services, Inc., et. al.	3:14-cv-553-J-32MCR	U.S. District Court Middle District, Florida	5/13/2014	Pending	AIS Incorrectly Named	Pending
Swan Lake Resort, LLC v Columbia Casualty et. al.	2013-2111	Supreme Court of the State of New York, County of	8/21/2013	Pending	Discovery	Pending
Cammeby's v. Affiliated FM et al	13-CV-2814 (JSR)	United States District Court, Southern District of New York	6/28/2013	Pending	Not in Litigation	Pending
Western Marine Insurance Services Corporation (third party plaintiff) v. Alliant Insurance Services, Inc., et. al.	2:10-CV-03172-KJM-JFM	US District Court for the Eastern District	2/17/2011	Pending	Litigation	Pending

APPENDIX

G. Cost Proposal

Please refer to the following page(s).

ATTACHMENT B

COST PROPOSAL
FOR
INSURANCE BROKER SERVICES

Provide hourly rates, along with estimated annual pricing in accordance with the City's current requirements, as set forth in section Scope of Work, Attachment A. Also provide your firm's proposed Staffing Plan on a separate sheet of paper. Proposer should use a separate form to state pricing for any added value.

Pricing shall remain firm for a minimum of two (2) years. Any and all requests for pricing adjustments for follow-on contract renewal periods shall be provided no later than sixty (60) days prior to the end of the contract period. Any such proposed price adjustments shall not exceed The Bureau of Labor Statistics Consumer Price Index (CPI) data for Los Angles-Riverside-Orange County, CA, All Items, Not Seasonally Adjusted, "annualized change comparing the original proposal month and the same month in the subsequent year. (This information may be found on the U.S. Department of Labor's website at www.bls.gov.)

Employee	Hourly Rate	Hours worked	Total Cost	Overtime rate
Rennetta Poncy	$ 125.00	130	$ 16,250.00	$ N/A
Courtney Ramirez	$ 120.00	120	$ 12,000.00	$ N/A
Michael Simmons	$ 135.00	30	$ 4,050.00	$ N/A
Gordon DesCombes	$ 135.00	30	$ 4,050.00	$ N/A
Jennifer Rodriguez	$ 60.00	115	$ 6,900.00	$ N/A
Mary McLaughlin	$ 40.00	25	$ 1,000.00	$ N/A
Robert Frey	$ 100.00	25	$ 2,500.00	$ N/A

Total Estimated Annual Price	$ 46,750.00

We have provided an anticipated breakdown of the costs associated with the work expected under the scope of services. However, Alliant does not track hours as a regular process.

The proposed fixed fee shall be effective for the first and second terms of the agreement. Subsequent years shall have a fixed price that includes a 2.5% inflation factor applied and impounded year over year.

Loss Control and Appraisal Services ***outside of those*** provided within our proprietary programs are available at additional discounted charges, based on the required service. Loss Control via Alliant Business Services is available at a rate starting at $150 per hour plus expenses. Appraisal services are available at rates beginning at $225 per building. Additionally, it will be Alliant's goal to seek and obtain additional loss control services from the various policy carriers as part of the standard quoting process.

We wish to emphasize our flexibility in working with the City in this area and are open to any alternatives that the City may prefer.

Special Events and Vendors/Contractors Programs are not included within the fee schedule as these premiums are paid by the vendor or event holder.

The proposed fee does not include Alliant Underwriting Services (AUS) who are paid directly from the carriers for providing underwriting services to the APIP, ANML, OEL, CAMP, CALIP and SLIP Programs, should the City choose to participate in any of these programs. It also does not include any fees for wholesalers or intermediaries, whose use is deemed necessary and beneficial in the placement of some of the City's insurance programs. As previously noted Alliant does not own any wholesaler or intermediary firm.

Alliant Underwriting Services (AUS):

Alliant Underwriting Services (AUS) is a separate division of Alliant that employs underwriters to work on a variety of specialty programs distributed by Alliant brokers to specific industry segments. This activity originated in property/casualty and workers' compensation programs for Tribal Nations, quickly followed by the APIP program for public agencies, and now AUS provides underwriting services for a wide variety of Alliant programs including restaurants, waste haulers, auto parts manufacturers, contractors, commercial real estate owners, and others. In all cases, the underwriters employed by AUS are just that – seasoned and experienced underwriters, some with over 30 years of underwriting experience for insurers.

The services provided for these programs, for example the APIP and ANML Liability Programs for the City, are paid by the carrier to Alliant because Alliant is performing the underwriting services that otherwise would be performed by the carrier themselves. In other words, the carrier has outsourced this function. In all of these cases, AUS underwriters have the necessary expertise and can provide the underwriting services on a product or program more efficiently than the carrier(s) itself, and therefore the carriers on these AUS underwritten programs choose to utilize AUS for that purpose.

It is important to note that efforts are not duplicated by this team. Your Alliant retail producers and service staff are responsible for the delivery of services outlined in the "scope of services" including but not limited to: the preparation of underwriting information, submission of insurance specifications to all agreed upon markets, negotiations with underwriters and analysis of the proposed policy forms. This is work that must be done to properly market and place the City's risks with any market or carrier, whether an Alliant program, or not.

Intermediary or wholesaler compensation may be included in a given placement depending on whether an intermediary was utilized, or not. We use intermediaries or wholesalers for a variety of placements where we believe they add value, and that value is typically easy to calculate when we and you analyze the various options for a given insurance placement. So, if the cost of involving a wholesaler is too high, then we and you will decide to place the business elsewhere.

It is also important to note that in some cases, one may be a required to use a wholesale broker to access numerous insurers. A long list of competitive carriers choose to only allow access via a wholesale broker, and therefore one must use the wholesaler in order to obtain terms from that carrier.

Alliant owns no intermediary or wholesaler and uses a variety of independent wholesale firms in order to obtain the best possible terms for each placement or program.

For most insurance placements, the "expense" involved in underwriting a policy is built in to the overall expenses of the insurer. These can therefore be difficult to specifically discern on a given placement. Generally, the entire expense component of an insurer is in the 25 – 30% range of the overall cost of the policy. This, of course, varies by coverage line and by carrier. This number also necessarily includes other costs of the insurer (i.e. claims staff, as an example), not just the underwriting costs.

Alliant Business Services (ABS) provides the Loss Control and Appraisal Services for the APIP program. The City can choose to opt out of (ABS) and handle the Loss Control and Appraisals separately. Keeping in mind the APIP underwriters require that all locations over $5 million be appraised once every five years.