



SCHOOL DISTRICT OF PALM BEACH COUNTY EXECUTIVE SUMMARY

ARTHUR J. GALLAGHER & COMPANY

Enclosed is a memo from Arthur J. Gallagher, a large insurance broker who we use and are recommending to continue to use to place our property and construction insurance programs.

A.J. Gallagher recently began an internal audit of all accounts in Florida and found three Gainesville area public entities where commissions and/ or fees exceeded the terms of their contracts. These overpayments went back over 10 years. Gallagher refunded these overpayments (\$1.3 million in one case) and the local press ran stories about it. It appears that the local area board and/or commissioners were not aware of the large overpayments and refunds.

In our case, we had one refund last week of \$450, which was a commission overpayment from 1999 on a vendors liability policy.



Arthur J. Gallagher Risk Management Services

Arthur J. Gallagher & Co. (Florida)

To Our Valued Clients:

We feel it is important to inform you of a situation involving three of our clients in Florida.

During an internal process review, we discovered an over billing discrepancy that did not follow the terms of the contracts involved. This discrepancy was limited to these three accounts, which were handled by the same Gallagher producer. As soon as we became aware of this situation, Gallagher alerted those clients about the discrepancy and returned the over billed amount. In addition, we reported this situation to the appropriate Florida authorities. We also took immediate action to remove the producer from these accounts and the employee has since been terminated.

The internal review process is ongoing, and should we find any other such situations, Gallagher will handle them swiftly.

Your relationship is very important to us, and we look forward to serving you for many years to come.

Sincerely,

David L. Marcus, ARM
Vice President
Southeast Region Manager