

The State Bar of California

# REQUEST FOR PROPOSAL



This document is a Request for Proposal (“RFP”) for Insurance Brokerage Services, revised March 14, 2007. Items revised since original post shown in red (revised 3/23/2007).

Please submit 3 copies of your proposal no later than 5 p.m. on **April 9, 2007** to:

The State Bar of California  
180 Howard Street  
San Francisco, CA 94105-1639

Attn: Kathleen Eichler  
Insurance Programs  
415-538-2213  
kathleen.eichler@calbar.ca.gov

## I. INTRODUCTION

The State Bar of California (“ the State Bar”), created in 1927 by the Legislature and adopted into the California Constitution in 1960, is a public corporation within the judicial branch of state government. The State Bar is a unified, or integrated bar, which means that membership is mandatory for all attorneys who are licensed to practice law in the state. In addition to its mandated licensing and disciplinary and certification functions, the State Bar offers a number of other programs designed to assist, educate and protect its members and the public. **The State Bar has four (4) business locations and materials in five (5) storage facilities within the state, all generally located within the greater Los Angeles, or Sacramento or San Francisco.** More information about the State Bar is available in an article entitled “The State Bar of California – What Does It Do, How Does It Work?” that is available on the State Bar’s Website: [http://calbar.ca.gov/state/calbar/calbar\\_home\\_generic](http://calbar.ca.gov/state/calbar/calbar_home_generic).

The State Bar is seeking proposals for an insurance broker to research the insurance marketplace for coverage in the following areas: Commercial Package (Property, General Liability; Directors & Officers (incl. Employment Practices)); Boiler and Machinery; Umbrella Liability; Fidelity Liability and Media Liability. The initial contract term desired is for a period of three (3) years, with an option to renew for an additional two (2) years.

In accordance with statute and the State Bar's procurement policies, contracts of \$50,000 or more are subject to formal competitive bidding. As a governmental agency, the State Bar regularly is granted favorable governmental pricing and contract terms.

Contact with State Bar personnel in connection with this RFP may not be made other than as specified in this RFP. Unauthorized contact of any State Bar personnel may be cause for rejection of a bid.

## **II. GENERAL INFORMATION**

The submission requirements for this RFP are set forth below. A proposal shall constitute an irrevocable offer for 60 business days following the deadline for its submission. Reference to a certain number of days in this RFP shall mean business days unless otherwise specified.

### **A. Submission Requirements**

To be considered responsive, a proposal must contain the following, referenced by number and in the order below:

1. State the name of the insurance agency or brokerage firm, address, telephone number and contact person for the proposal submission. List statewide offices. Identify the office from which the State Bar of California account would be serviced. Provide a brief description of the history and organization of the bidder's firm, and of any proposed subcontractor.
2. Describe your firm's internal organization and the manner in which services will be furnished the State Bar of California. Include and identify those services, which may not be available in the local office but are available from your firm and how you will access those services. Provide an example of the structure of servicing a current account similar to the State Bar of California.
3. Copies of business licenses, professional certifications or other credentials, together with evidence that bidder, if a corporation, is in good standing and qualified to conduct business in California.
4. The most recent year's annual reports, or comparable document, including detailed current profit and loss, assets and liabilities, and other relevant financial data.
5. Identify the account team structure your firm would use on the State Bar of California account. List the names of the proposed account service team and describe each member's service role. Include at least two qualified individuals from your firm having a minimum of five years

experience in public agency accounts who would be assigned to work directly with the State Bar of California account. List any designations (CPCU, CIC or ARM). Identify the staff person who will be the day-to-day contact for the State Bar of California. Attach resumes for the service team members describing their qualifications including credentials, experience, responsibilities, and specifically, work on similar engagements.

6. References with contact information from organizations that have used bidder's services for similar services within the last 12-18 months.
7. Describe the steps you would take in reviewing the State Bar's current insurance program and designing changes to the program. Include specific techniques and procedures your firm may use to assist in identifying current and anticipated new exposures to loss.
8. A detailed cost proposal, including any travel costs and other expenses. As the State Bar may award a contract based on the initial offer, a bidder should make its initial offer on the most favorable terms available. Include broker service compensation on the basis of (1) fee for service **or** (2) commission. If compensation is commission based, provide detailed commission structure in the proposal. **Also include the premium quotations for the coverages expiring May 15, 2007.** The State Bar reserves the right, however, to have discussions with those bidders falling within a competitive range, and to request revised pricing offers from them and to make an award or conduct negotiations thereafter.
9. A written acknowledgement of the acceptance of the Contracting Requirements set forth in section IV of this RFP. Specific terms may be reserved for future negotiation, but must be clearly identified and reasons given for the reservation.

Proposals which fail to address each of the submission requirements above may be deemed non-responsive and will not be further considered.

## **B. Rejection of Proposals**

**The State Bar reserves the right in its sole discretion to reject any or all proposals in whole or in part, without incurring any cost or liability whatsoever.** All proposals will be reviewed for completeness of the submission requirements. If a proposal fails to meet a material requirement of the RFP, or if it is incomplete or contains irregularities, the proposal may be rejected. A deviation is material to the extent that a proposal is not in substantial accord with RFP requirements.

Immaterial deviations may cause a bid to be rejected. The State Bar may or may not waive an immaterial deviation or defect in a proposal. The State Bar's waiver of an

immaterial deviation or defect shall in no way modify the RFP or excuse a bidder from full compliance with the RFP requirements.

Any proposal may be rejected where it is determined to be not really competitive, or where the cost is not reasonable.

Proposals that contain false or misleading statements may be rejected if in the State Bar's opinion the information was intended to mislead the State Bar regarding a requirement of the RFP.

### **C. Evaluation Process and Highest Scored Bidder**

An evaluation team will review in detail all proposals that are received to determine the Highest Scored Bidder (“HSB”).

The State Bar reserves the right to determine the suitability of proposals on the basis of a proposal's meeting administrative requirements, technical requirements, the review team's assessment of the quality and performance of the equipment and services proposed, and cost.

During the evaluation process, the State Bar may require a bidder's representative to answer questions with regard to the proposal and/or require certain bidders to make a formal presentation to the evaluation team and/or the State Bar Senior Executive Team. The State Bar may also have discussions with those bidders falling within a competitive range, and request revised pricing offers from such bidders and make an award and/or conduct negotiations thereafter.

**The following criteria will be used in reviewing and comparing the proposals and in determining the HSB. The weight to be assigned to each criterion appears following each item.**

1. Responsiveness of the proposal to the submission requirements set forth in the RFP (10%).
2. Agreement with the State Bar's contracting requirements (10%).
3. The technical ability, capacity, and flexibility of the bidder to perform the contract in a timely manner and on budget, as verified by, e.g., the quality of any demonstration, client references, demonstrated success in projects with similar requirements and any other contracts with the State Bar (30%).
4. The financial viability of the bidder as evidenced by standard financial reports (10%).

5. The total cost of the proposal solution. **For broker comparison purposes, cost will be calculated to include both the separate broker fees, if applicable, and the cost of the policy premiums as indicated on page 9 (40%).**

If a large number of proposals are received, the State Bar reserves the right to review the proposals using a tiered evaluation system. All proposals will be evaluated based on the Submission Requirements and Cost, with the top candidates advancing as a finalist and receiving a full evaluation as outlined above.

#### **D. Award and Execution of Contract**

Subject to the State Bar's right to reject any or all proposals, the HSB will be awarded the contract. Notice will be posted at the State Bar's offices at 180 Howard Street, San Francisco, CA and written notice sent to bidders on or about **April 25, 2007** of the Bar's intention to award the contract to the HSB. It is anticipated that final selection of the HSB will be made by **May 2, 2007**. The evaluation team will select a winning proposal subject to approvals granted by the Board of Governors. Upon selection, the State Bar and the selected Broker will enter into good faith negotiations on a contract containing, without limitation, the Statement of Work and Contracting Requirements sections below.

No contract or agreement, express or implied, shall exist or be binding on the State Bar before the execution of a written contract by both parties. If agreement on the terms of such a contract cannot be reached after a period deemed reasonable by the State Bar in its sole discretion, the State Bar may enter into negotiations and sign a contract with any other bidder who submitted timely, responsive and responsible proposals to this RFP.

If, after the State Bar and the HSB agree to terms and execute a contract, that contract is terminated for any reason, the State Bar may, in its sole discretion, either enter into negotiations with the next highest scored bidder, or issue a new RFP and begin the proposal process anew.

Questions regarding the State Bar's award of any business on the basis of proposals submitted in response to the RFP, or on any other matter in connection with the selection process, should be addressed in writing to Andrew Conover, Finance Manager, at [andrew.conover@calbar.ca.gov](mailto:andrew.conover@calbar.ca.gov).

Where written notice is required in this RFP, the notice must be sent by U.S. mail and either facsimile or e-mail.

#### **E. Errors in the RFP**

If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the bidder should immediately provide the State Bar with written notice of the problem and request that the RFP be clarified or modified. Without disclosing the source of the request, the State Bar may modify the document prior to the date fixed for

submission of proposals by issuing an addendum to all potential bidders to whom the RFP was sent.

If prior to the date fixed for submissions, a bidder knows of or should have known of an error in the RFP but fails to notify the State Bar of the error, the bidder shall bid at its own risk, and if, awarded the contract, shall not be entitled to additional compensation or time by reason of the error or its later correction.

#### **F. Questions Regarding the RFP**

Questions regarding the RFP may be addressed in writing to Kathleen Eichler at [kathleen.eichler@calbar.ca.gov](mailto:kathleen.eichler@calbar.ca.gov). All questions must be submitted no later than 5 days prior to the date for submission of proposals. Questions and answers regarding the RFP may be shared with all bidders known to be interested in submitting a proposal.

If a question relates to a proprietary aspect of its proposal and the question would expose proprietary information if disclosed to competitors, the bidder may submit the question in writing, conspicuously marking it as "CONFIDENTIAL." With the question, the bidder must submit a statement explaining why the question is sensitive. If the State Bar concurs that the disclosure of the question or answer would expose proprietary information, the question will be answered, and both the question and answer will be kept in confidence. If the State Bar does not concur regarding the proprietary nature of the question, the question will not be answered in this manner and the bidder will be notified.

A bidder who believes that one or more of the RFP's requirements is onerous or unfair, or unnecessarily precludes less costly or alternative solutions, may submit a written request that the RFP be changed. The request must set forth the recommended change and reason for proposing the change. The State Bar must receive any such request no later than 5 days before the deadline for submitting proposals.

#### **G. Addenda**

The State Bar may modify the RFP prior to the date fixed for submission by posting, mailing, emailing or faxing an addendum to the bidders known to be interested in submitting a proposal. If any bidder determines that an addendum unnecessarily restricts its ability to bid, it must notify the State Bar in writing no later than 5 days before the deadline for submitting proposals.

#### **H. Withdrawal and Resubmission/Modification of Proposals**

A proposal may be withdrawn at any time prior to the deadline for submitting proposals by notifying the State Bar in writing of its withdrawal. The notice must be signed by the bidder. The bidder may thereafter submit a new or modified proposal, provided that it is received at the State Bar no later than the deadline.

Modification offered in any other manner, oral or written, will not be considered. Proposals cannot be changed after the evaluation process begins.

**I. Protest Procedure**

A bidder may protest the award if it meets all the following conditions:

1. The bidder has submitted a proposal that it believes is or should have been the HSB, under the criteria set forth above;
2. The bidder believes that its proposal meets the State Bar's administrative and technical requirements, proposes services of proven quality and performance, and offers a competitive cost to the State Bar; and
3. The bidder believes that the State Bar has incorrectly selected another bidder.

A bidder qualified to protest should contact Andrew Conover, Finance Manager, (415) 538-2207, to attempt an informal resolution. If this contact is unable to resolve the protest to the bidder's satisfaction, the bidder must file a written protest within 5 days of the notice of intention to award the contract. The written protest must state the facts surrounding the issue and the reasons the bidder believes the award to be invalid. The protest must be sent by certified or registered mail or delivered personally to:

**The State Bar of California  
180 Howard Street  
San Francisco, CA 94105-1639**

**Attention: Peggy Van Horn, Chief Financial Officer**

Protests will be reviewed and decided by the State Bar's Award Protest Team within 30 days after the State Bar issues written acknowledgment of the protest. In the event that a protest is filed, the contract award will be postponed pending resolution of the protest.

**J. News Releases**

News releases pertaining to the award of a contract may not be made without the prior written approval of the State Bar.

**K. Disposition of Materials**

All materials submitted in response to an RFP will become the property of the State Bar of California and will be returned only at the State Bar's option and at the expense of the bidder. One copy of each proposal will be retained for official files and become a public record. Specific limited pages of a proposal, not including proposed cost and compensation, may be marked as proprietary and confidential. The bidder's consent will

be requested before release of such pages to non-State Bar personnel. By submitting a proposal, a bidder agrees to these terms and waives any right to pursue a cause of action for damages incurred as a result of the release of any information contained in a proposal.

### III. STATEMENT OF WORK

The State Bar of California is requesting insurance consulting and brokerage services to assist in the acquisition of property and casualty insurance coverage. (See, Attachment A, Schedule of Locations.) Brokerage and consulting services must be provided for annual policy renewals and on an as needed basis. The selected broker must provide a thorough renewal presentation each year with policy recommendations to include an analysis of available alternatives in consideration of The State Bar of California’s exposures. Brokerage services must also include market research, policy endorsements, certificates of insurance, and coverage consultation on State Bar of California claims.

Broker would also advise on a continuing basis and in a timely manner of any and all significant matters and developments regarding the process of carrier service issues.

A general summary of insurance coverage for 2006 –2007 follows:

Coverage	Deductible/SIR	Carrier	Limit
Commercial Crime	\$30,000	Fidelity & Deposit	\$3,000,000
Difference in Conditions (DIC) (incl. Earthquake)	5%	Crum & Forster	\$2,500,000
1st Excess Layer		Mt.Hawley/Aspen	\$5,000,000
2nd Excess Layer		Pacific Insurance Co.	\$2,500,000
3rd Excess Layer		Essex Insurance Co.	\$5,000,000
4th Excess Layer		Traders & Pacific	\$5,000,000
5th Excess Layer		RSUI	\$5,000,000
Boiler and Machinery	\$1,000	St. Paul Travelers	\$25,000,000
Commercial Package Policy		Zurich American	varies
Property	\$5,000		
General Liability			\$2,000,000
Commercial Umbrella Liability		American Guarantee & Liability Ins. Co.	\$15,000,000
Fidelity Liability	\$5,000	St. Paul Travelers	\$3,000,000
Directors & Officers	\$50,000	National Union/AIG	\$7,500,000
Inc Employment Practices	\$75,000		
Media Liability	\$10,000	National Casualty Co.	\$5,000,000
Workers Compensation		AIG	

The State Bar has decided to solicit market quotations from each participating brokerage firm for the following coverages expiring May 15, 2007:



1. Boiler and Machinery
2. Commercial Package - Property and General Liability
3. Difference in Conditions (for a limit of \$10 million only)
4. Commercial Umbrella Liability

After contract award, the successful broker will be required to place an additional \$15 million of earthquake insurance excess of the quoted limit of \$10 million.

All brokers will be provided with uniform marketing specifications by March 23, 2007 with their market assignments. Please include firm premium quotes for the coverages listed above with your final submissions due by 5:00pm, April 9, 2007.

#### **IV. CONTRACTING REQUIREMENTS**

Upon selection of a Broker, the terms set forth in this RFP are to be embodied in a definitive agreement containing such additional covenants and other provisions as may be mutually acceptable.

The State Bar contemplates that, in addition to the terms described above in this RFP, final agreement between the State Bar and the selected Broker will include, without limitation, the following terms. Submission of a proposal shall constitute agreement to contract on these terms, except for any term specifically reserved in the proposal for future negotiation.

##### **A. Time of Essence**

Time is of the essence with respect to Broker's performance of the services and equipment to be provided in the final agreement.

##### **B. Warranties and Representations**

Broker will warrant and represent that it possesses such expertise, experience and resources to perform the scope of services required in a diligent, timely and professional manner consistent with the standards of the industry. Broker will supply at all times an adequate number of well-qualified personnel to perform the work. Broker will provide a contact person available and authorized to remedy any non-conformity with this warranty.

##### **C. Equipment, Tools, Supplies**

The Broker will supply all equipment, tools, supplies, offices, personnel, instrumentalities, transportation, support services and insurance required. The Broker is not required to purchase, rent or hire any equipment, tools, supplies, offices, transportation, personnel, insurance or instrumentalities from the State Bar. The State

Bar has no obligation whatsoever to provide any equipment, tools, supplies, offices, personnel, instrumentalities, transportation, support services or insurance required to perform services under this agreement.

**D. Indemnity Obligations of Broker**

To the fullest extent permitted by law, the Broker will agree to protect, indemnify, defend and hold the State Bar and the State Bar's Board of Governors, officers, employees, agents and representatives and each of their successors and assigns (the "Indemnities") entirely harmless from and against any and all claims, actions, demands, proceedings, liabilities, damages, judgments, fines, penalties, settlements, costs and charges, including, without limitation, attorneys' fees and expenses, arising directly or indirectly from or in connection with (a) any breach of the Agreement, (b) any actual or alleged negligent act, negligent error or omission, intentional misconduct of, or violation of any law by Broker, the Broker's employees, subcontractors, agents, representatives or assigns (collectively, the "Broker's Agents") in the performance or non-performance of the professional services required to be performed by the Broker under the Agreement; or (c) the State Bar's enforcement of its rights under this indemnity provision. The Broker will agree that its obligations under this indemnity will survive the expiration and termination of this agreement.

In the event both the State Bar and Broker are named as defendants in the same civil action, and the State Bar determines that a conflict of interest exists between the parties, Broker will agree to provide, at its own cost, independent counsel for the State Bar. The State Bar may, at its option, designate its Office of General Counsel as equal participating counsel in any litigation wherein the Broker defends the State Bar.

**E. Insurance Obligations of Broker**

The Broker will provide and keep in full force and effect during the term of this agreement, at the Broker's own cost and expense, the following insurance policies for the joint benefit of the Broker and the State Bar, with an insurer reasonably acceptable to the State Bar:

1. Commercial general liability insurance with a general aggregate limit (other than products/completed operations) of at least Two Million Dollars (\$2,000,000.00); at least One Million Dollars (\$1,000,000.00) personal and advertising injury limit; at least One Million Dollars (\$1,000,000.00) premises and operations limit; at least One Million Dollars (\$1,000,000.00) each occurrence limit;
2. Workers' compensation coverage as required by law, together with employer liability coverage with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence.

3. Comprehensive automobile liability insurance covering owned, leased, hired and non-owned vehicles with at least One Million Dollars (\$1,000,000.00) combined single limit.
4. Professional liability insurance with a general aggregate limit of Two Million Dollars (\$2,000,000.00) and an occurrence limit of two Million Dollars (\$2,000,000.00).

The Broker will deliver to the State Bar offices at 180 Howard Street, San Francisco, CA 94105 – Attn: Andrew Conover, Finance Manager, true and correct copies of its insurance policies required above, and certificates of such insurance within seven (7) days of the execution of this agreement. Each such policy will name the State Bar as an additional insured and will state that the Broker's policy shall be primary and that any insurance carried by the State Bar shall be noncontributing with respect thereto. Each such policy will provide for thirty (30) days prior written notice to the State Bar in the event of cancellation or reduction in coverage or amount. If the Broker fails to secure and maintain insurance policies complying with the provisions of this agreement, the State Bar may purchase the appropriate insurance policies and the Broker will pay upon demand the cost of it to the State Bar or the State Bar may terminate this agreement. In addition to the insurance required to be obtained and maintained by the Broker, if the Broker assigns any portion of the duties under this agreement in accordance with the terms, hereof, each subcontractor or assignee will purchase and maintain the same insurance coverage required hereunder.

The Broker will immediately notify the State Bar if the Broker's commercial general liability insurance contains restrictive endorsements other than those restrictive endorsements normally included in the State of California. If the Broker's commercial general liability insurance contains such restrictive endorsements, the Broker will have five (5) business days to remove said restrictions. If the Broker is unable to do so, the State Bar may terminate this agreement, and will be required to give the Broker no more than two (2) days' notice of such termination, anything in this agreement to the contrary notwithstanding.

#### **F. Termination**

1. **At Will.** The agreement will be terminated by the State Bar, in its sole and complete discretion, upon thirty (30) days written notice to Broker. In the event of termination pursuant to this section, the Broker's sole compensation will be for that portion of services performed or goods delivered up to the date of termination, together with reimbursable expenses, if any then due. Broker will not be paid for any services, goods or reimbursable expenses associated with any work or service not specifically authorized by the State Bar.
2. **Authorization of Funds.** It is understood that if the term of this agreement extends into fiscal year(s) subsequent to that in which it is

signed, its continuation is contingent upon the California State Legislature authorizing State Bar funding at not less than the current level. If the State Bar funding level is reduced and sufficient funds are not so authorized, the parties mutually agree that the contract may be terminated or amended as appropriate in response to the reduction in funding. If the agreement is terminated, Contractor agrees to take back any affected equipment, products, software, or hardware furnished under this contract, or terminate any services, and relieve the State Bar of any further obligation, except for the State Bar's obligation to pay for services already performed pursuant to this agreement.

3. **Default by Broker.** This agreement may be terminated by the State Bar upon thirty (30) days written notice to the Broker in the event the Broker is in default under any of its provisions. In the event this agreement is terminated due to the default by the Broker, the Broker will not be entitled to receive any compensation for services performed or for any reimbursable expenses incurred, and the State Bar will have the right to have the services completed by other parties and the Broker will reimburse the State Bar for the actual costs to complete the services in excess of the balance of the fee and reimbursable expenses, if any, provided for in this agreement. Any such act by the State Bar will not be deemed a waiver of any other right or remedy of the State Bar, including, without limitation, the State Bar's right to consequential damages caused directly or indirectly by the Broker's default.
4. **Automatic Termination.** This agreement will automatically terminate on the occurrence of any of the following events: (a) bankruptcy or insolvency of either party; (b) sale of the business of either party; (c) failure to comply with federal, state or local laws, regulations or requirements, or (d) expiration of the agreement.

#### **G. Confidentiality and Publicity**

Broker will retain all confidential information provided by the State Bar in the strictest confidence and will neither use it nor disclose it to anyone other than employees requiring the information to perform services under this agreement without the prior written consent of the State Bar. The State Bar retains the right to enjoin any unauthorized disclosure in an appropriate court of law. Broker will not issue any public announcements concerning the State Bar without the prior written consent of the State Bar.

#### **H. Compliance with Laws**

Broker agrees to comply with all applicable federal, state, and local laws and regulations, including but not limited to the provisions of the Fair Employment and Housing Act (Govt. Code, § 12900 et seq.) and any applicable regulations promulgated there under

(Cal. Code of Regs., tit. 2, § 72850.0 et seq.). Broker agrees to include the non-discrimination and compliance provisions of this clause in any and all subcontracts to perform work under the agreement.

**I. Assignment/Subcontracting**

1. Assignment. Broker will not assign or transfer its interest, in whole or in part, under this agreement, without the written consent of the State Bar, which consent may be granted or withheld in the sole and absolute discretion of the State Bar.
2. Subcontracting. Broker may subcontract with other qualified firms or individuals as required to complete all, or a portion of, the delivery of equipment and services, with the prior written approval of the State Bar.

Broker will clearly describe the reason for using any subcontractors, the specific role each subcontractor will play in the project, and the relationship between the Broker and its subcontractor to be maintained during the term of this agreement. No subcontract will be approved unless the Broker provides a written guarantee that the Broker's firm will be contractually obligated to assume all project responsibilities and the insurance requirements set forth above.

**J. Conflict of Interest**

Broker understands and acknowledges that the State Bar is a public corporation subject to government mandated conflict of interest provisions. These provisions concern, among other things, accepting gifts or gratuities from potential contracting entities and contracting with entities owned or controlled by the State Bar, certain persons associated with the State Bar, or its employees. With this understanding, Broker agrees not to take any action which creates a situation which would or which could appear to result in violation of the conflict of interest code provisions by any State Bar employee.

**K. Independent Contractor Status**

It is the express intention of both parties that Broker be an independent contractor and not an employee, agent, joint venturer or partner of the State Bar. Noting in the Agreement will be interpreted or construed as creating or establishing the relationship of employer and employee between the State Bar and Broker or any employee, subcontractor or agent of Broker.

**L. General Provisions**

1. **Force Majeure.** Neither party will be deemed in default of this agreement or any provision hereunder to the extent that any delay or failure in the performance of the obligations of such party (other than the payment of money) results from any significant and material causes

beyond its reasonable control and without fault or negligence by such party. Examples of such causes include, but are not limited to, (1) acts of God or public enemy, (2) acts of the government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) embargoes, (9) earthquakes, and (10) unusually severe weather.

2. **Governing Law.** The laws of the State of California will govern the Agreement, without giving effect to its principles of conflict of laws.
3. **Attorneys' Fees.** In the event either party institutes any action or proceeding against the other party relating to this agreement, the unsuccessful party in such action or proceeding will reimburse the successful party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees as fixed by the court. In addition to the foregoing award of attorneys' fees to the successful party, the successful party in any lawsuit shall be entitled to collect or enforce the judgment. This provision is separate and several and shall survive the merger of the agreement into any judgment.
4. **Audit.** Broker agrees that the State Bar or its designee shall have the right to review and copy any financial records and supporting documentation pertaining to the performance of this Agreement. Broker agrees to maintain such financial records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Broker agrees to allow the State Bar or its designee access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Broker agrees to include a similar right of the State Bar or its designee to audit records and interview staff in any subcontract related to performance of this Agreement.
5. **License.** In those instances where required, the Broker represents and warrants that the Broker holds a license, permit or special license to perform the services pursuant to this agreement, as required by law, or employs or works under the general supervision of the holder of such license, permit or special license and shall keep and maintain all such licenses, permits or special licenses in good standing and in full force and effect at all times while the Broker is performing the services pursuant to the agreement.

The State Bar of California  
**SCHEDULE OF LOCATIONS**  
 May 15, 2005 -- May 15, 2006

Location #	Location	Buildings	Contents	EDP Equip & Media	Extra Expense	Rental Income	Valuable Papers	Occupancy	Construction	Square Footage
1	1149 South Hill Street Floors 4 - 10 Los Angeles, CA 90015	\$0	\$3,221,000	\$3,343,835	\$3,300,000	\$0	\$925,000	Leased Office Space	32 Story Office Building, Built in 1977, fully sprinkled	167,300
2	180 Howard Street San Francisco, CA 94105	\$39,940,000	\$7,500,000	\$4,243,235	\$6,330,450	\$1,080,000	\$1,215,000	Owned Office Building	13 Story Office Building, Built in 1979, 2/3 owner occupied, 1/3 leased, steel frame building sits on pier pilings driven into bedrock, fully sprinkled. The building has been completely retrofitted for quake and is completely up to code.	206,000
3	Iron Mountain 546 Eccles Street S. San Francisco, CA 94080	\$0	\$0	\$0	\$0	\$0	\$135,000	Records Storage		
4	Recall 1400 B-Factor Avenue San Leandro, CA 94577	\$0	\$0	\$0	\$0	\$0	\$390,000	Records Storage		
5	File Keepers 6277 E. Slauson Avenue City of Industry, CA	\$0	\$0	\$0	\$0	\$0	\$200,000	Records Storage		
6	File Keepers 6289 E. Slauson Avenue City of Industry, CA	\$0	\$0	\$0	\$0	\$0	\$200,000	Records Storage		
7	File Keepers 2310 East 7th. Street Los Angeles, CA 90017	\$0	\$0	\$0	\$0	\$0	\$200,000	Records Storage		
8	1010 Hurley Way #10 Sacramento, CA 95825	\$0	\$20,000	\$0	\$0	\$0	\$0	Leased Office Space		1,200
9	1201 K. Street #800 Sacramento, CA	\$0	\$20,000	\$0	\$0	\$0	\$0			1,200
	<b>Blanket Limits</b>	<b>\$39,940,000</b>	<b>\$10,741,000</b>	<b>\$7,587,070</b>	<b>\$9,630,450</b>	<b>\$1,080,000</b>	<b>\$3,265,000</b>	<b>\$72,243,520</b>		