

Employer-Union Health Benefits Trust Fund

Response to a Request for Proposal
February 22, 2002

Submitted by:

MARSH

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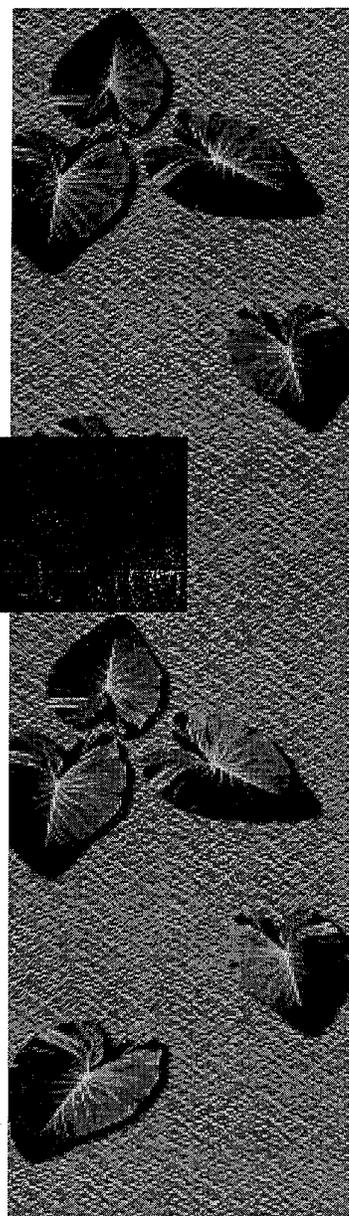


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Executive Summary

Marsh is pleased to respond to the Request for Insurance Proposal for the Hawaii Employers-Union Benefits Trust Fund (EUTF). Marsh is positioned and prepared to assume responsibilities to deliver risk management services to the EUTF. No other firm in our industry surpasses our commitment to the Public Entity sector...locally or globally. We believe that Marsh will offer full service consulting services to assist the EUTF in implementing a strong and efficient risk management.

With limited resources, the EUTF's Trustees has neither the time nor staffing and must partner with a consultant that can offer comprehensive brokerage risk management advice.

Our commitment to quality is a key differentiator of Marsh as a superior advisor and supplier of services. Although we have stringent peer reviews and procedures to ensure accurate work, our commitment to quality goes beyond this process...quality is a way of doing business, not just a series of meetings or checklists. We recognize the importance of quick responses and are proactive in anticipating your needs and providing long term strategies.

Marsh Hawaii is
committed to
meeting and
exceeding the
EUTF's
expectations.

Marsh will combine the largest experience in Public Entity placements and other large Hawaii businesses to respond to the EUTF with professionalism that is efficient, on target, and with the requested results.

Mason Williams,
Managing Director

MARSH
An **AAC** Company

Description of Marsh, Inc.

Marsh Inc. is an operating unit of Marsh & McLennan Companies, Inc. (MMC). MMC is a global professional-services firm with annual revenues exceeding \$10 billion and 57,000 employees. In addition to Marsh, MMC is the parent company of Putnam Investments, one of the largest investment-management companies in the United States; Mercer Consulting Group, a major global provider of consulting services; MMC Capital, a global private-equity firm; and MMC Enterprise Risk, which implements value-based enterprise risk solutions that reduce the volatility in operating performance and the cost of equity to client companies by resolving strategic, financial, operating and hazard risks.

Marsh Inc. is the world's leading risk and insurance firm. Our mission is "To create and deliver risk solutions and services that make our clients more successful." Since our formation in 1871, we have grown into an enterprise with 35,000 colleagues serving clients in more than 100 countries from more than 400 owned-and-operated offices—the most in our industry.

Marsh handles a wide-ranging portfolio of public sector business, positioning us to offer extensive knowledge and expertise. Organized in 1988 to support our strong commitment to serving the needs of our public sector clients, the Marsh Public Entity Practice is a specialized, industry-oriented resource group that currently represents more than 3,600 global public entities.

A network of insurance and risk management professionals specializes in government business throughout the firm. This network has access to one of the most comprehensive sources of technical information available in the industry today. In addition, we can obtain risk management data indicating what other public entities are doing to meet the demands for more effective insurance and risk management programs.

Marsh is the insurance brokerage / risk management consultant for numerous governmental entities. This represents a total premium volume in excess of \$520,000,000. The insurance programs for these entities include coverages for workers' compensation, general liability, automobile liability, property, boiler and machinery, law enforcement liability, public officials liability, school leaders liability, and special coverages specific to municipalities. Coverages are placed for primary, umbrella or excess, and / or multi-line combined aggregate programs.

Marsh Hawaii's office represents more public sector clients than any other broker in Hawaii. Our public sector clients include the State of Hawaii, the City and County of Honolulu, the County of Maui, the County of Hawaii, the County of Kauai, the Board of Water Supply, Oahu Transit Services, the Office of Hawaiian Affairs, and Hawaii Health Systems Corporation.

Having access to the depth of resources available through MMC can be a true competitive advantage for the Hawaii Employer-Union Benefits Trust Fund trying to capitalize on every opportunity.

Marsh, Inc.
is the world's
leading risk
and insurance
firm.

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Investment Management

- **Putnam Investments, Inc.**, one of the oldest and largest money management Organizations in the United States, offers a full range of equity and fixed-income Products, invested domestically and globally, for individual and institutional Investors.

Consulting

- **Mercer Consulting Group, Inc.** is one of the largest consulting firms in the world and includes:
 - **William M. Mercer Companies LLC** – a market leader in human resource, employee benefit and compensation consulting.
 - **Mercer Management Consulting, Inc.** – helps enterprises achieve sustained shareholder value growth through the development and implementation of Innovative business designs.
 - **National Economic Research Associates, Inc. – (NERA)**, specializes in Solutions to problems involving competition, regulation, finance, and public policy.
 - **Lippincott & Margulies** – provides corporate identity, design, and branding Expertise.

Marsh, Inc.'s
Hawaii office
represents more
public sector
clients than any
other broker in
Hawaii.

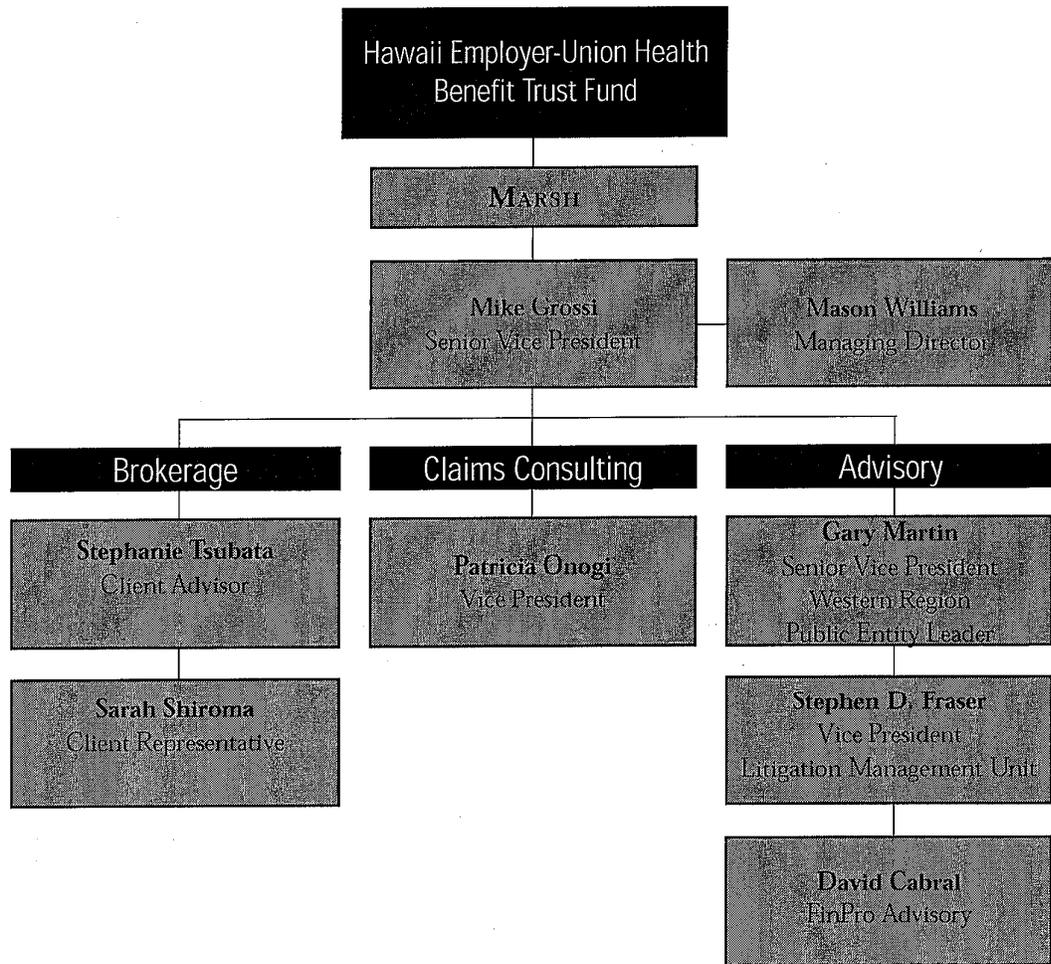
Marsh & McLennan Capital

- Marsh & McLennan Capital, Inc. (MMCI) is a global private equity firm with approximately \$2.5 billion of equity capital under management.

MMC Enterprise Risk

- MMC Enterprise Risk serves as the focus for the company's growing activities in the field of enterprise risk management, offering solutions that are more comprehensive than traditional approaches. Whereas business risks have traditionally been divided into broad categories-such as hazard, financial, operational and strategic risks-and managed separately, enterprise risk management studies the combined effect of risk on our clients' companies.

Account Service Team Chart



Marsh, Inc's Hawaii Public Sector Clients

Public Sector Clients

State of Hawaii
Julie Ugalde, Risk Management Officer
Phone no.: 586-0550
Excess Liability, Crime, and Property coverage
Broker since 2000
Estimated Premium: \$3,900,000

City and County of Honolulu
Beverly Braun, Risk Manager
Phone no.: 527-5618
Excess Liability
Broker since 1990
Estimated Premium: \$495,000

County of Kauai
Gerald Estenzo, Risk Management Coordinator
Phone no.: (808)241-6250
Excess Liability, Crime, Excess Workers' Compensation, Non-Owned Aviation,
and Property
Broker since 2001
Estimated Premium: \$1,200,000

Board of Water Supply
Alex Leong, Assistant Chief
Phone no.: 527-5261
Property, Crime, Public Entity Liability, Excess Workers' Compensation, Employment
Practices Liability, Pollution coverages
Broker since 1996
Estimated Premium: \$780,000

Oahu Transit Services
J. Roger Morton, Sr. Vice President
Director of Operations
Phone no.: 848-4508
Employment Practices Liability, Directors & Officers Liability, Fiduciary Liability,
Crime, Excess General & Auto Liability, and Excess Workers' Compensation
Broker since 1992
Estimated Premium: \$1,500,000

County of Maui
Suzanne Doolan, Risk Manager
Phone No. (808) 270-7897
Excess Liability
Broker since 1992
Estimated Premium: \$430,000

County of Hawaii
Bill Gray, Purchasing Officer
Phone No: (808) 961-8440
Water Safety Officers Liability, Auto Liability
Broker since 1995
Estimated Premium: \$175,000

Office of Hawaiian Affairs
Ronald Mun, Assistant Administrator
Phone No: (808) 594-1892
Public Officials Liability, Bankers Professional Liability
Broker since 1998
Estimated Premium: \$113,000

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

PUBLIC OFFICIALS LIABILITY

Carrier:	Interstate Fire & Casualty	National Union Fire Insurance Company
Best's Rating:	A XIV	A++ XV
Admitted Insurer:	Yes	Yes
Policy Type:	Claims-made	Claims-made
Premium –Flat or Adjustable:	Flat	Flat
Premium Options:		
Limit	Interstate Fire & Casualty	National Union Fire Insurance Company
\$2,000,000 each claim \$2,000,000 aggregate	\$15,959 Retention: \$25,000 each loss	\$15,000 Deductible: \$10,000 ea. Wrongful Act \$25,000 ea. Employment Practices Violation
\$5,000,000 each claim \$5,000,000 aggregate	\$27,359 Retention: \$25,000 each loss	Not willing to provide at this time due to asset size of the Trust. Higher limits will be available as the Funds in the Trust Fund increases.
\$10,000,000 each claim \$10,000,000 aggregate	\$40,856 Retention: \$25,000 each loss	Not willing to provide at this time due to asset size of the Trust. Higher limits will be available as the Funds in the Trust Fund increases.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

FIDUCIARY LIABILITY

Carrier:	National Union Fire Insurance Company	
Best's Rating:	A++ XV	
Admitted Insurer:	Yes	
Policy Type:	Claims-made	
Premium – Flat or Adjustable:	Flat	
Premium Options		
1.	Limit Of Liability:	\$ 5,000,000
	Deductible Each Loss:	\$ 35,000
	Annual Premium:	\$ 43,000
2.	Limit of Liability:	\$ 10,000,000
	Deductible Each Loss:	\$ 50,000
	Annual Premium:	\$ 72,500
3.	Limit of Liability:	\$ 15,000,000
	Deductible Each Loss:	\$ 50,000
	Annual Premium:	\$ 93,460

HAWAII EMPLOYER-UNION BENEFITS TRUST FUND

FIDELITY BOND COVERAGE

Carrier:	Travelers Casualty and Surety Company of America		
Best's Rating:	A++ XV		
Admitted Insurer:	Yes		
Premium – Flat or Adjustable:	Flat		
Premium Options			
1. Limit Of Insurance:	\$	500,000	
Deductible:	\$	0	
Annual Premium:	\$	702	
2. Limit of Liability:	\$	1,000,000	
Deductible:	\$	0	
Annual Premium:	\$	1,020	

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

PREMIUM SUMMARY

COVERAGE	RECOMMENDED INSURANCE CARRIER	RECOMMENDED LIMIT OF LIABILITY	PREMIUM
Public Officials Liability	National Union Fire Ins.	\$2,000,000	\$15,000
Fiduciary Liability	National Union Fire Ins.	\$5,000,000	\$43,000
Fidelity Bond	Travelers Casualty & Surety	\$1,000,000	\$1,020
Total Annual Premium:			\$59,020