



RESPONSE TO REQUEST FOR PROPOSAL

April 15, 2022

# PDC Energy





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# 1. BACKGROUND

Provide a brief broad overview of your firm as well as a brief description of the primary services your office provides. Include information on key personnel and role, number of professional staff, annual premium volume handled by class of coverage (major lines only).

## IMA HISTORY

Insurance Management Associates, Inc. was formed in 1974 when three agencies joined together, forming the basis for the present company. Our goal, then and now, is to be an innovative leader in the commercial insurance, risk management, surety and employee benefits brokerage & consulting industry. In 2020, IMA changed our corporate name to IMA Financial Group, Inc. as our original name did not adequately describe our business and the breadth of the services we provided.

IMA is the 3rd largest privately held broker in the country and 20th largest overall. Our over 1,700 associates are located across offices in Alaska, California, Colorado, Hawaii, Kansas, Michigan, Oregon, Pennsylvania, Texas, Utah and Washington, and throughout the U.S and Canada.

IMA, Inc. is a "Full-Service Broker," meaning that we have the capabilities to provide all broker services in-house, direct to our clients; not by outsourcing to a third party. The services that IMA will provide PDC Energy ("PDC") throughout the year consist of the following:

### IMA Service Departments & Coverage Specialty Units

- |   |  |
|---|--|
| + Insurance Consulting/Brokering Services           | + Executive Risks Specialty Unit                                 |
| + Risk Management Consult Services                  | + Data Privacy/Cyber Risks Specialty Unit                        |
| + Enterprise Risk Management Consulting             | + Aviation Risks Specialty Unit                                  |
| + Employee Benefits Consulting & Brokering Services | + Surety Bonding Specialty Unit                                  |
| + Health Risk Management Services                   | + Global Risk Solutions  |
| + Retirement Program Advisory Services              | + Online Service Center  |
| + Loss Control Services                             | + Online Safety Training   |
| + Claims Management Services                        | + Online Certificates Program                                    |
| + Contract Administration Services                  | + Passport – Online Risk Management & Insurance Warehousing Site |
| + Compliance Services                               | + RMS System   |
| + Alternative Risk Financing Services               | + MyWave   |
| + Environmental Risks Specialty Unit                |  |



IMA serves only the interests of our clients, not the market and not a small cadre of senior 'employee-owners' or family members. IMA's overarching goal is the perpetuation of the firm and our continued ability to provide for our associates and their families; a goal accomplished only by providing exceptional service, insight and partnership for our clients.

We are uniquely able to invest in value-added services for clients, at 2x the national average. Our structure has enabled us to maintain a model focused on service and value rather than revenue or profit generation.

### IMA Fast Facts

- + Incorporated in 1974
- + Headquartered in Denver
- + 2<sup>nd</sup> Largest Broker/ Consultant in Colorado
- + 3<sup>rd</sup> largest privately-held broker in the country
- + Top 20 Largest Brokers Overall
- + Employee-Owned
- + Over 1,700 employees – 350+ in Denver
- + National in reach, local in service
- + Premium placements of over \$8 billion annually
- + Revenues in excess of \$450 million
- + Client Retention Leads the Industry at 95%
- + 8% Revenues invested in value-added client services – twice the industry average of 3.8%
- + IMA has clients with physical operations, exposures, and/or employees in every state in the U.S. as well as in over 100 countries around the world



EMPLOYEE OWNED  
FOR OVER  
**45** YEARS

### WHY EMPLOYEE OWNERSHIP MATTERS TO PDC?

IMA is one of the fastest growing and largest brokers/consultants in the U.S., and our ownership structure is the cornerstone of our success. Employee ownership is a crucial difference between IMA and other private or public insurance brokers. Our ownership structure has enabled us to maintain a model focused on service and value rather than simply sales. The following results from our ownership structure are critical for PDC to understand:

#### + **Reinvestment in Our Company**

IMA has always maintained the belief that reinvesting profits into talent, services or resources will ensure stronger client relationships and help retain clients on a long-term basis. We are not constrained to deliver excessive profits on a quarterly basis to ensure viability. Reagan Consulting, a financial and management consulting firm that specializes in services for insurance agencies, recently performed a national survey of the top 350 brokers. The survey was performed to provide benchmarks for best practices and services provided to accounts generating a minimum of \$250,000 in annual premiums.

The resulting data indicated that the typical independent brokers invest 3.8% of revenues into value added services, while IMA invests 8%. **In other words, IMA invests more than 2 times the national average into value added services & resources for its clients.** This fact is due to our ownership structure and service philosophy.

+ **Attracting & Retaining Talent**

Our business is essentially the delivery of intellectual capital, and the competition for attracting and retaining talented individuals is fierce. Offering employees ownership is a key advantage in this competition and is a major selling point for employment at IMA. From your perspective, each IMA employee that works with you will have a vested interest in working with you, and we believe this translates into better service. Our culture naturally attracts talented people who are enabled to be innovators.

+ **Perpetuation Planning**

The founders of IMA had the foresight and vision to create this ownership structure as a plan for continuation that avoids becoming a public company or being sold to another broker. When either of these scenarios occurs, it usually causes the sellers to reduce staff or services in order to improve profitability for the impending sale. These changes impact all clients.

IMA's ownership structure has allowed us to perpetuate internally through an organic system without making structural changes. It has enabled us to remain independent and continue to reinvest in staff and resources for our clients as opposed to potentially selling and causing major service disruption to our clients.

+ **Ownership Culture**

Ultimately, owners think differently about the services and products they deliver to clients. As an employee-owned organization, IMA associates have a personal stake in maintaining successful partnerships with our clients. This fosters a positive culture that our clients feel through superior service.

## **COMPANY MISSION, VISION AND VALUES**

IMA's ownership structure serves as the foundation to our mission, vision and core values. As an employee-owned organization, IMA is unique in the insurance brokerage marketplace. Ultimately, owners think differently about the services and products they deliver to their clients. Each IMA associate has a personal stake in maintaining successful partnerships with our clients. We have an entrepreneurial, non-bureaucratic, creative approach to assist our clients in meeting the objectives of their employee benefits and risk management programs.

One of our guiding principles as an organization is to share generously within the communities in which we are doing business. That is why we created the IMA Community Action Committee and IMA Foundation, to ensure that we are giving back in a meaningful way.



“PROTECTING ASSETS IS WHAT WE DO,  
**MAKING A DIFFERENCE IS WHO WE ARE.”**

ROB COHEN, *Chairman & CEO, IMA Financial Group*

## IMA'S CORE VALUES

### **Professionalism**

We set the standard with an unwavering commitment to excellence.

### **Relationships**

We nurture relationships built on trust, integrity, honesty, humility and mutual respect.

### **Expertise**

We are knowledgeable, hands-on, collaborative, innovative and passionate about service.

### **Balance**

Our environment encourages a balance of work, family and community.

### **Results**

We constantly strive for profitable growth.

### **Equity**

We embrace diversity, equity and inclusion and are uncompromising in our support and encouragement of all voices.

## IMA'S VISION

- + Be a trusted advisor to our clients
- + Build and perpetuate a great company
- + Benefit our employees and their families
- + Remain independent



Describe the account team that your firm would assign to our account along with detailed description of each individual's responsibilities and relevant experience. Resumes for each member of the proposed account team are also to be included.



**JASON BUEHLER**, Executive Vice President

Denver Office

Jason is an Executive Vice President and the Director of Client Services for IMA of Colorado's Energy Practice dedicating all his time to the Energy Sector. Jason specializes in placing insurance and managing risk for both upstream and downstream energy business, domestic and international, onshore and offshore, with a primary focus in oil and gas lease operations. Jason joined IMA in 2002 after graduating from Kansas State University with a dual degree in General Business and Human Resource Management. Jason had the great fortune of growing up in the Oil and Gas industry which has allowed him to bring industry knowledge to the IMA team. Jason is actively involved in many oil and gas associations sitting on the board of the Western Energy Alliance as well as committees for the Colorado Oil and Gas Association (COGA). Jason has spoken on energy insurance topics for associations as well as industry functions.



**STACY ROBERTS**, National Energy Practice Leader

Oklahoma City Office

Stacy joined IMA as the National Energy Practice Director in February 2022. Stacy is a thought leader with a proven record of managing a diverse set of global energy risks using advanced risk management concepts and techniques. She leads with deep knowledge and experience in risk assessment, risk transfer, insurance and self-insurance program design, claim management, contract negotiation, M&A due diligence and has extensive experience in the procurement and coordination of global energy insurance and self-insurance programs to maximize coverage while minimizing financial exposure. Stacy is a builder of long term, collaborative relationships and maintains extensive connectivity with US and foreign insurance markets, industry insurance mutual companies, experts and energy industry peers.

Prior to joining IMA, Stacy was employed by Enable Midstream Partners as Director, Insurance Risk Management, Chesapeake Energy Corporation as Vice President, Risk Management, Tronox Incorporated as Director, Risk Management and Kerr-McGee Corporation serving in various positions within risk management including her final position as Risk Manager. Stacy is a graduate of Southwestern Oklahoma State University and holds a degree in business administration. She also holds an Associate in Risk Management designation and the Chartered Property Casualty Underwriter designation. Stacy also currently serves as a board member for the YMCA of Greater Oklahoma City and spent 8 years as a board member for the American Red Cross, Central and Southwest Oklahoma Chapter.



**BETH BLEDSOE**, Lead Account Executive

Houston Office

Beth is an insurance account executive and broker with over 20 years of experience designing, negotiating, and placing property and casualty insurance programs for onshore and offshore energy accounts. She is familiar with commonly used coverage forms and has negotiated bespoke solutions when standard “off the shelf” policy forms didn’t adequately address the client’s needs. Beth has solid relationships with key U.S. insurers and London brokers and underwriters. Beth came to IMA in 2020 after a career at McGriff. Beth is a graduate of the University of Dallas and holds a Bachelor of Science degree in Mathematics. Beth holds a Certified Insurance Counselor designation.

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**JOEL DIETZ**, Account Executive

Denver Office

Joel Dietz is an Account Executive in the Energy Practice in the Denver office of IMA. Joel focuses on onshore exploration & production risks. Prior to coming to IMA in 2003, Joel worked at other insurance brokerages in both the Denver Rocky Mountain and Washington DC markets. Joel received his Bachelor of Arts degree in 1989 from George Mason University with special recognition for outstanding academic achievement in Economics and received his Master of Business Administration in 2003 from the University of Colorado. Joel also holds the following professional designations: Chartered Property Casualty Underwriter (CPCU); Certified Insurance Counselor (CIC); and Associate in Risk Management (ARM).

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**NICK BROWN**, Account Manager

Denver Office

Nick was born and raised in Denver and graduated from Colorado State University with a BA in History and a Minor in Political Science. He started his insurance career handling personal auto claims for State Farm for a year and half, after which he moved into the commercial space. Nick started working in Energy accounts in January of 2016 and has been in the energy space since. Nick has been with IMA since 2020. Nick also holds the following professional designations: Associate in Risk Management (ARM) and Associate in General Insurance (AINS).

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**ELENA JONES**, Account Specialist

Denver Office

Elena has over 20 years of experience in the insurance industry and is responsible for day-to-day account administration and processing moderate to high complexity commercial client accounts. Elena's experience includes numerous large domestic and international accounts such as Antero Resources Corporation, Crescent Point Energy US Corporation, T.G. Natural Resources LLC, and Air Drilling Associates, Inc. Her proficiencies include invoicing, binder and policy reviews, organized in premium allocations and OEE reports. She processes certificates and endorsements within 24 hours and auto ID cards the day the request was received. Prior to joining IMA, Elena worked for Marsh and AIG. Elena holds a Certified Insurance Counselor designation and is a licensed P&C Producer in the State of Colorado.

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**NICOLE COUGHLIN**, Risk Control Advisor

Denver Office

Nicole comes to IMA with a strong occupational safety & health background, mostly in the energy industry. Nicole's professional experience in safety started in a large private utility in the state of Washington in 2008. During this time Nicole became knowledgeable in Industrial Hygiene programs and regulations and even rolled out an online learning management system company-wide. It was there that Nicole gained a thorough understanding of utility industry regulations and implemented safety programs, training and procedures for wind turbines, hydropower dams complete with fisheries, combustion turbine plants, underground gas storage facilities, gas pipelines, and high voltage substation and power distribution. Nicole moved to Denver in 2012 looking for the sunshine that Seattle didn't have and ended up working for a small oil and gas company. Her role there was to build a safety department and program from the ground up as one wasn't in place at the time of her hire. It was there that Nicole gained valuable experience learning about the oil and gas industry, wrote a safe practices manual for the company, implemented a contractor safety management & audit program, and fine-tuned their safety training program, all while working closely with MDU's Risk Management & Legal department and learning about the insurance side of the business. It was this experience that piqued Nicole's curiosity about the insurance and risk control side of the business, which brought her to IMA.

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**SHARON BURGER**, Environmental Practice Leader

Denver Office

Sharon joined IMA in 2013 as the Environmental Risk Executive and is responsible for the Environmental Practice. Sharon focuses on the design and placement of environmental risk management programs. Prior to joining IMA, Sharon served as Vice President, Environmental Risk Specialist at Lockton Companies and led Lockton's Denver Environmental Practice for five years. She also served as an Environmental Risk Specialist for AIG where she underwrote and marketed a full suite of pollution liability products, focusing on large national corporations with revenues over \$500M. In addition to her insurance expertise, Sharon brings 10 years of experience in environmental consulting and sustainability. Sharon received her Bachelor of Science degree in Conservation Biology and Environmental Studies from the University of Wisconsin – Madison and her Masters in Environmental Sustainability from the University of Edinburgh. She was on the marketing leadership advisory board of the U.S. Green Building Council (USGBC), a Fellow of the Kinship Conservation Institute, and an associate member of the Environmental Forum Steering Committee for the Associated General Contractors of America (AGC). In 2016, Sharon was an honoree of Denver Business Journal's Top Women in Energy.

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**CAROL RIGGS**, Claims Manager

Denver Office

Carol brings twenty plus years of strong claims handling and management experience since joining IMA in May of 2011. Her claims management abilities span workers' compensation, general liability, construction defect, property claims, property liability, and litigation supervision. Carol's claim knowledge along with her responsive customer service skills has been elemental in her current position as a Claim Team Manager within IMA's Claim Department.

Prior to joining IMA, Carol was responsible for managing a large staff of claim and underwriting professionals specializing in workers' compensation, general liability and property lines of insurance for another Denver brokerage firm. Prior to her brokerage experience, Carol spent sixteen years with State Farm Insurance Companies providing claim services and managing claim professionals including several years working as and managing fraud investigators. Her management responsibilities involved comprising detailed coverage analyses on complex coverage issues, implementing audits on workers' compensation and general liability claim handling, and coordinating catastrophe operations in several states.

Carol received her Bachelor of Science degree in Psychology from Colorado State University. In addition, she has completed the Charter Property and Casualty Underwriter (CPCU) and the Associate in Claims (AIC) designations. She is currently working on completing her Associates in Risk Management (ARM).

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**LAUREN KARAGOZIAN**, Contractual Risk Account Executive

Denver Office

Lauren began her career in insurance with IMA in 2008. She is responsible for the review of contracts and the identification, communication, and education of risk exposures to clients. Lauren uses both her education and insurance designations to specialize in understanding construction contracts and subcontracts, oil and gas industry MSA agreements and a multitude of other legal documents from different industries in which IMA is involved.

She has a Bachelor of Science degree from Wake Forest University, as well as a Juris Doctor and a Master of Business Administration from the University of Denver.

Lauren is a designated Associate in Risk Management (ARM) and a Construction Risk and Insurance Specialist (CRIS).

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**BRIAN BOVASSO**, Managing Director, Executive Risk Solutions

Denver Office

Brian joined IMA in 2013 as Director of Executive Risk. He specializes in D&O and related executive liability insurance, and is responsible for client consultation and relationships, insurance program design and implementation, insurance carrier relationships and strategic business development. In addition to representing publicly-traded companies, Brian's practice focuses on pre-IPO companies, Private Equity & VC firms, financial institutions and other companies with complex risk profiles. At IMA, Brian has secured coverage for principals from some of the leading private equity firms in the world, including Warburg Pincus, Trilantic Capital Partners, Riverstone, Yorktown Partners and Deerfield Capital Management. Prior to joining IMA, Brian served most recently as the IPO D&O practice leader within Aon's Financial Services Group.

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## How would our account compare, from a size perspective, within your office? Include the high, low and mean market capitalization for all upstream E&P companies that your office covers.

**Low:** <\$250M market cap

**Median:** \$4B to \$6B market cap

**High:** \$15B to \$20B market cap

## Describe how your firm accesses the London market

Because IMA is independent, we are able to work with whichever London broker is most qualified to deliver the particular product and pricing we are seeking on behalf of our client. Their ability to deliver depends upon their upstream energy expertise; their technical, broking and claims personnel; problem solving ability and ability to draft manuscript wording in conjunction with IMA; their responsiveness and timeliness in issuing policies, endorsements, invoices, and claims payments; and especially, the strength of their relationships with particular lead London underwriters. We have relationships with multiple brokers and can partner with the broker whose competitive strengths and abilities best align with PDC.

IMA's partnerships in the London markets marshal the experience, expertise, products, and services of the world's most successful and respected independent risk management and insurance professionals to provide PDC with unsurpassed localized service. With the IMA Global Network, PDC will be working with carefully selected independent insurance brokers with a proven track-record as the best in their respective markets. IMA elected to partner with these firms after a rigorous selection process evaluating:

- + Integrity
- + Breadth of services
- + Overall quality and timeliness
- + Commitment to serve their clients and the clients of IMA
- + History of growth
- + Market position

## IMA'S GLOBAL NETWORK

The IMA Global Network of Partners consists of brokers from Assurex Global, the Worldwide Broker Network, and other partnerships in key countries. IMA's international broker partners are made up of the top independent brokers in each country. IMA selects them for their ability to provide innovative, customer-driven insurance, risk management, and locally compliant service. IMA's Network includes leading insurance brokers in over 130 countries, allowing IMA to offer our clients seamless insurance and claims services around the world.

The IMA's Global Network can often save clients' money. IMA's broker partners will not charge high minimum fees as the large publicly traded brokers do. If the local premiums are low in some countries, those savings are passed on to our clients. IMA's partners will provide clients with priority treatment without inflated local broker fees.





## 2. CAPABILITIES

Please provide a list of upstream energy clients that you handle, as well as three client references, including contact name and phone number.

### ANTERO RESOURCES

**Al Schopp**

[aschopp@anteroresources.com](mailto:aschopp@anteroresources.com)

303.357.7325

### CENTENNIAL RESOURCE DEVELOPMENT

**George Glyphis**

[gglyphis@centennialresource.com](mailto:gglyphis@centennialresource.com)

720.439.2102

### CIVITAS RESOURCES

**Skip Marter**

[smarter@bonanzacrk.com](mailto:smarter@bonanzacrk.com)

720.225.6697

Below is a list of our E&P Clients handled just out of our Denver Office:



Describe your process to keep us informed of market conditions, environmental laws, etc.

## OVERALL MARKETPLACE TRENDS & DEVELOPMENTS

In today's commercial insurance environment, world and business events can change the risk landscape of entire industries in minutes necessitating the need of real time access to information. Additionally, every client wants to benchmark their program against their peers. IMA stays on top of the volatile insurance market as well as accessing peer data relating to rates, limits, and coverages through various sources, including: Advisen, RIMS (Risk and Insurance Management Society), OSHA, industry publications, web-based news wires, insurance carrier data, and IMA's own client data base. Advisen's web-based workstation incorporates real time analytics on over 1.5 million companies and 70 industries, and provides proprietary information including benchmarking data, company and industry research, and loss analysis and trends. Various daily insurance newscasts also provide IMA with up-to-date information on new products, carrier mergers, proposed legislation, and recent claim trends and lawsuit activity. We consistently send our clients any updates that may affect them.

IMA is also a partner in numerous national networks and associations as well as subscribers to various resources. Through these partnerships and resources, IMA has access to a broad array of information that can provide PDC with a strong national & local perspective on legislative and regulatory issues.

In addition to IMA's owned offices, IMA is a partner in Intersure, Assurex Global, and the WBN. These organizations combined create one of the world's largest privately held risk management, commercial insurance and employee benefits brokerage consulting groups, employing more than 20,000 insurance professionals on six continents. The independent insurance brokers who constitute these organizations place annual premiums in excess of \$25 billion. Through these partnerships we are able to keep abreast of local, national and international trends and changes related to all aspect of the industry.



**Assurex**  
GLOBAL



## REGULATORY TRENDS & DEVELOPMENTS

We have access to the regulations that affect PDC operations, such as OSHA regulations and National Fire Protection Association (NFPA) consensus standards. PDC will have access to our Risk Management Center, a web-based software suite with a variety of tools to assist PDC with your risk management process, that includes an HR 360 module that has a large amount of information on labor law.



Describe the service capabilities of your firm in the areas of claims management, safety and loss control.

## CLAIMS MANAGEMENT SERVICES

**Claims management is one of the most effective means of lowering the Total Cost of Risk for clients.** IMA's experienced Claims Management Team advocates on behalf of our clients to close claims, lower reserves, negotiate coverage disputes and, where claims are not successfully settled, to influence the selection of counsel and monitor the progress of litigation where the insurer is defending our client's interests.

PDC's IMA Claims Advocate would be **Carol Riggs**. Carol's role is to represent your interests, while communicating between all parties, assuring that the necessary information flows effectively and is timely. One of the first initiatives would be to perform an Open Claims analysis and engage in helping you close out the respective claims as efficiently as possible.

Where IMA clients are defendants in insured claims litigation, the IMA Claims Advocates participates in review of the pleadings to confirm that appropriate defenses are asserted, participates in consultations between the client's counsel and the carrier's assigned adjuster, and explores with the client the identification of relevant facts that must be brought to the attention of counsel and may impact the development of counter claims, cross claims, and third-party claims.

IMA has a claims management department of 25 plus individuals whose sole responsibility is to consult with our clients and advocate on their behalf with insurance companies, TPA's and other related parties.

IMA's claims advocates first course of action is to request information on all claims and set up a claims summary meeting with our client in addition to establishing claims handling procedures on a go forward basis. Effective claims management is an integral part of any organization's risk management program. A strong claims management plan will provide direction to reduce your total cost of risk and ultimately impact your bottom line. On the following page are a few highlights of our approach:

### IMA CLAIMS MANAGEMENT

- + **Communication:** Clients count on the IMA claims group for responsiveness and accessibility.
- + **Dedicated claims specialists:** We understand the nuances and buried meanings of policy language. We recognize the hurdles, pitfalls and delays that can impact resolution.
- + **Innovative, fresh ideas:** We stay continually abreast of industry trends and best practices
- + **Qualified expertise:** Solid advice from professionals with experience as loss adjusters in every type of claim situation.
- + **Quick and appropriate claims resolution:** We will work diligently with the carrier and ensure expedient resolution of claim issues.

- + **Relationships with all major carriers:** We will ensure quality service and experienced claims handling.
- + **Results:** We see the big picture. We achieve the best possible outcomes.

## LOSS CONTROL & SAFETY CONSULTING

IMA’s Risk Control Department is staffed with 20 experienced safety and health professionals with over 125 years of combined experience. Clients of IMA enjoy access to this team of consultants, which is one of the largest in the region. We believe that this will be a critical risk management service for PDC.

Our Risk Control Department prides itself on developing unique and customized solutions for its clients and does this by taking the time to understand your business and developing relationships throughout middle and upper management. The goal is to become a trusted advisor and partner in your loss prevention program. The background of the risk control team includes professional safety consultants in the area of clinical risk management, fire prevention, driving & fleet safety, property management safety, and compliance experts in the area of OSHA and DOT. We utilize a Client Service Plan in which we decide with you how our services can best be used during the course of the year and how we can leverage value added services available from our insurance carrier partners as well. This Client Service Plan is then used as a score card at the end of the year to document the delivery of value-added services.



Below are some ideas for services that may augment PDC's existing Safety and Loss Prevention Initiatives.

- + **Benchmark Operations and Identify Areas for Improvement**  
Utilize IMA’s exclusive RiskScore<sup>SM</sup> audit tool to benchmark various divisions or business units and perform an “Exposure Analysis” on your operations against loss prevention best practices (an iPad application).
- + **Lean on IMA (IMA On-Site)**  
Augment your current Safety personnel with IMA’s local Safety Professionals. OSHA, Property Loss, and Fleet Safety training is available from IMA’s team of 20 Safety Advisors.



- + **Motivate/Expand Safety Culture with Accountability**  
Tap into IMA for Safety Perception Surveys and Safety Accountability programs to integrate acquisitions and cultivate a healthy safety culture.
- + **Deploy Risk Management Software Tools**  
Improve efficiency by using IMA's Risk Management Center as a Portal for Incident Tracking, Managing SDS, and Learning Management system capabilities.
- + **Provide Strategic Advice and Transfer Best Practices**  
Utilize recurring, strategic thought sessions with your IMA Risk Control Advisor to compare field observations with corporate initiatives, and benefit from the transfer of knowledge amongst IMA's other energy clients.
- + **Leverage Technology to Drive Results and Maximize ROI**  
Explore Pre-employment Screening, Fleet Telematics, Fatigue Management for Drivers and Lone Worker GPS to control first dollar claim costs. Learn from IMA on how to deploy "tablet based" safety audits using the latest technology.
- + **Assist with Large Loss Investigations and Compliance or Insurance Inspections**  
Respond and provide manpower during critical events and keep you abreast of regulatory changes.

## **TECHNOLOGY SOLUTIONS FOR CLIENTS – IMA RISK MANAGEMENT CENTER**

The IMA Risk Management Center is a unique web-based software suite of safety and risk management tools designed to empower your organization's risk prevention efforts. It is easy to access and use and provides a cost-effective risk reduction and safety center for your entire organization across all departments and locations.

The Risk Management Center is right for any organization that wants to proactively manage their risk exposures and develop effective workplace safety programs to reduce claims, losses, and associated costs.

The goal of any risk management program is to reduce risks and injuries, while improving profitability. The Risk Management Center enables employers to:

- + Efficiently Manage Your Hazard Communication Program and Safety Data Sheets
- + Access a best-practices safety and HR library of written policies and procedures
- + Train employees efficiently and effectively with a multitude of bilingual PowerPoints and E-learning
- + Manage certificates of insurance to limit liability and risk
- + Create job descriptions and modified duty programs

## **CUSTOMIZED SAFETY EDUCATION**

### **+ Safety Leadership Training**

It is evident that PDC strives to be innovative and ahead of the curve. This training goes beyond safety compliance and trains leaders within the organization on why safety matters and how to effectively change or enhance a safety culture. IMA Risk Control can deliver this training to your company and it is customizable based on your needs.

### **+ Emergency Response Drills & Training**

We can help establish, or improve your current, written emergency action plan. In addition, we can participate in drills whether they be table-top or in person. This is an area that affects many of our energy clients who find their programs are lacking or not as robust to survive an event. We can help turn this around and ensure you are prepared and can handle an event on any scale.

### **+ Interactive Safety Training**

Augment your safety training with training delivered by IMA's Certified Safety Professionals. Base regulatory, competent person and train-the-trainer safety training programs are supported through handouts, demonstrations, exercises, and videos.

### **+ Driver Safety**

Employees driving on company business is the second-highest source of claims. Any type of driver can expose a company to substantial financial liability. Defensive driving education, MVR review programs, Driver Monitoring and Substance Abuse Testing can be tailored to assist in management of fleet safety.

## **OSHA INSPECTIONS**

IMA Risk Control's understanding of OSHA's role during the inspection allows IMA to expedite the inspection process for PDC, in the event of an OSHA inspection. The longer OSHA is on site, the more exposure an organization faces as it relates to penalties and fines.

IMA works through what options are available to the employer. IMA Risk Control's success in vacating citations, negotiating favorable terms, and reducing penalties for clients is available to all IMA business partners as a value-added proposition.

## **CLIENT & INSURANCE CARRIER ADVOCACY**

When an insurance carrier requests a loss control visit, whether in-person, over the phone, or virtual, IMA Risk Control's role is to be involved in every aspect of the visit. We work with the carrier on the client's behalf to ensure recommendations and unnecessary site visits are limited. The purpose is to ensure your time is well spent and your efforts are meaningful.



## ADDITIONAL SERVICES

IMA Risk Control will work with PDC to develop a customized Risk Control plan that includes the complementary services listed above. In addition to these services and resources, IMA Risk Control offers on-site trainings and program administration including:

### LIVE TRAININGS

- + Instructor-led Safety Training/Webinars
- + Supervisor Safety Training
- + OSHA 10 or 30
- + Forklift Train-the-Trainer Certification
- + Defensive Driver Education
- + Base Regulatory Training
- + H2S Awareness
- + Fall Protection
- + Confined Space
- + Lockout/Tagout
- + Handling Chemicals/HazCom

### CUSTOMIZED PROGRAMS, AUDITS & ASSESSMENTS

- + OSHA/DOT Compliance Audits
- + Safety Management/Accountability Programs
- + Safety Engagement/Incentive Tools
- + Return-to-Work Programs
- + Recurring Site/Facility Safety Audits (iPad forms)
- + Safety Committee Participation
- + Industrial Hygiene Monitoring (3rd party)
- + Fleet Safety Program/Driver Performance Metrics and Telematics
- + Behavior Based Safety Observation Programs
- + Personal Protective Equipment Assessment (PPE)
- + Lockout/Tagout Assessment
- + Facilitate Property Reviews with Insurance Carriers
- + Online Safety Training/Streaming Videos

**Describe your analytics/modeling capabilities and what benefit these areas would provide in our risk management assessment?**

## ACTUARIAL ANALYSIS AND COMPLEX RISK ANALYTICS

IMA is data-driven in how we consult and advise our clients. This process applies to all disciplines from program structure to loss control and claims management. For this reason, we “lead with analytics” to drive strategy with our clients. This is particularly critical for a company like PDC that assumes significant risk. IMA views analytics as a process that gets adapted depending on whether we are evaluating the optimal risk financing structure, loss control analysis, or claims analytics. Our goal is to progress with PDC from providing descriptive analytics that tend to be static at points of time, to PRESCRIPTIVE ANALYTICS that are actionable and drive process change and improvement.



IMA PROVIDES

<b>BUSINESS INTELLIGENCE &amp; BENCHMARKING</b>	<b>FINANCIAL STRESS TESTING</b>
<b>CASH-FLOW ANALYSIS</b>	<b>ACTUARIAL MODELING</b>
<b>COLLATERAL ANALYSIS</b>	

Many businesses use stringent and complex analysis when it comes to sales, operations and finance but do not extend these tools into insurance decision making.

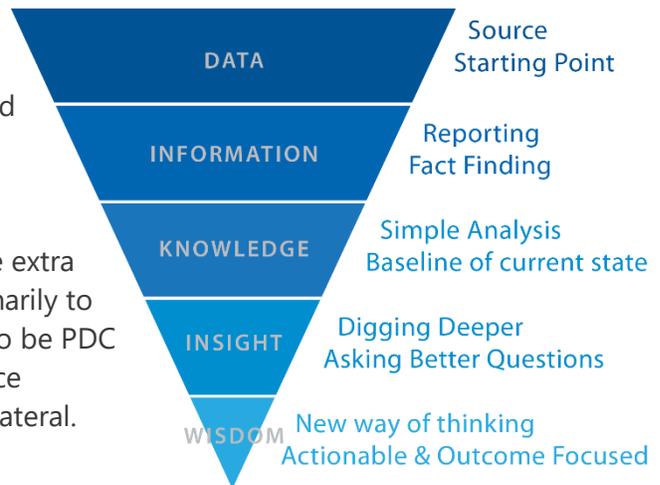
## PROVIDE ANNUAL ACTUARIAL ANALYSIS OF LOSS RESERVE ACCRUALS

IMA has in-house actuarial resources available for clients to develop loss projections, frequency/severity trends, loss stratification, statistical distributions, selection of ultimate losses, collateral analysis, and many other tools that might be necessary.

**We believe it is not the data but the insights it can lead. Here is our thought progression when we think about actuarial analysis.**

IMA has a full array of in-house actuarial and analytical services available to PDC within our Complex Risk Solutions group, which is an integrated part of the PDC IMA account team.

It is our belief that we cannot do our job as brokers without doing analytics, therefore, we do not charge extra for this work. The intent of our actuarial work is primarily to help PDC make data-informed decisions as well as to be PDC advocate and liaison when negotiating with insurance companies as it relates to structure, pricing, and collateral.



## QUANTITATIVE RESOURCES



Statistical analysis of loss and exposure data



Loss control and claims analytics



Financial analysis



Actuarial analysis by line of business



Financial reporting tools



Benchmarking

IMA maintains close relationships with independent actuarial firms at both a local and national level, when needed by clients, auditors, or captive domiciles.

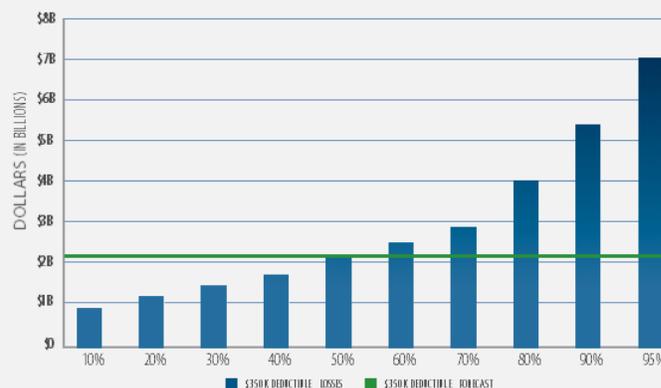
One of IMA's great strengths is our flexibility to work with our individual clients to determine their needs and risk financing capabilities, and then fit the analysis and communication of results to match those needs.

As PDC's advocate, the primary goal of all analysis is to help PDC make data-informed decisions and to structure the most efficient program structure, risk transfer pricing, risk financing method, and collateral requirements. For this reason, the intent is not meant to be used for financial booking purposes though it certainly can provide a reasonable estimate of what might be expected.

## WORKERS' COMPENSATION PROJECTION STRATIFICATION SAMPLE

LOSS STRATIFICATION SUMMARY			
DEDUCTIBLE LAYER	ALL YEAR	3 YEAR AVERAGE	INDUSTRY EXCESS
		83,000,000	
CURRENT DEDUCTIBLE 350,000	2,271,000	2,271,000	2,271,000
500,000	2,513,000	2,419,000	2,405,000
750,000	2,748,000	2,455,000	2,516,000
1,000,000	2,886,000	2,455,000	2,618,000
Unlimited	2,899,000	2,455,000	3,017,000

LOSS DISTRIBUTION OF \$350K DEDUCTIBLE



In addition to “typical” actuarial modeling, IMA uses its analytics resources to perform capital modeling to evaluate the portfolio of risk based upon PDC's cost of capital and risk appetite to identify the optimal balance of risk retention and risk transfer using metrics that are meaningful to PDC.

## SAMPLE HISTORICAL LOSS ACTIVITY BY LAYER (CLAIM COUNTS)

POLICY YEAR INCEPTION	TOTAL INCURRED	INCURRED EXCESS 350,000	INCURRED EXCESS 500,000	INCURRED EXCESS 750,000	INCURRED EXCESS 1,000,000	PAYROLL (CURRENT YEAR PRO-RATED)
7/1/2007	179,979	0	0	0	0	32,836,000
7/1/2008	228,395	0	0	0	0	40,566,000
7/1/2009	246,098	0	0	0	0	47,006,000
7/1/2010	269,905	0	0	0	0	45,169,000
7/1/2011	559,422	0	0	0	0	44,014,000
7/1/2012	2,691,925	542,628	242,628	0	0	47,983,000
7/1/2013	5,327,353	1,605,644	812,563	68,126	0	57,988,000
7/1/2014	2,496,954	142,611	0	0	0	77,866,000
7/1/2015	2,153,942	0	0	0	0	78,568,000
7/1/2016	1,286,489	37,226	0	0	0	85,109,000
7/1/2017	1,559,062	276,091	126,091	0	0	86,719,556
<b>Total</b>	<b>16,999,524</b>	<b>2,604,200</b>	<b>1,181,282</b>	<b>68,126</b>	<b>0</b>	
<b>Avg.</b>	<b>1,545,411</b>	<b>236,745</b>	<b>107,389</b>	<b>6,193</b>	<b>0</b>	
<b>Adjusted Avg.</b>	<b>2,079,378</b>	<b>335,400</b>	<b>154,857</b>	<b>8,865</b>	<b>0</b>	

## SAMPLE HISTORICAL LOSS ACTIVITY BY LAYER (INCURRED LOSSES)

Similarly, IMA provides claims analytics that leverage machine learning and other data science tools to identify loss prevention and claims strategies that could lower PDC's total cost of risk.

This depth of analysis only scratches the surface of our capability in this area, and we look forward to leading with data to develop unique forward-looking insights to help PDC manage your cost of risk.

POLICY YEAR INCEPTION	TOTAL CLAIMS	CLAIMS ABOVE 350,000	CLAIMS ABOVE 500,000	CLAIMS ABOVE 750,000	CLAIMS ABOVE 1,000,000	PAYROLL (CURRENT YEAR PRO-RATED)
7/1/2007	23	0	0	0	0	32,836,000
7/1/2008	30	0	0	0	0	40,566,000
7/1/2009	13	0	0	0	0	47,006,000
7/1/2010	24	0	0	0	0	45,169,000
7/1/2011	24	0	0	0	0	44,014,000
7/1/2012	87	2	2	0	0	47,983,000
7/1/2013	132	6	3	1	0	57,988,000
7/1/2014	106	2	0	0	0	77,866,000
7/1/2015	62	0	0	0	0	78,568,000
7/1/2016	43	1	0	0	0	85,109,000
7/1/2017	55	1	1	0	0	86,719,556
<b>Total</b>	<b>599</b>	<b>12</b>	<b>6</b>	<b>1</b>	<b>0</b>	
<b>Avg.</b>	<b>54.5</b>	<b>1.1</b>	<b>0.5</b>	<b>0.1</b>	<b>0.0</b>	
<b>Adjusted Avg.</b>	<b>76.8</b>	<b>1.5</b>	<b>0.8</b>	<b>0.1</b>	<b>0.0</b>	

## 'BLACK SWAN MODELING'





**A lot of companies like PDC assume significant risks that are not thought of as traditionally insurable.** This type of uninsured 'Black Swan' event would have serious impact depending on the size. For consideration, there are many non-traditional financial structures that may supplement PDC's overall Enterprise Risk Management strategy. IMA has explored and implemented many financial, noninsurance risk transfer strategies for clients who seek to minimize potential loss using event-proxies (such as weather etc.)

**Describe the expertise, services and resources you could provide that would drive real value for us.**

### **CORE COMPETENCIES – NICHE INDUSTRY EXPERTISE**

**Our Energy Practice is core to IMA's history and one of the largest in the U.S.** Like IMA's historic approach to other industries, we have spent years building industry expertise, product development and services that specifically apply to the energy industry. IMA is also proud of the partnerships that we have formed within the Oil and Gas industry. **IMA is headquartered in Denver, CO, an epicenter of the energy industry.** We have been a witness & supporter of the booming industry both here in Colorado and nationally.

IMA's energy practice is IMA's largest practice of all the industries we serve. This practice places upstream, midstream, downstream, and renewable with a primary focus on E&P lease operators.

**We have dedicated Energy industry offices in Denver, Houston, Ft. Worth, Pittsburgh, and Wichita. IMA's energy practice encompasses more than 50 employees who are dedicated to IMA's energy practice.**

Services and Resources: PDC's IMA team will consist of a dedicated specialist in each of the following areas:

- + Dedicated Energy Team
- + Loss Control Specialist
- + Contract Management Specialist
- + Claims Management Specialist
- + Certificate Compliance Specialist
- + Accounting/Finance Help, e.g. Premium Allocations

## VALUE ADD-SERVICES FOR CERTIFICATE AND CONTRACT COMPLIANCE

### Certificates of Insurance

IMA recognizes that managing, issuing & tracking Certificates of Insurance (COI) is critical and our company is well positioned to handle customization, volume and rush requests. IMA will work with PDC to develop a customized service plan for issuing insurance certificates, in order to effectively and promptly meet your certificate needs. Requests for certificates of insurance are processed the same day if the request is received prior to 1:00 pm MST. If the request is received after 1:00 pm, IMA will issue the certificate the following business day. When IMA completes the request, the certificate is forwarded to the requesting party, with a copy to the client's office as well. Your IMA Service Team will continue to be involved in the process and to offer the quality of service that our clients expect.

CertificatesNow is a fast, convenient, and powerful tool that allows you to focus resources. IMA has invested in a digital technology called CertificatesNow, which creates, delivers, and stores insurance certificates. Enabling the PDC team to have near-instantaneous access to existing and newly created certificates of insurance.

IMA recognizes that managing and issuing Certificates of Insurance (COI) is critical to PDC's operations. The importance of getting the accuracy and timeliness of issuance is crucial.

IMA also recognizes the sheer volume of activity associated with this transactional service poses workload issues.

As certificate of insurance issuance is closely tied to contract review, **Lauren Karagozian** oversees the certificate issuance group. IMA commits to PDC that Lauren and a certificate technician will work with you to map out the current process and design from scratch a certificate of insurance workflow that works for PDC.

IMA looks to provide dedicated Certificate Technicians to PDC as part of the personalized workflow.



## **IMA CERTIFICATE COMPLIANCE UNIT (IMACC)**

IMA Certificate Compliance is a service designed to remove the administrative burden associated with reviewing insurance requirements, the collection of certificates, negotiating with vendors' agents on coverage needed, finalizing compliance, tracking certificates and more.

### **WHY IMA CERTIFICATE COMPLIANCE?**



**Ensure your vendors have and keep the right level of coverages**



**Have the experts handle the certificate compliance from cradle-to-grave**



**Limit the amount of time and money your firm invests in certificate compliance**



**Easy-to-use, streamlines the online process**

### **BENEFITS TO PDC**

IMA Certificate Compliance (IMACC) will ensure that the parties with which you are in contract are meeting the insurance as required under your agreements is a significant way to control risk and prevent you from being wholly responsible in claims and lawsuits.

- + Expertise – understanding the correct insurance for each of your vendors based on scope of their work
- + Efficiency – broker to broker communication
- + Reduced internal labor from client
- + Fees are typically less than those of similar services available in the market
- + The reviewing of certificates/endorsements and decision making is done substantially by the IMACC and contract review team

This means there are fewer questions coming from a third-party about waiving requirements and more decisions made by IMACC with your direction and utilizing both our insurance and legal expertise.

## SERVICES

### + **Implementation**

Review of contract agreements and internal training

- IMACC to review all vendors and categorize insurance requirements to individual vendors
- Reviewing and updating all insurance requirements per project by IMACC

### + **Automation**

Certificate requests for individual vendors sent directly to their broker

### + **Review of Requested Certificates**

Review all requested Certificates of Insurance, including additional wording and compliance verification for all requested physical endorsement forms.

- No limitation on emails and calls to vendor broker until compliance is resolved
- Ability to make waiver decisions autonomously - other certificate compliance systems will not make any waivers without your verification
- Modifying project and insurance requirements on an "as needed" basis



## Describe the process, if required, to transition the broker.

Included here is our proposed transition framework and timeline. A more detailed transition plan and broker services calendar will be developed in collaboration with PDC as part of our Initial Planning Phase.

PDC ENERGY & IMA		IMA Only
RFP Presentation	4/25-5/2	
Broker Selection & Notification	Week of 5/9	
Business Review to discuss Marketing Strategy & Annual Service Plan	Week of 5/30	
London Syndicate Meetings	6/6	
Marketing Assessment Completed with IMA Risk Control	6/13	
	6/13	IMA Proprietary Submission to Marketplace
Carrier Risk Engineering Visits	End of June	
	7/1	Receive Preliminary Quotes from Carriers
IMA Presents Market Responses & Program Options	7/15	
PDC Selects Successful Carriers & Program Design	7/15	Continued Negotiating in Marketplace
	7/15	IMA Finalizes Negotiations with Selected Carriers
*On Going Risk Control Visits	TBD	
*On Going Contract Review Service	TBD	
*Execute Agreed to Service Plan	TBD	
*PDC Engages IMA's Transactional Liability/Reps & Warranties Team as they contemplate future growth targets	TBD	

# 3. PROGRAM STRUCTURE RECOMMENDATIONS

## Assess our risk profile and how you would best position us in the various insurance markets.

Before the process of identifying and assessing risks can begin, it is imperative that IMA has a strong understanding of all of PDC's operations, functions and processes. Failure to do so could result in unforeseen risks, or what one might refer to as "accidental self-insurance."

IMA was able to access the following publicly available information about PDC's exposures.

- + Gross revenues \$1.855 B
- + 535 employees (254 field)
- + Active Well Count:

	Oil	Gas	Total
Wattenberg Field (CO)	2,205	1,129	3,334
Delaware Basin (TX)	52	85	137
Total	2,257	1,214	3,471

- + 78% of PDC's wells are operated.
- + 66% of PDC's wells are horizontal. Average lateral length 1.5-2 mi in CO and 2 mi in TX.
- + Average Working Interest: 77%.
- + 165 new wells drilled/completed in 2021.
- + 164 wells in progress or DUCs as of 12/31/2021. Wells can be "in progress" for up to 2 years.
- + Plans for 2022: Spud 130-145 new wells in CO and turn on line about 115 more. Spud 15-20 new wells in TX. Total capex \$675-725, 75% of which is to be spent in CO and 25% in TX. This suggests average Completed Well Cost AFE per well \$3.75M in CO and \$9.05 in TX.
- + Losses – assume 5 years clean.
- + Great Western acquisition on the horizon. Transaction is anticipated to close in Q2 of 2022.

While this information gives us a basic understanding of PDC's operations, it does not tell us PDC's risk management philosophy or tolerance for risk. We therefore start the process with a deep dive into PDC's corporate objectives as compared to the current risk management state, and the alignment between the two. We then focus on functional roles within the various companies at functional levels create risk that could affect the entire organization.



During this information-gathering phase, IMA will evaluate if the various functions are in alignment, how they measure themselves (Key Performance Indicators), and work to establish a baseline Total Cost of Risk definition for PDC.

## SEEING AROUND CORNERS

There is a phrase in the underwriting community that says, “you can’t drive a car looking in the review mirror the entire time.” This is often said to young underwriters who use loss history as their chief source of underwriting information. The same can be said for identifying potential risk. As trained risk professionals, we have a strong understanding of the energy industry. We have created an internal infrastructure where we constantly scan the environment to identify emerging trends that could affect our clients, negatively or positively.

### The infrastructure includes:

- + Client Interactions
- + Industry Observations
- + Insurance Carriers
- + Court cases
- + Potential legislation
- + Economic conditions
- + Accountants
- + Outside Consultants
- + Industry Associations
- + Economists

## Sleep better at night, knowing who manages your risk

Risk managers have not reached a general consensus about how an organization should categorize its holistic risks. As a first step, IMA will listen to PDC's needs, expectations, and goals in order to determine a strategic long-term risk management strategy over both the short and long term. RFP's can only reveal a small portion of the scope of services needed, and we expect to gain a deep understanding of your short & long-term goals through dialogue.

Our second step will be to do a comprehensive review of plan designs, claims experience, and current rates to find alignment in PDC's goals and what is possible within the insurance products. This alignment extends to plan administration and employee experience when interacting with the Insurance carrier. When positioning PDC in the insurance market it is our responsibility to understand your objectives and advocate on your behalf.

### **It is our desire to be the workhorse to assist PDC within an enterprise framework with a goal to reduce Total Cost of Risk to a point where risk management becomes a competitive advantage.**

We have developed proprietary programs and the corresponding tools to take an active role in assisting our client's risk management groups, like PDC, implement an encompassed risk management approach within their organization.

## Risk Review Process

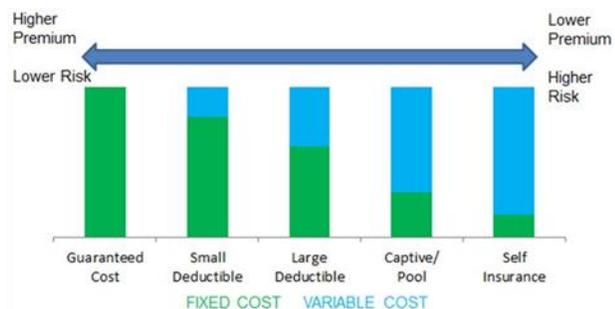
IMA's Risk Review Process is the practice of identifying and assessing risks or uncertainties an organization faces, or might face, in the future. Our objective is to help management respond to those risks or uncertainties in a way that evaluates the severity or likelihood of negative outcomes to an event or undertaking, versus the potential benefit. **Our approach will allow you to take risk, not just avoid it, by understanding your risk and allocating resources in accordance with your goals, objectives and risk appetite.** We would typically need to conduct a thorough risk assessment of the fortuitous risks currently in place and emerging in order to accurately advise PDC on your risks and insurance program. We would further rank the risks by measuring the likelihood, magnitude and manifestation of each.

## INTERNAL CONSIDERATIONS

Risk Appetite Risk Tolerance	+ Unbudgeted capital event	+ Variable cost vs. fixed cost
Risk Capacity	+ Impact on balance sheet	+ Impact on working capital
Risk Management	+ Quality loss prevention	+ Quality claim management

## OTHER CONSIDERATIONS

Accounting	+ Establish loss reserve	+ Manage the accrual
Credit Risk	+ Mandatory insurances require collateral	+ Collateral pyramids





Once all risks are identified and the potential for loss & fiscal impact are calculated, IMA would assist PDC in determining the company's tolerance for risk along with the existing insurance policies. Every aspect of the program will be reviewed to assure the coverages, retentions and pricing is in line with or ahead of the market. With this we will advise what limits and retentions make the most sense and have the information necessary to negotiate the most competitive program available.

## Provide proposed program package structures including explanations of benefits to us.

### **D&O/EXECUTIVE RISK REVIEW**

Upon review of the 2021-22 primary layer D&O policy, IMA's D&O Product team discovered over fifty (50) issues, several of which are material deficiencies that would jeopardize program performance in a typical claims scenario for publicly traded companies. A sampling of the critical deficiencies is included below. If appointed your broker, IMA's Executive Risk Solutions Team commits to not only ensuring no material deficiencies exist, but also running a thorough diagnostic process in advance of every placement that ensures PDC's coverage breadth is state-of-the-art and evolves alongside the risk landscape.

#### Sampling of Critical Deficiencies

- + Inferior D&O Inquiry/informal investigation coverage
- + Improperly worded Securities Claim definition that will jeopardize entity coverage for alleged common law violations
- + Overly broad exclusion embedded in policy form that impacts coverage for Subsidiaries and its Insured Persons
- + Your current broker accepted a poorly worded Employed Lawyers "Extension" endorsement that is harmful, not helpful.
- + The Non-Rescission wording was not properly tailored to the structure of the D&O policy form, with Claims and Inquiries separated
- + The Claims Reporting provision allows for easier claims denial than what IMA routinely negotiates in the marketplace
- + Improperly worded exclusion severability/non-imputation wording
- + The Derivative Claim Nominal Defendant issue is not properly addressed in the endorsement negotiated by your current broker



## D&O PROGRAM ANALYSIS

IMA is the only broker in the industry with a comprehensive approach to D&O program design and structure that is backed by cutting-edge data and analytics and an innovative legal approach. Our proprietary analysis covers the following eight areas of a D&O program:

- + Primary Layer Coverage
- + Excess Layer Coverage
- + Side A Layer Coverage
- + Counterparty Risk
- + Program Structure
- + Pricing
- + Retention
- + Limit

IMA's objective approach to D&O program analysis, design and structure allows our clients to enjoy the benefits of state-of-the-art program terms, designed to maximize protection of both corporate and personal assets.

**Every D&O renewal begins with a comprehensive analysis of the existing program structure, in order to create a strategy and roadmap for the upcoming renewal.**

The following pages include an overview of our analysis of the current PDCE D&O insurance program, along with an overview of the key elements of our program review.

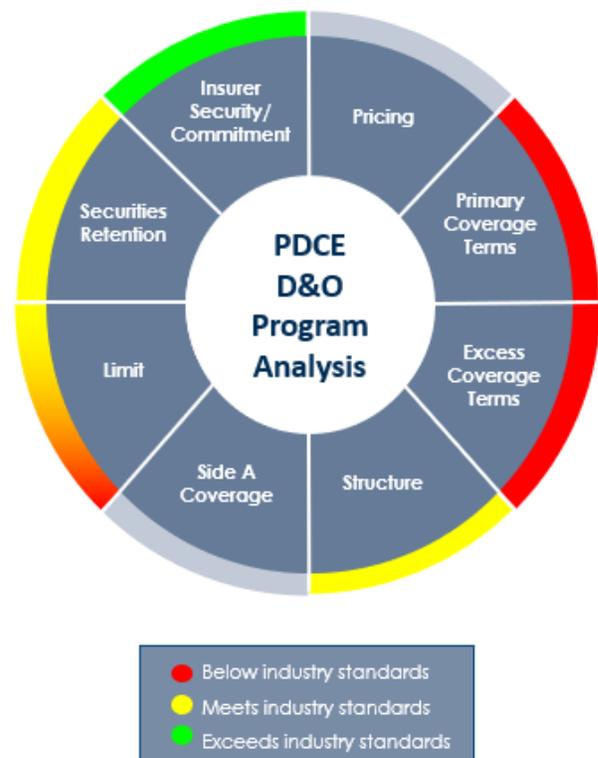




## D&O PROGRAM OVERVIEW

Sompo \$10M Limit \$TBD	Dedicated 'Side A' limit is intended to either respond as excess coverage or as primary coverage on a "drop down" basis.	Starr \$10,000,000 Limit \$TBD annual premium
AWAC \$10M Limit \$TBD		Hartford \$10,000,000 Limit \$TBD annual premium
Chubb (ACE) \$10M Limit \$TBD		Old Republic \$10,000,000 Limit \$TBD annual premium
AIG \$15M Limit \$TBD		Berkshire Hathaway \$10,000,000 Limit \$TBD annual premium
		Arch \$10,000,000 Limit \$TBD annual premium
		CNA \$10,000,000 Limit \$TBD annual premium
<b>No Retention</b>	<b>Retention</b>	
Side A	Side B	Side C

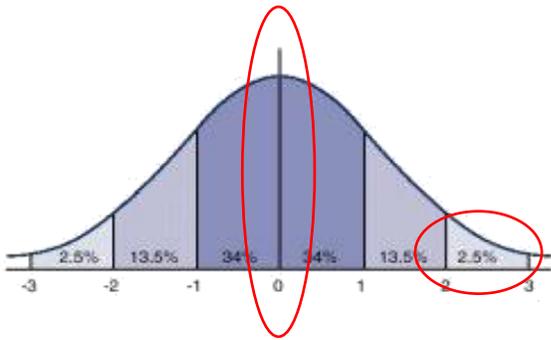
Total Limit:	\$105,000,000 aggregate (\$60M 'ABC' / \$45M Side A 'DIC')
Retentions:	\$0 Non-Indemnifiable Claims \$2,500,000 All Other Claims
Policy Period:	August 31, <u>2021</u> to August 31, 2022



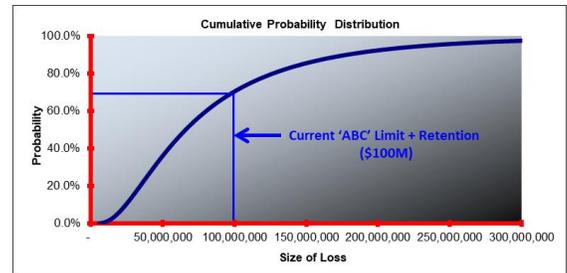
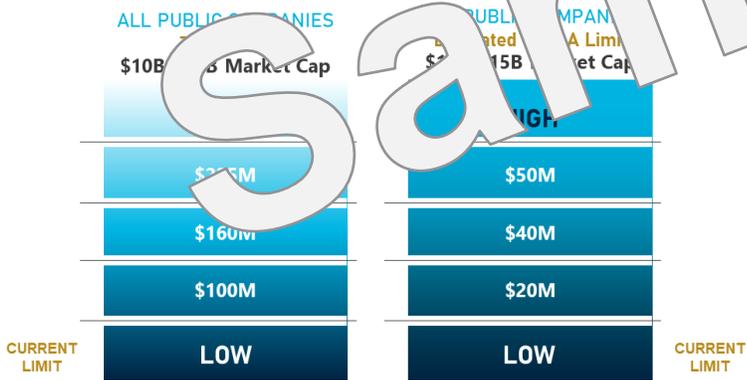
## D&O LIMIT ANALYSIS

- + IMA considers a variety of factors in arriving at a recommended program structure and overall limit, including settlement statistics, peer benchmarking data, defense cost analysis, EPS stress-testing, and "probability of exceedance" loss modeling.

### DATA-DRIVEN ANALYTICS | ROBUST PEER BENCHMARKING | PROPRIETARY LOSS MODELING



KSU D&O Exposure (based on \$10B to \$15B market cap range)	
<b>Litigation Exposure</b>	
Federal Class Action Claims	> \$110M – \$125M*
All Other Claims (derivative, regulatory, etc.)	> \$20M – \$30M*
Total for All Claims	> \$130M – \$155M*
<b>Peer Comparables</b>	
Peer D&O Limit	\$115M – \$135M
<b>Company A (Notifiable loss) Exposure</b>	
Company A Data (\$100M Limit)	> \$25M – \$45M





## D&O COVERAGE ANALYSIS

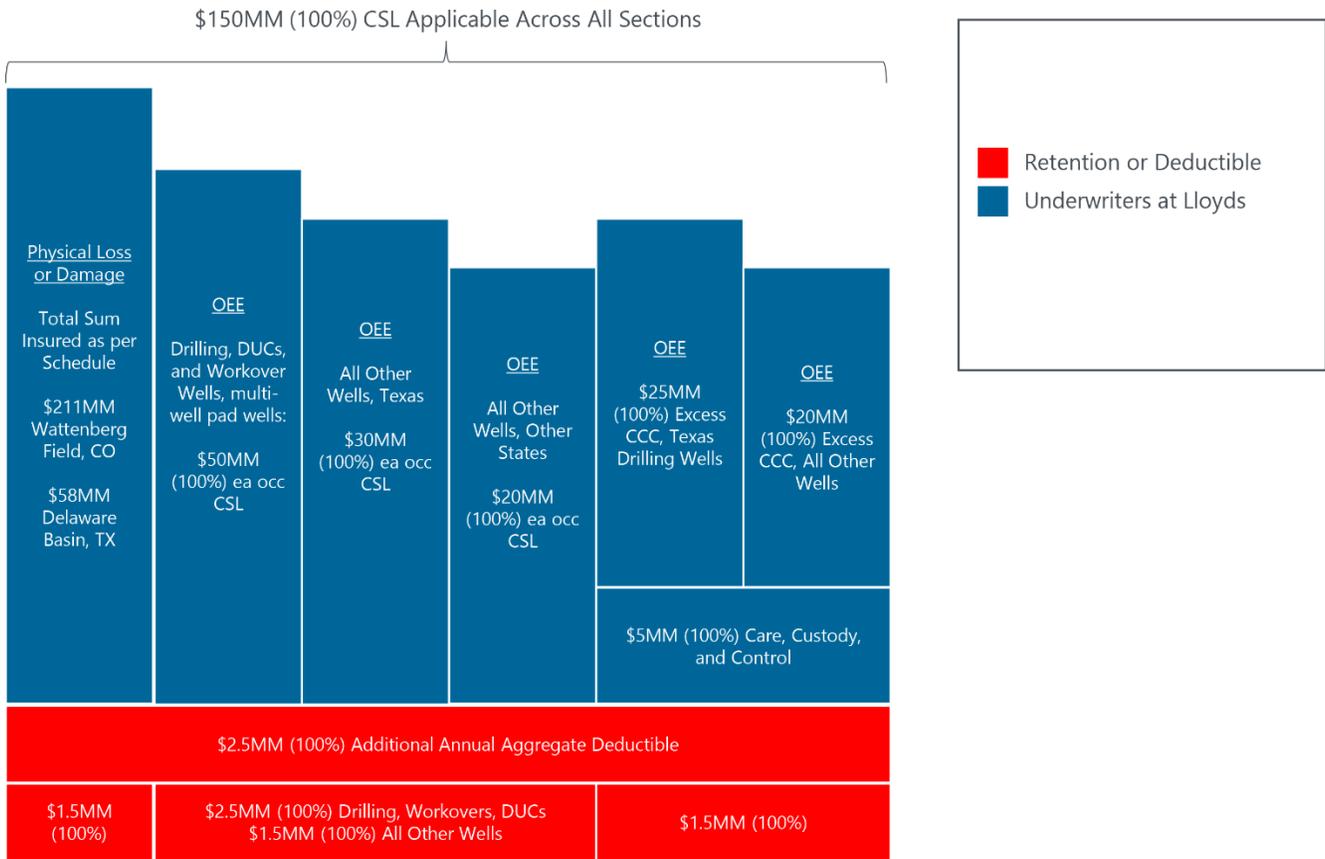
- + IMA believes that D&O is first and foremost a legal consideration, and secondarily (but not insignificantly) a financial consideration. Securing the necessary scope of coverage in a D&O program is crucial in today's environment.

### PROPRIETARY COVERAGE SCORECARD | BEST-IN-CLASS ANALYSIS | AVOID COVERAGE DISPUTES

ABC Corp. Directors' & Officers' Liability Insurance	XL Specialty Insurance Company (Non-IMA Broker) August 1, 2017 to August 1, 2018	Best in Class	XL Specialty Insurance Company (IMA) [12-month policy period]	Best in Class
<b>Admitted Paper</b>	Yes	Green	Yes	Green
<b>Finan. Strength Rating (A.M. Best / S&amp;P)</b>	A / A+	Green	A / A+	Green
<b>Limit of Liability</b>	\$10,000,000	Green	\$10,000,000	Green
- Sub-limit for Derivative Claims	Yes (\$250K)	Red	No	Green
<b>Retentions</b>				
- Is retention reimbursed if Securities Claim Dismissed?	No	Yellow	Yes	Green
<b>Side A Trigger</b>				
Does BK/Fl automatically trigger Side A?	Yes (if due to "financial insolvency")	Yellow	Yes (for "financial insolvency")	Green
Advancement if Company fails/refuses to indemnify?	Yes	Green	Yes	Green
Presumptive Indemnification	Yes	Yellow	Yes	Yellow
<b>Rescission Hurdle</b>				
Reliance Waiver	Yes	Yellow	Yes	Yellow
"True and accurate" waiver	Yes ("true and accurate")	Yellow	No	Green
Materiality Waiver	No	Green	No	Green
Non-Rescindable Language (A v. ABC)	Yes (only ABC premium has L)	Red	Yes (ABC)	Green
- "Restatement" Exclusion?	No	Green	No	Green
What is Relied On?	"Application"	Yellow	"Application"	Yellow
<b>Definition of Application</b>				
Actual Application	Yes	Red	No	Green
Public Filings	Yes (last 12 months SEC filings)	Yellow	No	Green
- Carve-back for 302 certification	No	Yellow	n/a	Green
<b>Severability</b>				
of the Application to Individuals	Yes	Green	Yes	Green
Non-Imputation language	Yes	Green	Yes	Green
"Separate Application" language	No	Yellow	Yes	Green
of the Application for the Entity	No	Red	Yes	Green
of the Exclusions for Individuals	Yes	Green	Yes	Green
of the Exclusions for the Entity	Yes (w/o CEO/CFO/GC conduct)	Yellow	Yes	Green
Cooperation severability	No	Red	Yes	Green
<b>Overall Ranking (40% weighting)</b>	<b>4.00</b>		<b>9.50</b>	

## ENERGY PACKAGE

The energy package is subject to a \$150M (100%) combined single limit across all sections. Presumably, this amount is adequate to address PDC's probable maximum loss scenario. The package is subject to a \$2.5M (100%) Annual Aggregate Deductible (AAD) which is in addition to applicable operational retentions. The maximum operational retention is \$2.5M, so presumably PDC can comfortably retain \$5M in the event of a loss.





## Section 1: Physical Loss or Damage

Total scheduled values as set out in the PDC Energy property & casualty summary of insurance are \$211.7M in the Wattenberg field and \$58M in the Delaware basin. Coverage is written on an amended "All Risks" Oil and Gas Wells Drilling Tools Floater form. Coverage is subject to a retention of \$1,500,000 (100%) per occurrence.

We would explore writing this coverage section on a more traditional property damage form, which is better suited for typical upstream energy property, and incorporate the following coverage extensions:

- + Earth movement
- + Flood
- + Accounts receivable
- + Civil and military authority
- + Wreck & debris removal (greater of sublimit TBA or 25% of direct physical damage loss)
- + Demolition and increased cost of construction
- + Electronic data processing equipment & media
- + Evacuation expenses
- + Expediting expenses
- + Extra expense
- + Fire-fighting expenses
- + Incidental construction or installation
- + Ingress/egress
- + Inland transit
- + Machinery breakdown
- + Miscellaneous unscheduled property
- + Miscellaneous unscheduled locations
- + Newly acquired property – number of days to report consistent with Operators Extra Expense reporting period, so that PDC may simply report any newly acquired property along with their drilling and workover activity for the period
- + Off premises power interruption
- + Repair cost escalation
- + Valuable papers and records

Section 1 may also be extended to cover PDC's real and personal property so that a separate commercial property policy is no longer needed. This strategy is often employed by clients who don't need low commercial property deductibles and are comfortable self-insuring small real and personal property losses.

## Section 2: Operator's Extra Expense (OEE)

PDC buys OEE limits as follows:

- + \$50M (100%) combined single limit any one occurrence, multi well pad drilling, DUCs, and workover wells
- + \$30M (100%) combined single limit any one occurrence, Texas wells, with option for \$35M (100%) if advised prior to spud
- + \$25M (100%) combined single limit any one occurrence, all other wells, with option for \$25M (100%) if advised prior to spud
- + Includes Multi-Well Pad Endorsement, 200%
- + \$5M (100%) Care, Custody, and Control (CCC)
- + \$25M (100%) (Texas) or \$20M (100%) (other states) Excess CCC
- + Reporting period: annual

While this tiered limit approach may seem economical, it is also administratively burdensome and more open to error. What if PDC needs one of the higher limit options set out above, but forgets to notify underwriters before the well is spud? Therefore, we are recommending a streamlined policy structure with one well limit and one CCC limit. We can negotiate rating concessions on lower AFE wells to avoid the perception of overpaying for insurance on wells where the full \$50M may not be needed. We would then negotiate a flat annual premium for the producing wells.

The current placement is subject to a maximum retention of \$5M (100%) (\$2.5M drilling limit plus the \$2.5M AAD). While PDC may be able to afford the \$5M retention for a single control of well event, what is less clear is PDC's retention tolerance for a second well control event in the same year. With the current structure, PDC's total retention for the year would be \$7.5M:

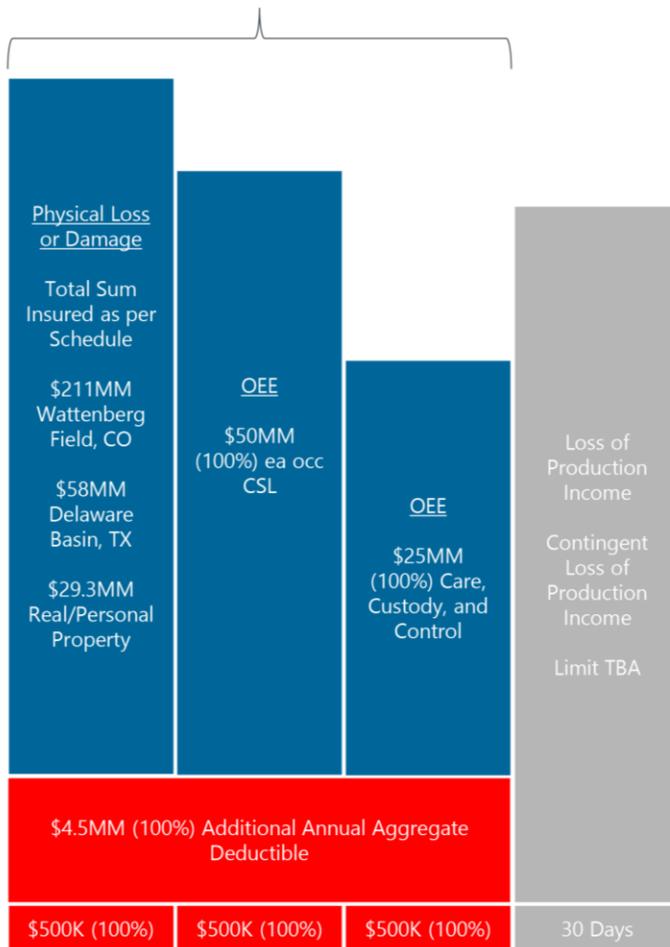
- + \$2.5M first loss operational retention
- + \$2.5M additional AAD
- + \$2.5M second loss operational retention
- + \$7.5M total



In our suggested alternative program structure, we have decreased the operational retention and increased the AAD. This maintains the \$5M retention level that PDC is comfortable with and allows us to continue to capture large retention premium credits, but reduces the total retention for the year in the event of a second loss:

- + \$0.5M first loss operational retention
- + \$4.5M additional AAD
- + \$0.5M second loss operational retention
- + \$5.5M total

\$150MM (100%) CSL Applicable Across All Sections



- Retention or Deductible
- Underwriters at Lloyds
- Not currently purchased

*Alternative Energy Package Structure*

The OEE section is written on the Energy Exploration and Development 8/86 coverage form. This coverage form has been around for nearly 40 years and is due for some modernization.

Here is a sampling of the wording enhancements we would incorporate to bring PDC's OEE coverage into the twenty-first century:

CONTROL OF WELL WORDING/COVERAGE PITFALLS	DISCUSSION TOPICS
<p><b>Well out of Control:</b></p> <p>For the purposes of this insurance, a well(s) shall be deemed to be out of Control only when there is an unintended flow from the well(s) of drilling fluid, oil, gas or water above the surface of the ground or water bottom,</p> <p>(1) which flow cannot promptly be:</p> <ul style="list-style-type: none"> <li>(a) stopped by use of the equipment on site and/or the blowout preventer, storm chokes or other equipment required by the Due Diligence and Warranties clauses herein; or</li> <li>(b) stopped by increasing the weight by volume of drilling fluid or by the use of other conditioning materials in the well(s); or</li> <li>(c) safely diverted into production;</li> </ul> <p>or</p> <p>(2) which flow is declared to be out of control by the appropriate regulatory authority.</p> <p>Nevertheless, and for the purposes of this insurance, a well shall not be deemed out of control solely because of the existence or occurrence of a flow of oil, gas or water into the well bore which can, within a reasonable period of time, be circulated out or bled off through the surface controls.</p>	<p>The EED 8/86 policy contains the definition of "Well out of Control" shown to the left. There are other versions that will omit the yellow highlighted restrictions.</p> <p>IMA can provide an example of an actual \$24M claim that was covered because the Operator's OEE Policy did NOT include the EED 8/86 definition of "Well out of Control".</p>
<p><b>Pollution Exclusion may sometimes include the following:</b></p> <ul style="list-style-type: none"> <li>+ Any sums, costs or expenses to abate or investigate any threat of "pollution"</li> <li>+ Any sums, costs or expenses arising out of or during the transportation, handling, processing, treatment, storage, disposal or dumping of any waste or used materials or substances</li> </ul>	<p>Ensure this language is not excluded under the pollution section.</p> <p>IMA can provide examples of 3 actual claims that would have been excluded if this pollution language were included in the Operator's policy.</p>
<p><b>What premium rates are applied to all producing, shut in, plugged &amp; abandoned and temporarily abandoned wells?</b></p>	<p>Consider negotiating a flat annual premium charge to cover these wells.</p>



<p><b>Warranties:</b></p> <p>a. It is warranted that where the Assured is the operator or joint operator on any insured well being drilled, deepened, serviced, worked over, completed and/or reconditioned, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on surface casing or on the wellhead and installed and tested in accordance with usual practice.</p> <p>When the Assured is a non-operator on any insured well, he will endeavor to see that the operator complies with the warranties set out in this Paragraph 15a.</p> <p>b. It is further warranted that the Assured will use every endeavor to ensure that they and/or their contractors comply with all regulations and requirements in respect of fitting storm chokes and other equipment to minimize damage or pollution, and that all equipment (including drilling and/or workover rigs) will be manned by properly certified personnel where required by regulatory authorities.</p> <p>c. It is further warranted that in the event of a well becoming out of control or other escape or flow of drilling fluid, oil, gas or water, the Assured will use every endeavor to control the well or stop the escape or flow.</p>	<p>Are there any areas where it would not be "normal and customary" for a blowout preventer to be set on surface casing or on the wellhead?</p> <p>IMA can provide an example of an actual claim where a BOP was not installed "in accordance with usual practice", but that got very tricky trying to prove after a blowout occurred.... especially when the OCC issued a fine to the Operator for failing to install a BOP.</p>
<p>d. It is understood and agreed that all wells insured hereunder as defined in Paragraph 14a of these General Conditions for which the named Assured is the Operator, or where the named Assured has a non-operating interest but is responsible for its own insurance, shall be insured hereunder for not less than the named Assured's percentage interest therein.</p>	<p>In addition to wells being drilled, deepened, serviced, worked over, completed and/or reconditioned until completion, does PDC report all producing, shut-in, plugged and abandoned wells for coverage?</p>
<p><b>Termination of Coverage:</b></p> <p>In respect of any well(s) which are insured hereunder during drilling only, by virtue of the Assured's electing not to purchase coverage for Producing and/or Shut-In and/or Plugged and Abandoned wells, coverage shall terminate upon either total and/or complete abandonment or completion of such well(s), which shall include the setting of the "Christmas Tree", pumping equipment or well head equipment or the dismantling or removal of the drilling equipment from the drill site, or the termination of the Assured's responsibility under contract, whichever shall first occur, except that, if removal of the drilling equipment from the drill site occurs first, then the period of time between complete removal of such equipment and the commencement of completion operations shall not exceed thirty (30) two hundred and seventy (270) days in order for said completion operations to be covered hereunder;</p>	<p>Is 270 days workable?</p> <p>We can work to procure a policy with no time limitation for well completions.</p>

**Care Custody and Control Endorsement:**

Notwithstanding anything contained herein to the contrary, the Insurers shall not be liable for claims in respect of loss of or damage to:

- (a) equipment owned by the Insured or in which the Insured has a financial interest;
- (b) Drilling or Workover rigs or any component thereof;
- (c) diamond bits and/or diamond bit core barrels;
- (d) mud, chemicals, cement, the Well or casing installed therein;
- (e) in hole equipment whilst in the hole, unless the Insured's liability has resulted from physical loss or damage to such equipment as a result of (1) an Accident and Well Out of Control giving rise to a claim which would be recoverable under Section A of this Insurance if the Insured's retention applicable to Section A were nil, or (2) fire, windstorm or total loss of Drilling or Workover rig.

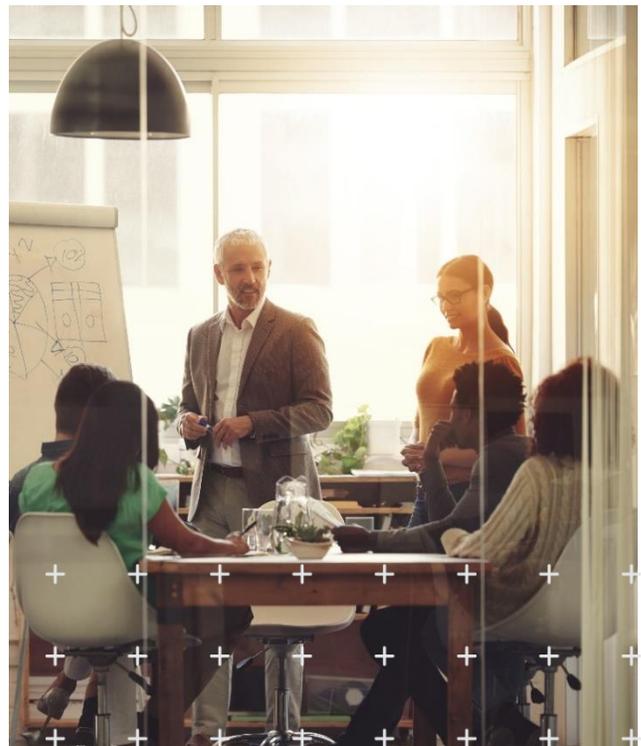
What type of drilling contracts are utilized by PDC?  
What type of indemnities are being forced onto PDC by its fracking contractor? If PDC is responsible for physical damage to the frac spread, ensure it will be covered under the CCC endorsement?

Under an IADC Daywork Contract, the Operator is responsible for physical damage to drilling rig due to "unsound location" At a minimum, there should be a carve back for this exposure in the CCC Endorsement.

Note: PDC binder states that it does contain this carve back.

**Loss of Production Income/Contingent Loss of Production Income (not currently purchased)**

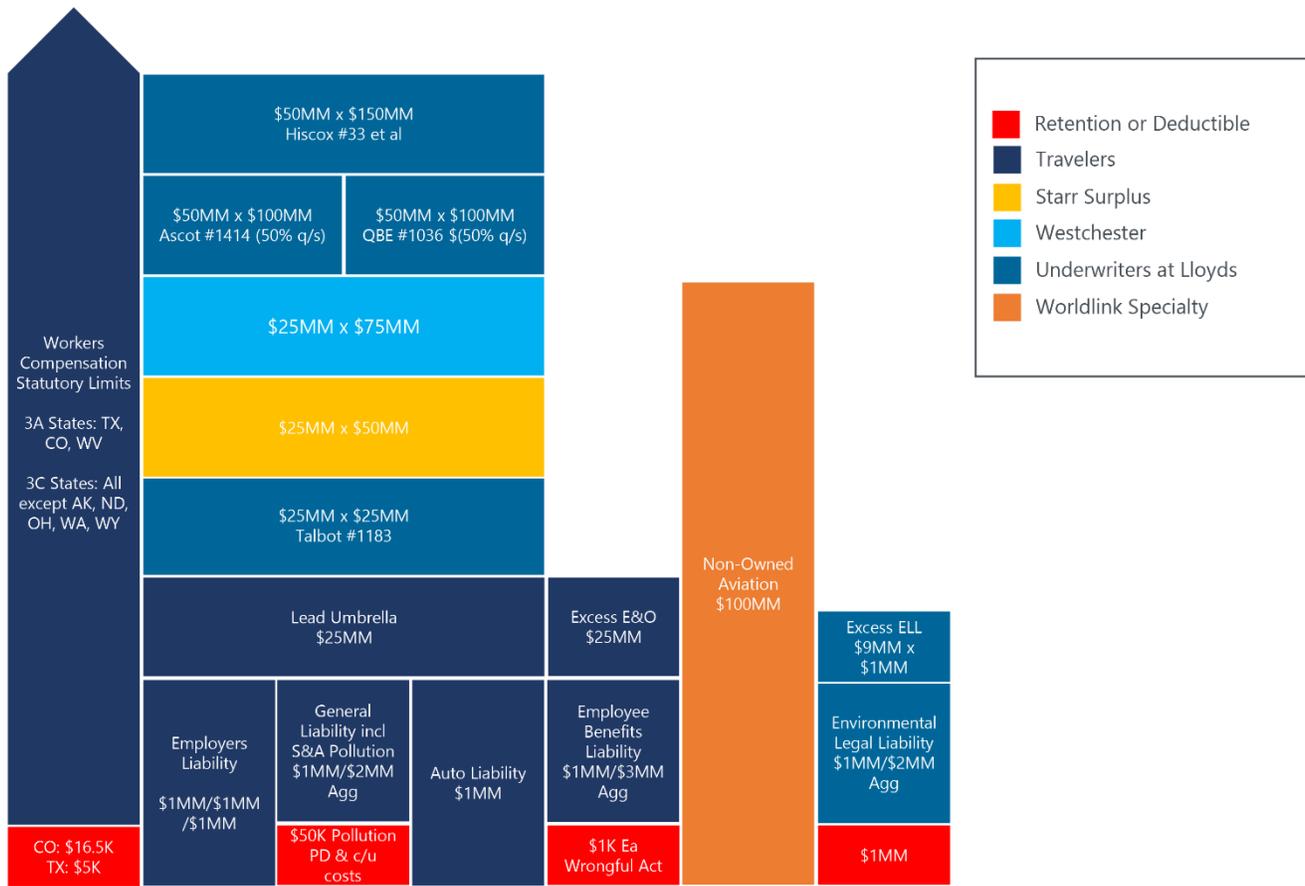
According to PDC's annual report for FYE December 31, 2021, "bottlenecks in processing and transportation that have occurred in some recent periods in the Wattenberg Field have negatively affected our results of operations, and these adverse effects may be disproportionately severe to us." We recommend further evaluating this exposure and considering purchasing Loss of Production Income insurance where a bottleneck caused by a fortuitous event would prove detrimental to PDC's balance sheet.





## LIABILITIES

### Current structure

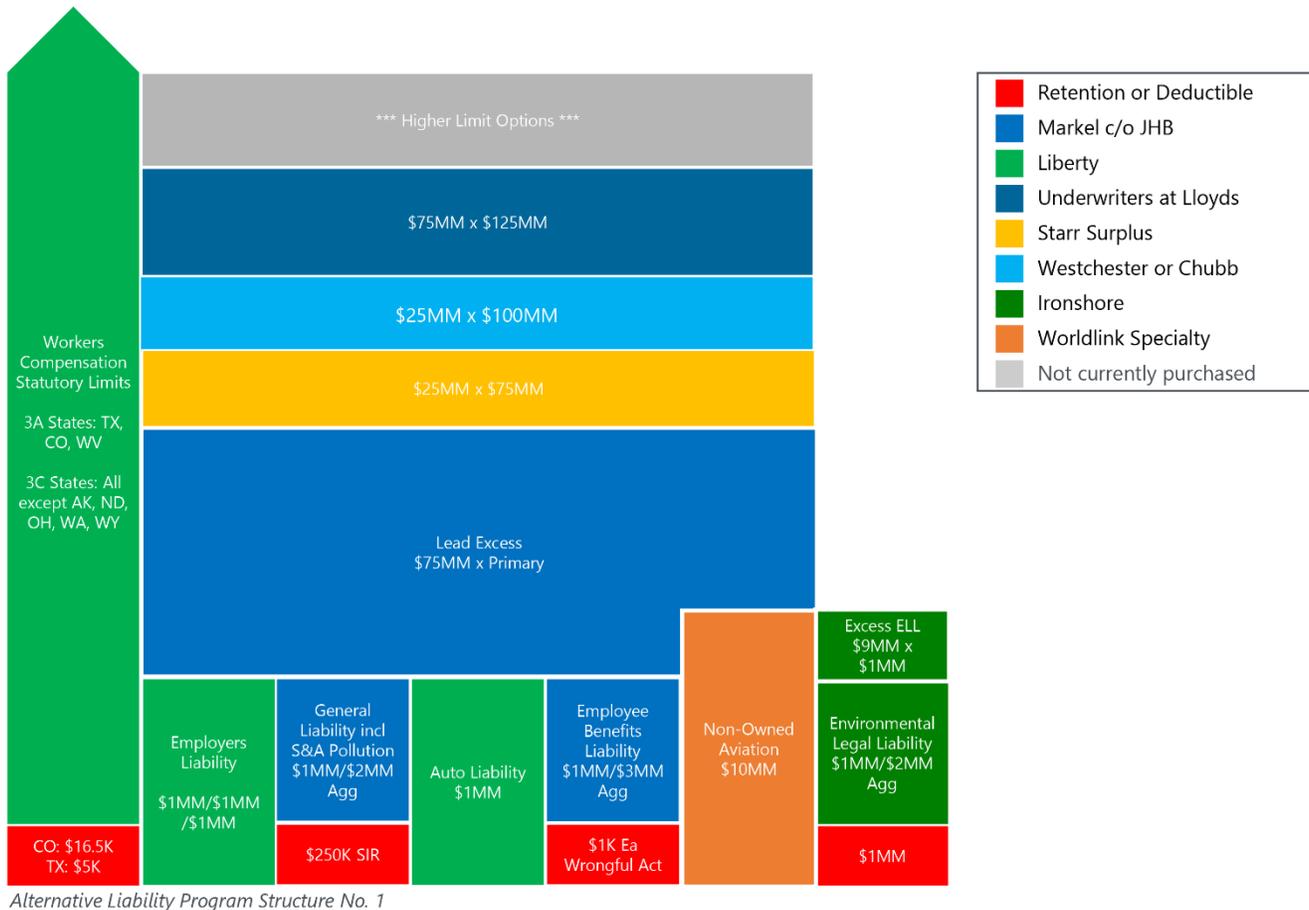


PDC purchases \$200M in liability coverage. The primary casualty and lead \$25M umbrella are with Travelers. With coverage forms tailored to address the specialized needs of the oil and gas industry, Travelers is a popular insurer among lease operator/non-operator insurers. Travelers' General Liability deductible is only \$50,000 and applies to Pollution Property Damage and Clean-Up Cost claims only. This deductible is low for an account PDC's size.

Travelers' General Liability coverage form includes coverage for sudden & accidental pollution events. While this coverage addresses many common coverage scenarios, there is no coverage for gradual pollution events or other pollution-related losses such as diminution of value, NORMs, or civil fines and penalties. PDC purchases a separate environmental legal liability policy to address this gap in coverage.

PDC purchases non-owned aviation coverage, \$100M in limit.

## Possible alternative structure no. 1



While Travelers is a good option for oil and gas lease operator/non-operator accounts, they aren't the only energy insurer out there. This option contemplates moving the General Liability, Employee Benefits Liability, and Lead Umbrella with Markel c/o J.H. Blades. Blades' coverage forms are similar in scope to Travelers', and as a surplus lines market, Blades can be more flexible than admitted carriers when a bespoke solution is needed. Blades can write up to \$75M in excess liability limit in house, which often makes them a cost-effective option for companies who buy limits that high. Blades' General Liability policy is not subject to a final audit, which is an advantage for busy risk managers who prefer to minimize the number of policy audits they are subjected to. The other carriers are then moved up the tower and the top London layer condensed. This program structure contemplates a \$250K General Liability SIR.

The Employee Benefits Liability and Non-Owned Aviation coverages are scheduled under the excess tower, thus increasing the limit available for EBL claims and allowing PDC to reduce the Non-Owned Aviation limit and save money.



The \$500K of employee dishonesty coverage is removed, as this would be covered under the Executive Risks program and there is no need to have duplicate coverage.

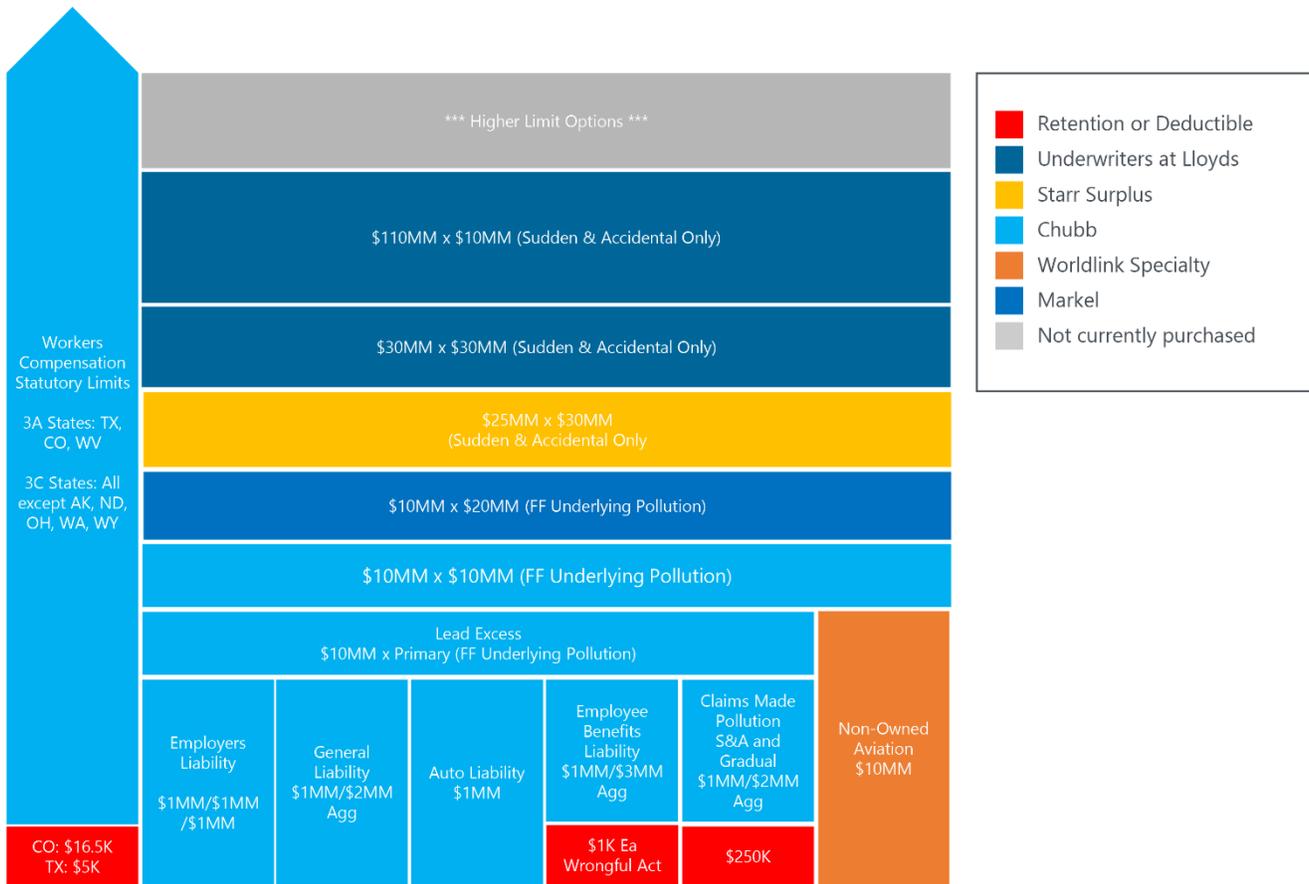
Blades does not offer workers compensation or auto coverage options, but PDC’s exposures should generate enough premium to be attractive to top quality, higher minimum premium carriers such as Berkeley, Liberty Mutual or Zurich. All three of these insurers can write workers' compensation coverage in all states (except monopolistic) and offer Symbol 1 auto, a coverage grant we believe is non-negotiable for a company PDC’s size.

### ENVIANT POLLUTION POLICY REVIEW

As an example, Ironshore offers several coverage enhancements over their competitors, thus making them the gold standard for environmental liability coverage. A sample of the coverage enhancements available from Ironshore are as follows:

	ENVIANT	IRONSHORE
<b>Retro Date</b>	1/1/2009	1/1/1900
<b>Defense</b>	Inside limit	Outside limit
<b>Construction activities</b>	Excluded	Not excluded
<b>Scalability of limits</b>	Limits scale to the insured’s fractional interest in the well	Limits are for the Insured’s interest and not scalable for Operated wells
<b>Contractual Liability</b>	No coverage unless contract is scheduled	Included
<b>Expected or Intended Injury</b>	Excluded	Not excluded
<b>Automatic coverage for newly drilled wells or newly acquired assets</b>	Not included	Included
<b>Diminution of Value</b>	Covered only if there is physical loss or damage to the property	Included
<b>Civil Fines and Penalties</b>	Included for bodily injury or property damage claims only	Covered not only for bodily injury and property damage claims, but also clean up claims where there may not be a bodily injury or property damage element

## POSSIBLE ALTERNATIVE STRUCTURE NO. 2



Alternative Liability Program Structure No. 2

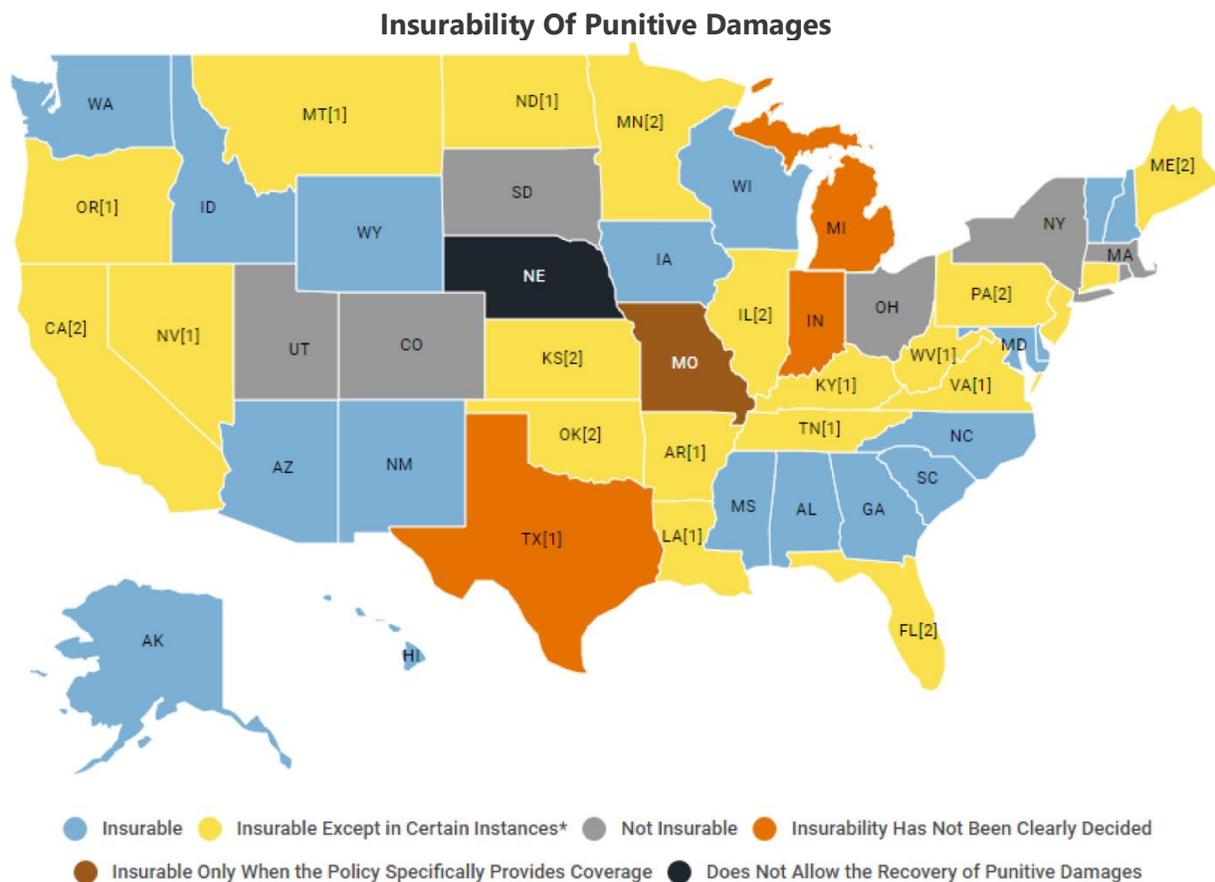
For a comparatively inexpensive, good-enough-under-many-circumstances pollution option, consider Chubb. Chubb is a good compromise for policyholders who need more than the basic sudden & accidental pollution coverage afforded under most General Liability policies, but don't have the budget for an Environmental Legal Liability policy. While Chubb's most prominent competitors offer sudden & accidental pollution coverage only, Chubb's Claims Made Pollution policy covers both sudden & accidental and gradual pollution events. It is important to note that Chubb's pollution coverage is not as broad as that afforded under a dedicated environmental legal liability policy; however, a Chubb program is often less expensive and for some Insureds, the premium savings justify the tradeoff in coverage.

## RETENTIONS

Proposed retentions are typical to a company's of PDC's current size and scope. Workers' Comp and Auto large deductible or loss sensitive plans may be considered, but most companies PDC's size decide that the premium savings generated by these plans do not justify the capital commitment and added administrative expenses.

## PUNITIVE DAMAGES

All referenced General Liability forms are either silent on punitive damages or grant coverage for punitive or exemplary damages where such damages are insurable by law. The insurability of punitive damages varies from state to state; notably, punitive damages are not insurable in Colorado. PDC might consider a Punitive Damages Wrap if this coverage gap is of concern.



\*Punitive damages are not insurable in certain instances. Use the numbers below, which are correlated to those in brackets next to the state abbreviations in the map, for state-specific limitations.

1. If directly assessed for an intentional wrong
2. If directly assessed

For information about the District of Columbia, see "Legal Authority on Insurability of Punitive Damages."

Source: International Risk Management Institute, September 1, 2021

## 4. BROKER COMPENSATION

Discuss proposed broker compensation on a flat-fee basis and a % of policy basis including London broker fees or commissions.

IMA believes there are significant savings and efficiencies to be captured from taking a consolidated and holistic approach to PDC's risk management program.

IMA is completely flexible as to the method of compensation for our services. We work with clients on several different arrangements and would be pleased to agree upon any one of the following:

- + Traditional Commission
- + Flat Fee
- + Combination of the two

There are pros and cons to each scenario that we would be happy to discuss. For instance, the vast majority of our clients work with us on a commission basis because this allows them to properly joint interest bill ("jib") with their working interest partners. In addition, certain carriers will typically include standard commission amounts in their quotations without a resulting impact on the premium, saving our clients an out-of-pocket fee.

Regardless of structure, IMA seeks to develop a compensation methodology that is commensurate with PDC's expectations and representative of the final program structure and services we agree upon. Our goal is to find a structure that allows IMA to deliver the full arsenal of our resources on an "anytime, anywhere, anyplace" basis.

With a better understanding of PDC's corporate and risk management objectives, we would be pleased to put part of our compensation at risk, setting a floor and ceiling with incentives for reaching certain agreed-upon benchmarks, etc. The key to such arrangements will be to develop an incentive program based on mutually established goals and objectives by clearly outlining the benchmark objectives identified by PDC and incorporated into our Client Service Plan that would trigger modifications to our compensation.

We do not believe in 'nickel and diming' our clients for additional services that might be necessary during our relationship. Instead, whether we are compensated by standard carrier commissions or on a flat fee basis, our compensation is our total compensation and includes all available IMA services.

IMA is also committed to open communication, transparency, and full disclosure. We will share with PDC a complete accounting of all income earned by IMA, whether it is in the form of commissions, fees, or other revenue, inclusive of contingent income.



We are passionately committed to the strategies and service commitments we have presented and believe in our ability to drive meaningful results for PDC.

### **Provide a breakout of your proposed compensation between US Broker and London Broker.**

The London Broker compensation would be included in the overall IMA commission and or fee. There would not be a separate commission or fee paid to the London Broker.

### **How are you compensated for bonding services? Flat fee or commission-based? Is there a minimum threshold of outstanding bonds that drives a flat or commissioned-based fee?**

IMA is traditionally compensated for bonding services through carrier commissions; however, IMA also works with some clients on a non-commission basis through individually negotiated surety service fee agreements. On a commission basis, IMA is paid based on PDC's bond requirements. If these bonding requirements change in the future, our workload will increase and or decrease, which automatically modifies our compensation. On fee agreements, any decrease in bond requirements does not alter the underlying fee agreement. If a fee agreement is pursued, PDC's bond rate would reflect a net commission rate, these rates would be determined with PDC's surety company(s). The RFP information does not allow IMA to determine the current rate or commission structure. IMA would work with PDC to understand its surety program and the number and type of bonds, so IMA could determine compensation options and their associated rates and fees. IMA is agnostic on the client's decision of fee or commission; however, we do believe in fair compensation for our work and expertise.

### **Does your firm receive contingent commission or additional compensation from carriers? If yes, please explain how this might impact our annual broker fee?**

IMA accepts contingent/supplemental income compensation from different insurance carriers as long as they are not tied to specific placement of accounts. This income is used to reinvest in our value-added resources and people which benefit our clients. Our team will provide complete transparency of these additional income sources upon request.



## About IMA Financial Group

IMA Financial Group, Inc. (IMA) is an integrated financial services company specializing in risk management, insurance, employee benefits solutions and wealth management. It is the third largest privately held and employee-owned insurance broker in the country and employs 1,700+ associates.

Please visit <http://imacorp.com/terms-service/> to review our full privacy and compensation disclosure statements.

