



RESPONSE TO REQUEST FOR PROPOSAL

MAY 19, 2022

for PROPERTY & CASUALTY CONSULTING SERVICES



1.1 Discuss your firm's service model and culture.

Diversified Insurance Group was founded in 2001 by two former Aon executives, **Spence Hoole** and **Joe Henriod**, who purchased Utah's Aon operations.

In August 2021, we partnered with IMA Financial and joined the fastest growing, majority employee-owned, independent broker in the country. IMA is a nationwide firm based in Denver, Colorado with other key offices in Dallas, Kansas City, Pittsburgh, Wichita, Dallas, Houston, Eugene, Pasadena, Seattle, San Francisco, and now Salt Lake City. The greater IMA Financial Group has 1,700+ associates. Like Diversified, IMA has been named one of the best places to work in insurance and is among the top independent insurance brokers in the United States.

Today, Diversified/IMA continues to operate as it has with the same leadership in the same roles. The combined organization offers access to an impressive array of resources, products, markets, and specialty expertise.

Diversified has demonstrated a 20+ year history of fast growth, attracting the best talent and clients in the Utah market. We have continued our commitment to independence by partnering with IMA, which brings the following added benefits to our strong roster of clients:

- + Commitment to independence. IMA is the largest employee-owned broker in the United States. 75% of IMA stock is owned by associates, with over 50% of individuals participating as owners. This promotes collaboration and sharing of knowledge/resources and a team mentality across the organization in a way that no other broker can offer.
- + The Diversified founders have known and worked with the IMA leadership team for the past 20 years through our common broker network, TechAssure. We made the decision to find a partner to continue to evolve and offer solutions for our clients and career opportunities for our associates, and IMA was the clear choice for us. We chose IMA among many other options, including the largest brokers in the world. Cultural fit and 100% confidence in IMA leadership.
- + We now bring local relationships and technical capabilities, coupled with access to specific industry expertise, knowledge, and resources that help us serve clients more effectively. We have broad reach and influence with the global marketplace.
- + We function as an outsourced Risk Manager for companies that place insurance responsibilities on Finance and Legal teams. We take care of CFO's and GC's and manage insurance and risk management for them as an extension of their team.

WHY DIVERSIFIED/IMA?

The competition for attracting and retaining industry-leading talent in our industry is fierce. Our advantage is that we can offer an ownership stake to prospective employees who have the right experience, skills and service ethic. Sportsman's Warehouse can be confident that members of your Diversified/IMA service team have a vested interest in your satisfaction, an incentive that translates into optimal service.



3RD LARGEST
INDEPENDENTLY OWNED BROKER
IN THE UNITED STATES



BUSINESS STRENGTH

Over \$400 Million
in Revenue



CARRIER RELATIONSHIPS

\$8 Billion in Premium
Placed Annually



EMPLOYEE OWNED

1,700+ Owners Focused
on Clients' Success



IMA FOUNDATION

Community Focused



CLIENT FOCUSED

95% Client Retention Rate



GLOBAL REACH

Clients in all 50 States +
Over 100 Countries

IMA HISTORY

IMA is a dynamic, diversified financial services company comprised of four entities: a retail insurance brokerage, a wholesale insurance brokerage, a financial management firm, and a program management firm. After more than 45 years, IMA remains independent and employee-owned, still charged with the ambitions of loyal associates who see the company's future as their own. Due to the global reach of IMA, our team members have access to an incredibly wide range of products and services.

MORE THAN
\$8 BILLION
 — IN ANNUAL —
PREMIUMS

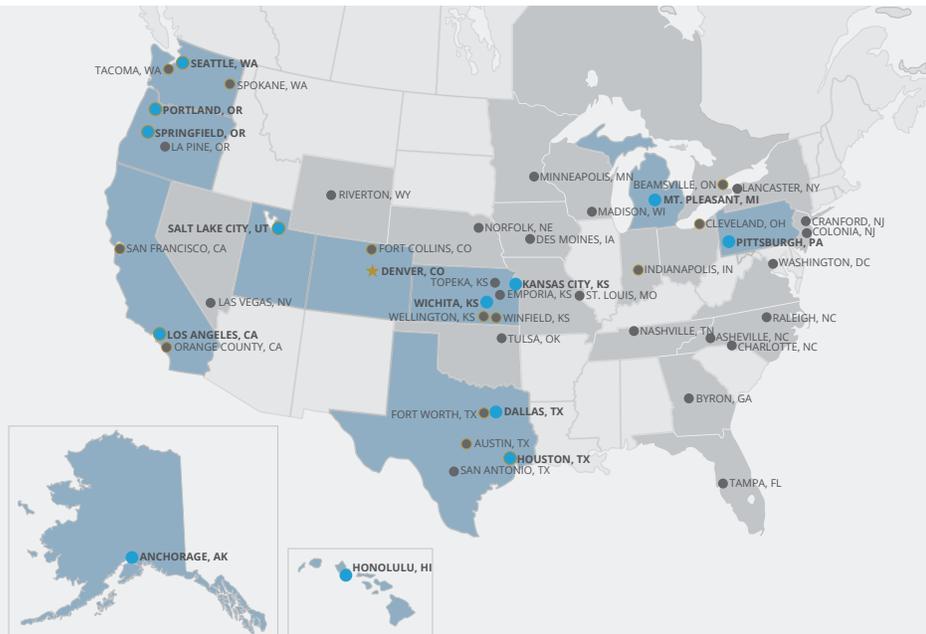
IMA was founded in Wichita in 1974. IMA is now headquartered in Denver, CO.



OFFICE LOCATIONS

IMA operates hub offices in 11 states:

- + Alaska – Anchorage
- + California – Los Angeles
- + Colorado – Denver
- + Hawaii – Honolulu
- + Kansas – Wichita, Overland Park
- + Michigan – Mount Pleasant
- + Oregon – Springfield, Portland
- + Pennsylvania – Pittsburgh
- + Texas – Dallas
- + Utah – Salt Lake City
- + Washington – Seattle, Spokane



DIVERSIFIED COMMUNITY INVOLVEMENT

One of our guiding principles as an organization is to support and share generously within the communities in which we do business. Diversified team members tutor students, deliver meals to the elderly, fund raise for cultural institutions, support the United Way, build homes, work to improve early childhood education, adopt schools, donate to reduce homelessness and volunteer at dozens of local organizations. This is demonstrated through the examples of our leadership, as well as the financial contributions of our corporation and the time dedicated by our employees. Of course, we do these things not for acclaim, but because we live, work, learn and play in our communities.

I MAKE A DIFFERENCE DAY

Our mission to make substantial change for the cities it supports was on display during I Make a Difference Day when nine communities came together at once to make lasting improvements. Associates rolled up their sleeves and flew the IMA flag to show that corporate responsibility is everyone's responsibility.

IMA employees, families and friends donated approximately 1,500 hours across the country. It was the annual event's largest showing. Most importantly, our team showed kids we care, beautified cultural icons and supported the disadvantaged.



DIVERSIFIED/IMA'S BUSINESS MODEL REVOLVES AROUND PEOPLE. WE KNOW OUR GREATEST ACHIEVEMENTS OCCUR WHEN WE WORK TOGETHER.

DIVERSIFIED CULTURE

As an employee-owned company with a deep-seated culture of recognition, development and giving back to the community, Diversified has received numerous awards as a “Best Place to Work” both locally and nationally. Our mission to “Protect Assets and Make a Difference” impacts our employees, our community and our clients. Creating a culture by design is something we’ve focused on since the company’s inception. We know that it takes a commitment from senior leadership to constantly evolve and strive to ensure that every employee who walks in the door feels valued and sees how their role fits into the bigger picture.

WHY PEOPLE WORK AT DIVERSIFIED/IMA

We don’t make widgets or other tangible products. We deliver only intellectual capital, and the competition for attracting and retaining industry leading talent is fierce. The ability to offer ownership to prospective employees with the background and expertise to make a difference for clients is a key advantage in this competition and is a major selling point for employment at Diversified/IMA. From Sportsman’s Warehouse’s perspective, each member of your service team will have a vested interest in your satisfaction, which ultimately translates into better service.

Developing a great culture requires transparency with employees and clear communication across the organization.

With a dynamic and ever-changing workforce, leaders need to be prepared to think strategically about how to develop an employee experience that speaks to their culture. In the end, Diversified/IMA’s culture naturally attracts talented people who are enabled to be innovators.



Our culture naturally attracts talented people who are enabled and empowered to be innovators on our clients’ behalf.

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 and 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



YOUR TEAM



STEVE HANDLEY, CIC | Executive Vice President

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Steve has spent the past 20 years developing and managing commercial insurance programs for organizations across the United States. Steve has worked with large, sophisticated organizations in a variety of industries, taking a very proactive approach in designing and managing property and casualty insurance programs to meet the unique needs of each client. Steve graduated with a B.S. Degree in Business Administration, Marriott School of Management and is a Certified Insurance Counselor (CIC.)



JOHN CAMPOS, CPCU, ARM, CIC | Day-to-Day Account Executive

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John is an expert at Risk Management specializing in Directors and Officers and Cyber Liability insurance since joining Diversified in 2003. He has worked with companies throughout the world to provide guidance on coverage solutions and to act as a claim liaison. Industry specialties include Technology, Financial Services, Manufacturing, and Consumer Products. John has a bachelor's degree from BYU's Marriott School and has earned designations for Chartered Property Casualty Underwriter, Associate in Risk Management, and Certified Insurance Counselor.



JENNY MARTIN, CISR | Account Executive

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Jenny is responsible for managing and servicing the day to day insurance needs of her clients. This includes completion of applications and underwriting submissions, policy reviews, policy changes and endorsement activity, premium billing, issuance of certificates of insurance, contract reviews, and claims management. She has worked in the insurance industry for 25+ years collaborating with clients and underwriters to handle insurance and risk management issues in a thorough and professional manner. She specializes in large risk management accounts in the institutional, retail, public entity and real estate development sectors.



VICTORIA JOHNSON | Day-to-Day Account Support
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Victoria is responsible for meeting the day-to-day insurance needs of her clients. She has been in the insurance industry for 10 years and has worked with clients whose operations include transportation, health sciences, manufacturing, not for profit organizations and international operations. Throughout her career she has collaborated with clients and underwriters to resolve complex insurance and risk management issues in a thorough and professional manner. Victoria has a Bachelor's degree in Communications from Westminster College



JARRETT JEPPESEN | Management Liability Support
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Jarrett works closely with the Account Executives to deliver on your business objectives. Jarrett is a trusted resource for claims support on insurance and risk management programs. With over 10 years of industry experience, Jarrett is an advocate for clients, and is a trusted liaison and negotiator in the insurance market. His specialty is in complex risk placements. Prior to joining Woodruff Sawyer in 2017, he worked for Chubb, Zurich, and AIG in senior underwriter and account manager roles. Jarrett earned his bachelor's degree in business with a concentration in finance from California Polytechnic University.



SUSAN MINER | Management Liability Specialist
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Susan is one of the world's foremost experts on executive liability and risk management. She has some 20 years of experience and has counseled clients of all sizes and complexity, from Fortune 50 corporations to start ups. Susan is routinely referred into companies experiencing profoundly difficult D&O renewals; she is known for constructing creative solutions in complicated situations. Her clients span multiple industries – including high tech, life science, health care, retail, and energy – in the U.S. and throughout the world. Susan holds a master's degree from Cal Tech.



LAUREN KARAGOZIAN | SVP; Contractual Risk Practice Leader
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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).



SEAN BEHAN | Vice President, Managing Director, Risk Finance & Analytics
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Sean provides strategic advice to clients by developing customized risk strategies. As IMA's Risk Finance and Analytics Practice Leader, Sean helps clients explore large deductible, captive or other self-insurance structures. He helps companies make informed data-based decisions, simplifies the complexity of sophisticated risk finance structures and communicates it in terms that are meaningful to clients. Areas of consulting include quantitative analytics, risk management strategy, alternative risk financing vehicles, commercial insurance solutions, financial analysis and credit/collateral negotiation.



MARK WARE | National Practice Director, Advanced Industries
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Mark, an insurance industry veteran with over 23 years of proven experience as an underwriter and a broker, joined IMA in 2002 to lead our Advanced Industries Practice. His unique experience and expertise cross all industries and brings tremendous value to IMA clients by assisting them in managing and transferring their most challenging risks. Mark has been recognized by *Risk & Insurance* magazine as a Power Broker in 2010 and 2012, as well as receiving their Risk Innovator Award in 2009 for developing an insurance and risk management program for the human cellular and tissue-based industry. Mark is on the Board of Directors, and has also served as Chairman, of TechAssure, a non-profit consortium of leading privately held insurance brokers that services more than 3,000 technology and life sciences companies worldwide.



In order to deliver results to our clients, we firmly believe that ensuring quality in our products and services is paramount. As a result, we have a formal Service Quality Management Program. This program is comprised of numerous policies and procedures to ensure quality products and services for our clients. At the same time, we have rigorous continuing education requirements and opportunities so we can continue to develop our associates.

Diversified staffs a Quality & Audit Department with a full-time Quality and Audit Manager to oversee the quality management program. The quality management program includes, but is not limited to, the development and implementation of standard operating procedures in all the agency sales and service/support units and oversees internal auditing of the same.

The following are some policies from our Quality Management Program:

General Service Quality Management

Diversified is committed to professionalism and quality with the service we deliver. It is the foundation of the way we do business and another reason why we are confident in our stability and future. We have a formal quality management program that is designed to:

- + Establish a written standard of professionalism
- + Raise Diversified's quality standards improving overall organizational effectiveness and capabilities
- + Provide a program of education and self-improvement for our associates
- + Deliver ever-improving value to customers, contributing to market success

Peer Review System

Another Diversified standard is to have client work product reviewed by team members for accuracy. Quality assurance is important when handling client policy information that is relied upon by carriers, client executives, and employees. Before prepared information is released to a client, fellow team members check it for errors and accuracy.

Top Twelve Client Quality Service Standards

- + These standards are designed to enhance our value to clients, are provided to each new Diversified employee, and reviewed with staff on a regular basis. The list includes:
- + Know your clients (internally and externally) and always make their needs a priority.
- + Every Diversified client is your client.
- + Frequently communicate task status with clients (avoid black hole syndrome).
- + Summarize the action plan after a meeting/conference call in writing and follow up to ensure the items are completed.
- + Don't hide behind e-mail; develop a relationship and call your client or underwriter.
- + Return phone calls immediately. If unavailable, return within one business day.
- + Answer phone and leave voicemail message cheerfully and attentively.
- + Change voicemail message daily, especially if you will be out of the office.
- + Be proactive and not reactive.
- + You can delegate everything but responsibility. The responsibility stays with you.
- + Take pride and ownership in what you do.
- + Treat everyone with respect and thank your client (internal and external) for their business.

Client Surveys and Retention

In addition to these guidelines, Diversified/IMA is committed to regular client satisfaction reviews that enable us to measure our effectiveness in meeting and exceeding client expectations. Most recently, we partnered with an organization – Active Retention – that performed an in-depth one-on-one interview/analysis with our clients as a follow-up to a detailed questionnaire that was disseminated to and completed by each client. We found that **98% of our clients were committed to our team**, with a very high level of loyalty (98% is the very upper echelon for a service company). In addition, the survey focused on specific service factors from performance and responsiveness of the carriers and our service teams. Opportunities were tracked through an online system and follow-up communication with our clients was a required part of the process. Also, IMA has doubled our revenue over the past five years while maintaining 98% of our customers, including those lost to M&A activity.



INSURANCE

Reviewing coverage terms and ensuring binders and policies are issued as requested. Changes will be made as necessary until issued satisfactorily.

- + Monitoring solvency of insurers
- + Quarterly market updates
- + Annual valuations review (and any time a new location is acquired)
- + Detailed insurance proposals and summaries
- + Flood zone determinations and policy placement as necessary
- + Site visits and assistance with carrier loss control recommendations
- + Review exposure data to identify potential gaps in coverages
- + Ongoing policy changes and premium invoices
- + Certificates of insurance issuance at renewal and as needed

CLAIMS

- + Dedicated claims staff that assists with reporting of claims, claim communication and settlement facilitation
- + Advocating on your behalf if there is disagreement on claim eligibility or payment. The service teams work together with the claims manager to ensure we are approaching from all angles
- + Quarterly claims reviews (can customize who is to be included; size of claims; status of claims; reports)
- + Conduct initial strategy discussions on all large and open losses

ADMINISTRATION

- + Negotiate with lenders on Sportsman Warehouse's behalf regarding deductibles, coverage, terms that are acceptable and logical
- + Allocation and collection of premiums by location or investor group

OTHER

- + Industry education including education to employees, litigation trends in rules/regulations that might impact exposures, and events
- + Industry data analysis and benchmarking including claims examples, loss modeling and peer benchmarking
- + Customization or provision of any other services as needed

1.2 Why would you be the perfect partner for Sportsman's Warehouse?

Diversified is a committed partner to Sportsman's Warehouse. We will add value and we will drive a difference in your insurance and risk management programs, resulting in long-term cost savings and ease of administration. We are not just a typical broker placing policies and delivering a renewal.

- + **Steve Handley** and **John Campos** have a 15-year working relationship with Sportsman's Warehouse and your management team. We know your business and are avid outdoorsmen and regular customers.
- + We will deliver expertise in specialized areas like executive risk and cyber. We want Sportsman's Warehouse to understand the coverages offered and the resources and value the carriers provide throughout the year as well as at time of claim.
- + We will be your advocate throughout the claim process.
- + Our contract review process will mitigate risk and provide value to your team.
- + The renewal process begins long before the renewal date with conversations regarding the state of the market, evaluation of risk, education of options and negotiations with the carriers.
- + We will be held accountable and meet your timelines in our mutually agreed upon service plan.
- + Sportsman's Warehouse will be a marquee account for Diversified. You will receive proactive and outstanding customer service from our team.

For more than 30 years, our team has demonstrated an unwavering commitment to serving the needs of growing enterprises with complex risks. With expertise in key areas (Product Liability, D&O, Cyber, Property/STP, Auto/Fleet, and WC) and thousands of clients nationwide, we have developed a deep understanding of the unique culture of and specific challenges facing retail clients.



1.3 What are the risk management capabilities of your firm?

DIVERSIFIED'S INTEGRATION WITH THE SPORTSMAN'S WAREHOUSE RISK MANAGEMENT TEAM

Diversified's overall approach to managing risk with Sportsman's Warehouse will be for our team to become an extension of the Sportsman's Warehouse risk management department. The ERM framework facilitates the ease in which we can fit into the areas that supplement and complement the risk management needs of our clients.

The ERM process is divided into several main areas. Before the process of identifying and assessing risks can begin, it is imperative that Diversified have a strong understanding of all Sportsman Warehouse's operations, functions and processes. Failure to do so could result in unforeseen risks. Our term for being unaware of the risk being retained by an enterprise is "accidental self-insurance."

We dive into Sportsman's Warehouse by learning what the corporate objectives are, what current risk management objectives and goals are in place and then to perform due diligence on the Sportsman Warehouse's functions. The decisions and activities (or non- activities) at functional levels creates risk that could affect the entire Sportsman's Warehouse organization.

During this information gathering phase of the process, Diversified 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 Sportsman's Warehouse.

From that key risks will be identified and shared with Sportsman's Warehouse, where a joint effort to conduct scenario planning will take place. Various risk events will be examined to see how a risk event impacts the entire organization, not just the silo where it emanates.

The key risks will be documented in a Risk Scorecard where Risk Champions will be assigned to the Key Risks and the various steps that will be used to address these key risks will be documented. Key Risk Indicators (KRI's) will be created. These KRI's will serve as advanced warning alerting the team to environmental conditions that could trigger the risk event. These KRI's will be monitored on a regular basis and this information can be shared with Sportsman Warehouse's Risk Committee or Board of Directors.

The Diversified Team can then determine insurance terms and conditions to structure Sportsman Warehouse's insurance program for today and for where Sportsman's Warehouse is headed in the future. The Diversified Team will then look to deploy all its resources, internal and external, in a focused Service Plan that works to support Sportsman's Warehouse's risk management department and to address key risks.

Lastly, from this exercise Diversified will work with Sportsman's Warehouse to create a Risk Statement, help quantify risk appetite and tolerance and assist in the monitoring of the key risks and the emergence of new risks.



The techniques listed previously and the Diversified Resources to assist in each area is backed by our suite of data analysis tools. Qualitative and Quantitative tools are utilized to identify right sized solutions. More importantly these tools are used to measure the effectiveness of risk control technique. That way the effectiveness of the efforts can be gauged, and improvements or abandonment decisions can be supported.

We believe there are seven ways to treat risk. Insurance is the most reactionary and expensive method. We want to help our clients with the first six ways... which will in turn make insurance more efficient (cheaper) and effective (broader). By helping our clients manage risk, both insurable and non-insurable using the full spectrum of risk management techniques, we want to turn risk into a competitive advantage for our clients thus making their business better (more profitable).

We view the seven ways as follows:

TECHNIQUE	COMMENTS	DIVERSIFIED RESOURCES
Avoidance	Avoidance could take the form of passing on an opportunity and outright just not do something. Subcontracting work is a form of avoidance although it does not remove 100% of the risk.	Subcontractor Prequalification, Contract Risk Management
Awareness	Awareness, in and of itself, is considered a control as functions within Sportsman’s Warehouse or individuals can modify their decision making and behavior based on being more knowledgeable. By raising awareness of the risk, individuals close to the risk can often think of new methods to mitigate the risk that are specific and fit within Sportsman’s Warehouse’s processes and culture.	CERM, IATs / Emerging Risks, Training and Development
Assume	Sportsman’s Warehouse could assume the identified risk in a conscious manner. This is effective after risk is identified and assessed (i.e. quantified) as all “eyes are wide open.” Conversely, Sportsman’s Warehouse could assume a risk unintentionally for which IMA refers to as “accidental self-insurance.”	CERM, Mergers & Acquisitions Practice, Predictive analysis of impact of larger retentions, Contract Risk Management
Mitigate Frequency	Efforts to prevent the risk event from occurring.	Loss Control - Risk Score, Peer Practices, Perception Survey, Forensic Architect, Cyber Risk Hub, KRIs, Total Rewards
Mitigate Severity	Efforts to prevent the financial consequences after a risk event has occurred.	Workers’ Compensation Care Coordinator, Forensic Architect, Legal Claims Advocacy, Predictive Claim Models
Non-Insurance Contractual Transfer	Non-insurance contractual transfer through the use of hold harmless and indemnity agreements. Does not insulate 100% of the risk to Sportsman’s Warehouse and is only as good as the quality of the contract and funds available to rectify the financial consequences.	Contractual Risk, Management Service, Subcontractor, Prequalification
Insurance	Risk Transfer/Risk Retention and Risk Financing mechanisms that could include captives. All designed to finance the loss after a risk event. Note: A key objective with a captive will be structuring a mechanism to create a guaranteed cost structure for the general liability, auto liability and workers’ compensation. Diversified, working together with Sportsman’s Warehouse, is confident this can be accomplished.	Tailored and Proactive Coverage Review, TCoR Reduction, Alternative Risk Financing, IMA ERM

The techniques listed previously and our resources to assist in each area is backed by our suite of data analysis tools. Qualitative and Quantitative tools are utilized to identify right sized solutions. More importantly these tools are used to measure the effectiveness of risk control technique. That way the effectiveness of the efforts can be gauged, and improvements or abandonment decisions can be supported.

That plan should include all necessary vendors such as outside counsel, forensic investigators and crisis management firms. Our approach is to align your IRP with your policies, so it functions as a seamless funding mechanism. Our experience has been the greatest impediment to a smooth utilization of coverage is a lack of understanding of carrier expectations.



Based on our history with Sportsman’s Warehouse and a deep understanding of your risks, we have identified the following key services that will provide outside value to Sportsman’s Warehouse:

+ Loss Control												
+ Claims Management												
+ Contract Review	+	+	+	+	+	+	+	+	+	+	+	+
+ Data Analytics and Benchmarking	+	+	+	+	+	+	+	+	+	+	+	+
+ Complex Risk	+	+	+	+	+	+	+	+	+	+	+	+

LOSS CONTROL

Due to the importance of loss control and support, Diversified/IMA has established a Loss Control Practice employing 17 specialists in the field of Loss Control and Safety Management with an average of 15 years of experience. Because of the size and expertise of our loss control staff, we seldom have the need to outsource this vital service, though we also welcome and support carrier resources.

Diversified takes both a holistic and aggressive approach to loss control, actively working in tandem with our clients to identify potential hazards and working quickly to mitigate them. Our Loss Control Practice has experience in benchmarking safety performance, hazard identification and recommendations throughout your operations, trending and analyzing loss data by department, providing supervisor and employee safety training, participating in and developing safety committee, writing safety policies and procedures, designing and implementing chargeback systems when requested, and being a resource for non-routine functions when requested. As part of this strategy, our Risk Control regularly communicates with our clients via newsletters and industry updates to keep our clients aware of best practices in their industries and how to best utilize new practices and information.

As part of our ongoing loss prevention efforts, we will assist you in the evaluation of the written programs and procedures you have in place. Once we brief you on our findings, we can then continue to modify the services that best fit your needs. For example, if educating your workforce is a priority, we will provide full access to our online safety and health training classes, which include a variety of subjects that are customizable. Further, if we find that instructor-led classes are desired, we can provide “in person” training or provide webcasts to fit your needs.

RISK MANAGEMENT CENTER

Our 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

INCIDENT RESPONSE PLANNING ALIGNMENT

We think carriers can use their collective purchasing power and experience to provide discounts and complimentary solutions. As an example, AIG provides a wide variety of products and services to their policy holders. Many of those items are already purchased by our customers. We work with the IT Team to identify needs and understand their IT stack and loss control strategies. We have been able to assist in providing clients with either products they could not afford previously or at a substantial discount.

**WE SWEAT THE DETAILS WITH YOU
TO DEFINE THE SCOPE IRP AND
COVERAGE ALIGNMENT.**

CUSTOMIZED SAFETY EDUCATION

Safety Leadership Training

- + It is evident that Sportsman's Warehouse 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 and 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 manufacturing and distribution 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 at 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.

CLAIMS MANAGEMENT

Our Claims Management services play a key role in any organizations' risk management program. At Diversified, we believe in claims advocacy and management, not simply claims monitoring. Our experienced, persistent, energized claims advocacy team works with all elements of a loss, whether it's work comp, general liability, property, or financial services. The purpose of us as advocates is to effect positive change in the management of claims at the TPA and Carrier level on behalf of our clients.

The claims advocate role will be there 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.

Diversified's Risk Finance and Analytics Practice, led by **Sean Behan**, can provide loss projections and funding mechanism strategies specifically aligned to Sportsman Warehouse's strategic objectives (i.e. no collateral) allowing Sportsman Warehouse's to retain risk in a variety of ways including, but not limited to, self funding, large deductibles, collateral analysis, consortiums and captives. Diversified's goal is to leverage advanced analytics to allow Sportsman Warehouse's to make the most data-informed decisions about their risk management programs to support key financial and operational metrics.

In developing your service plan, the following claims management capabilities of Diversified will be combined with your existing techniques to provide the best possible claims management program:

- + Review of your claim process
- + 24-hour claims reporting and emergency services
- + Policy interpretation and coverage analysis
- + Administrative oversight of prior and current policy year claims as necessary
- + Coordinate and conduct in-service claim reviews with carriers on open claims
- + Serve as your claims advocate

COMPLEX CLAIMS

We highly encourage the discussion of complex claims with you before they are submitted to the insurance carrier. Many times, we can identify a potential coverage issue prior to the claim being sent to the insurance carrier. We will review these coverage issues with you so you are fully aware of the potential issues that may arise. We will also ensure that the claim is submitted with any detail that sheds the best light for support of a covered claim position.

As your broker and risk management partner, Diversified's Claims Team will support Sportsman's Warehouse practices with the following process:

OUR PHILOSOPHY IS TO MANAGE CLAIMS, NOT JUST MONITOR THEM.

Claims Lifecycle

PRIOR TO CLAIM

- + Review current claim program by line of coverage
- + Develop custom reporting procedures
- + Assign designated adjusters
- + Pre-determine settlement goals and consultative amounts
- + Defense counsel selections

REVIEWING COMPLEX CLAIMS

- + Review all claim facts with you
- + Identify any potential coverage issues
- + Determine your desired outcome
- + Strategize with you to develop an action plan
- + Respond promptly, advise and advocate

CONTROLLING CLAIMS

- + Provide proactive claims updates
- + Development of clear and concise action plans with your carriers
- + Provide written claim summaries
- + Ensure claim adjusters are proactively managing outcomes

CONCLUDING THE CLAIM

- + Important to communicate potential settlement prior to claim closure
- + A good claim is a closed claim
- + Continually monitor and revise protocols

CLAIMS ADVOCACY PROGRAM

+ Care Coordinator Program

Diversified Claims has created a “fee-based” program to partner with you to facilitate your workers’ compensation process. This value-added program will positively change the way your managers and employees feel about the workers’ compensation claim process. It is also an effective way to manage workers’ compensation claims and save you money.

- + Significantly reduces lost time
- + Improves medical utilization
- + Helps prevent or reduce attorney involvement
- + Reduced loss costs, positive return on investment
- + Positive impact on premiums and experience modifier
- + Improved human resources and employee experience

WHAT IS A CARE COORDINATOR?

Workers’ Compensation is a complicated process. If an employee is injured at work, there may be uncertainty as to how the workers’ compensation process works.

A Care Coordinator will help educate the injured worker about the workers’ compensation process. The Care Coordinator works as a liaison between the injured employee, medical providers, employer and adjuster.

The three main functions of the role include:

- + Training staff on their expectations in the claims program
- + Managing claims
- + Implementing, managing, and advocating the Return to Work program

We want to ensure that your employees receive the best care and return to work as soon as possible. The Care Coordinator helps confirm employees are getting the best treatment they need while also containing your company’s workers’ compensation costs.

+ Manage Claims and Training

A Care Coordinator will train location managers with designated medical providers and post procedures, if appropriate. Additionally, we will train your employees on return-to-work options, communicating the importance of return to work to your managers. We also prepare managers to provide modified duty jobs that can be made available for all positions, as well as help create job descriptions.

Sonja Guenther, our Workers' Compensation subject matter expert reviews your workers' compensation claims to ensure that open claims are accurately reserved and closed in a timely fashion. This process improves your experience modifier which, in turn, can reduce your premium. Diversified performs a final review of your open worker's compensation claims six months prior to your renewal. Diversified has enabled clients to significantly reduce their reserves. We reduced reserves for one client by \$45,000, which resulted in an 8% premium savings on their \$100,000+ workers' compensation premium.



SONJA GUENTHER
Workers' Compensation



A Care Coordinator can also do the following:

- + Provide direction to employee and employer for designated medical providers
- + Provide assistance with incident investigation including subrogation potential
- + Act as a single point of contact for an unrepresented employee and location manager on the claim process and claim progress/status, as well as act as the client representative
- + Monitor restrictions and determine if modified duty is available. If modified duty is available, the Care Coordinator will obtain the modified job description and provide assistance with the modified duty offer according to the benefit state
- + Provide assistance to managers of how to communicate with represented employee
- + Monitor medical condition and progress
- + Communicate in Spanish (i.e. bilingual)

CONTRACT RISK MANAGEMENT

Diversified is one of the only brokers in the country to employ in-house attorneys who function solely as contract administrators to assist our clients. Our department consists of a number of individuals with varying insurance and legal backgrounds, four of whom are attorneys. The services provided are designed to assist Sportsman’s Warehouse with contractual risk transfer mechanisms as they relate to insurance and risk management.

Our Contract Review department led by **Lauren Karagozian** will assist Sportsman’s Warehouse in designing and instituting a plan for assuring that the contractually required risk transfer components are being complied with by its tenants, vendors and contractors. Our team will review the indemnification portions of your agreements to make sure the contracts sync with and support the language of your risk management and insurance policies. This assistance has traditionally included a review of the current insurance policies and contracts that you may be using and the drafting of language to best protect Sportsman’s Warehouse and appropriately transfer risk from your assets. Once the review is completed, Diversified works with your risk management department, legal department, and other staff involved with tracking general contractor, subcontractor, and vendor compliance issues.



LAUREN KARAGOZIAN
*SVP, Contractual Risk
 Practice Leader*

We felt that this service was best suited in the same risk management firm that understood the client’s risk tolerance, philosophies towards risk, insurance coverages and generally accepted practices. By concentrating this service in our firm, we are able to see emerging trends in contract construction and assist our clients before they realize it. This approach ensures we are aligned with Sportsman’s Warehouse risk management philosophy. This service will provide important assistance to Sportsman’s Warehouse’s team in those areas of the country and businesses where SPHW has operations and projects.

The contractual Risk Review Department can provide contractual risk review for the following types of documents:

MASTER SERVICES AGREEMENTS	LEASE AGREEMENTS	SUPPLY+ DELIVERY CONTRACTS	RENTAL AGREEMENTS
SUBCONTRACTOR AGREEMENTS	RELEASE OF LIABILITY WAIVERS	FRANCHISE AGREEMENTS	MERGER + ACQUISITION CONTRACTS OR DOCUMENTS

DATA ANALYTICS AND BENCHMARKING

Our data analysis and benchmarking services will be provided by an assigned member of our team. They will provide expert analysis on program benchmarking, risk financing, retention analysis, loss trends and performance development, forecasting and IBNR review, rate analysis and premium ratios, and financial review of collateral obligations. Our team will customize your data analysis in a meaningful and intuitive format for review, and his/her presentations allow our clients to easily identify problem areas and develop strategies that mitigate risk and minimize losses. Analyzing losses can help provide the basis for program recommendations and forecasting, including alleviating pain, streamlining policies with consolidation, and framing the message for a potential master safety program.

Additionally, our team can help prepare and present financial reports on insurance program costs to your board, or any other outside party, as necessary. With regards to additional risk modeling capabilities, we create PML (probable maximum loss) reports for clients that utilize two standard modeling systems – AIR and RMS. These tools assist with flood/earth movement/wind CAT modeling.

We also use risk meter for determining an estimated EQPML (earthquake probable maximum loss). For flood, we can look at individual locations using the FEMA map center and create individual FIRMettes. Utilizing a variety of standard resources combined with our industry expertise helps to identify and interpret potential exposures help to best protect our client's assets and interests.

In terms of retention analysis, we have a proprietary model and loss database for customers like Sportsman's Warehouse. Historical losses are shown in context of retained losses at various retention options, and the associated loss shares by Sportsman's Warehouse and carriers. This helps in the marketing process to help understand sheer loss ratios and paid loss ratios for potential risk transfer. The model also assists to show, historically, how the deductible options and purchased limits would have responded in those different program parameters to help Sportsman's Warehouse ascertain future financial performance with changing program structures.

Moreover, our abilities with loss forecasting and reserve analysis help to compare premiums and retained losses against any potential cost-benefit with greater deductibles, as Sportsman's Warehouse's finance and risk managers prepare for any future risk-transfer of financial liabilities. We view benchmarking as a critical piece of our risk management consulting services for clients to better understand their risk profile, market presence, and industry trends.

QUANTITATIVE RESOURCES INCLUDE:

STATISTICAL ANALYSIS OF LOSS AND EXPOSURE DATA, INCLUDING:

- + By coverage, by type, by cause, by location or business segment, etc.
- + Stratification by size of loss and layer of retention
- + Segmenting actual loss dollars & allocated and unallocated claim expense costs
- + Analyzing both claim dollars and frequency of loss
- + Reports available in table and/or chart formats, in hard copy or interactive electronic software

ACTUARIAL ANALYSIS BY LINE OF BUSINESS, INCLUDING:

- + Loss projection and stratification by deductible layer
- + Optimal deductible analysis based upon frequency and losses by layer
- + Development of historical ultimate losses for all years
- + Collateral analysis and negotiation
- + Loss triangles and loss development patterns to compare client experience to industry experience
- + Frequency and severity analysis to identify the source of loss trends
- + Confidence intervals by layer to provide a range of possible outcomes
- + Independent actuarial analysis review and client education
- + Premium estimates and carrier profitability analysis
- + Comparison of total cost based upon renewal pricing options
- + Cash flow analysis of different program structures and the comparison of the NPV of varying programs

FINANCIAL REPORTING TOOLS, INCLUDING:

- + Actual versus expected loss development
- + Change in incurred
- + Dashboard summary to provide management overview of performance
- + Client scorecard
- + Allocation modeling

LOSS CONTROL AND CLAIMS ANALYTICS

- + Loss control analysis used to identify the cause, nature, source, etc. of claims to help identify the optimal strategy to reduce future losses
- + Claims analytics used to understand how and why claims develop over time so that claims management strategies can be adjusted to drive better results
- + Claim closure analysis

FINANCIAL ANALYSIS

- + Credit analysis to help negotiate the most favorable collateral requirements
- + Defining and quantifying risk appetite
- + Stress testing financials to determine the impact of unbudgeted, unexpected losses
- + Advanced modeling (such as Monte Carlo simulation) to identify the most efficient program structure, based upon how you value capital
- + Ad hoc analysis and reporting to support your needs
- + Captive feasibility, pro-forma financial statements

BENCHMARKING

- + Peer benchmarking for limits, retained losses, deductible levels, and pricing
- + Customized benchmarking based upon your actual loss experience and exposure to loss

COMPLEX RISK

Diversified is data-driven in how they consult and advise clients. This process applies to all disciplines from program structure to loss control and claims management. For this reason, Diversified “leads with analytics” to drive strategy with clients. Diversified views analytics as a process that gets adapted depending on whether Diversified is evaluating the optimal risk financing structure (Large Deductibles, Captives Consortiums etc.), loss control analysis, or claims analytics. Diversified’s goal is to progress with Sportsman’s Warehouse 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.

DIVERSIFIED PROVIDES:



Business Intelligence
and Benchmarking



Cash-Flow Analysis



Collateral Analysis



Financial Stress Testing



Actuarial Modeling

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.

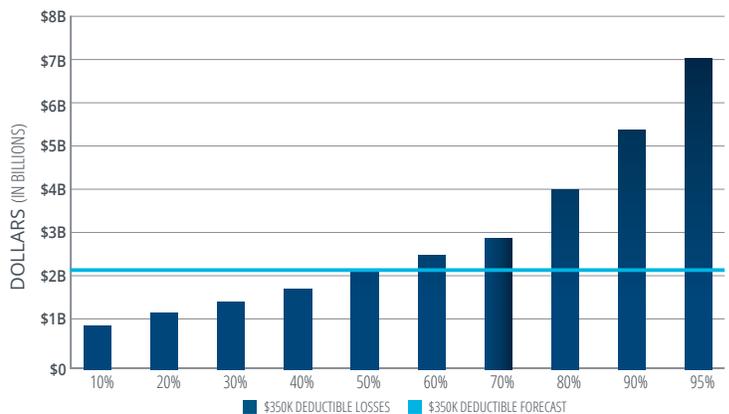
Diversified has in-house actuarial resources available for clients to develop loss projections, frequency/severity trends, loss stratification, statistical distributions, selection of ultimate losses, collateral analysis and many other tools that might be necessary. Diversified’s thought progression for actuarial analysis is depicted in the graphic above. **It is Diversified’s belief that the job as a broker cannot be done without using analytics, therefore, we do not charge extra for this work.** The intent of Diversified’s actuarial work is primarily to help Sportsman’s Warehouse make data-informed decisions as well as to be Sportsman’s Warehouse’s advocate and liaison when negotiating with insurance companies as it relates to structure, pricing and collateral.

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



As Sportsman's Warehouse's advocate, the primary goal of all analysis is to help Sportsman's Warehouse 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 isn't meant to be used for financial booking purposes though it certainly can provide a reasonable estimate of what might be expected.

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

SAMPLE HISTORICAL LOSS ACTIVITY BY LAYER (CLAIM COUNTS)

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
Total	599	12	6	1	0	
Avg.	54.5	1.1	0.5	0.1	0.0	
Adjusted Avg.	76.8	1.5	0.8	0.1	0.0	

SAMPLE HISTORICAL LOSS ACTIVITY BY LAYER (INCURRED LOSSES)

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
Total	16,999,524	2,604,200	1,181,282	68,126	0	
Avg.	1,545,411	236,745	107,389	6,193	0	
Adjusted Avg.	2,079,378	335,400	154,857	8,865	0	

Similarly, Diversified provides claims analytics that leverages machine learning and other data science tools to identify loss prevention and claims strategies that could lower Sportsman’s Warehouse’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 Sportsman’s Warehouse manage your cost of risk.

‘BLACK SWAN MODELING’



A lot of companies like Sportsman’s Warehouse assume significant risks that aren’t 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 Sportsman’s Warehouse’s overall Enterprise Risk Management strategy. Diversified has explored and implemented many financial, non-insurance risk transfer strategies for clients who seek to minimize potential loss using event-proxies (such as weather etc.)



1.4 How do you use technology to provide Sportsman's with excellent service?

As one of the most tech-forward brokers in the industry, technology is integral to IMA's identity. In our mission to become "the Broker of the Future," IMA has dedicated innovation teams working throughout the enterprise to deliver the best technology experience to our clients and associates available. We deploy the most modern tech stack in the industry to allow our clients to be more efficient and in better control of your insurance and risk management programs. With over 120 systems and applications deployed, our technology investment is **2x the national average** compared to other brokers.

- + **Indio** – We eliminate PDFs to be completed at renewal. Our renewal platform, Indio, allows clients to update their information digitally – dramatically reducing repetitive application completion and potentially costly-errors.
- + **TrustLayer** – For clients with large certificates of insurance schedules, we deliver an online compliance platform to help our clients gain oversight on their clients, vendors and partners.
- + **Highwing** – IMA's proprietary market submission platform enables clients to receive the maximum number of options and increase carrier interest, which results in a more competitive program for our clients.
- + **CSR24** – Our client self-service portal enables clients quick access to their policy data, service requests and key contacts.
- + **Aclaimant** – A digitized incident reporting platform that brings accident reporting and claims management into one platform.
- + **Power BI** – We utilize a customized version of Microsoft Power BI to help unlock our data and allow us to make smarter recommendations for clients in the areas of coverage design, carrier recommendations and claims experience.

As noted above, Diversified not only invests in the latest technology for our clients and associates, we also have an innovation team that has successfully spun out entire companies that originated from Diversified in-house technology. Highwing is an example of this. Now a successful insurtech in its own right, Highwing was born in IMA Labs and helps our team (and now other brokers) make smarter insurance submissions to the marketplace. Diversified is also an active participant in the technology ecosystem. As owner-members of BrokerTech Ventures, Diversified/IMA helps emerging insurance technology startups build solutions and products that benefit brokers and their clients. Through its accelerator program and VC fund, BrokerTech Ventures is moving the entire industry forward and Diversified/IMA is a proud supporting partner of these efforts.

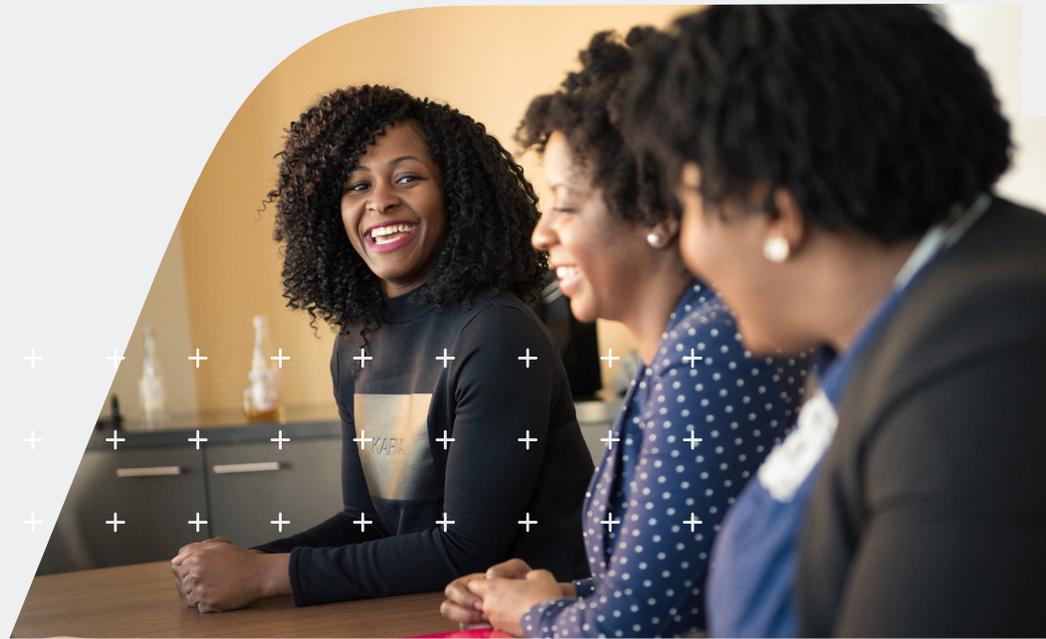


1.5 In your opinion, what are the key exposures or unique risks of Sportsman's?

The key exposures and unique risks of Sportsman's Warehouse are directly related to the company's enviable growth and success over the years. The Diversified/IMA team would bring particular resources, expertise, experience, and specific attention to the following areas of coverage/exposure:

- + **Product Liability** – as noted in your most recent 10-K, Sportsman's Warehouse is subject to the Protection of Lawful Commerce in Arms Act and the special attention of groups like Brady Campaign and others. Led by Steve and John, our team will be accountable for the coordination of hands-on claims management, strong carrier relationships and coverage grants, flexibility on choice of legal counsel where available, and regular news alerts to proactively address potential issues for Sportsman's Warehouse. Our colleague in Denver, **Mark Ware**, has managed the Smith & Wesson Product Liability program for over 10 years, and will be a valuable team member and involved whenever needed to assist in this coverage area.
- + **D&O** – Sportsman's Warehouse is very aware of the massive risk that comes with being a publicly traded company, including the ability to recruit high-quality board members. Fortunately, you already have the luxury of seeing the Diversified team in action to address this vitally important protection for public company individual and entity risk. Beyond providing consistent results that beat market expectations, including several flat-premium renewals, we have offered industry-leading benchmarking, litigation updates, and claims data to enable Sportsman's Warehouse and its board to make informed decisions with regards to the limits and structure of the Management Liability insurance program. In addition, we've partnered with Great American, a strong carrier with a long-term partnership mentality, that has been willing to offer market-best coverages, including critical carve-backs on the policy's Product Liability exclusion. Diversified is the clear market leader in the Intermountain West in the placement and administration of Public D&O Insurance programs, and Steve and John each bring 20 years of experience in this critical area of insurance.
- + **Cyber** – We are an industry leader in the Cyber/Privacy risk management area. As part of TechAssure, a worldwide broker group devoted to finding and sharing the most innovative products and approaches to today's data security challenges, we bring to the table "broker technician" fanatics, both on your primary team and with the Diversified/IMA resources. Sportsman's Warehouse will enjoy the resources and results of having a large, national broker working the market while also having easy access to familiar experts for questions, education and training, board presentations, and claims strategy/management. Clients like Overstock.com, Ancestry, and Smith & Wesson would be happy to confirm the firepower that Diversified brings to the table in this area.

+ **Property/Business Interruption/Inventory** – Sportsman’s Warehouse has always recognized the critical importance of its real estate portfolio and relationship with manufacturers/suppliers. The heightened supply chain risks of the past few years have forced retailers to pay particular attention to these areas of their risk management function. We’re excited to match our resources and ideas with yours. This area is of particular interest to **Steve Handley, John Campos**, and the Diversified/IMA team, as Retail/Consumer Products and Manufacturing clients make up a large part of our personal books of business. Like Sportsman’s Warehouse, most of our clients have domestic and foreign suppliers that require prudent approaches to business interruption table-top exercises, contractual protections (which our internal legal team helps review), and certificate management (suppliers, landlords, partners, etc.). We also work with our clients to address the rising cost of materials and how that can impact values to insure. A well-structured Stock Throughout program that protects inventory worldwide, on land, water, or in the air, must be a critical part of your risk management planning and protection.



- + **Auto** – Over the past few years, fleet operators like Sportsman’s Warehouse have seen unprecedented increases in maintenance and repair costs, litigation trends, and resulting insurance premiums. As an outsourced risk management partner with enviable personal experience working with large auto fleet risks like Edge Pest Control, Traeger Pellet Grills, Diamond Rental, Gold Cross Ambulance, Packsize, and Nikola Motor, we’ll focus on risk reduction (telematics, training, etc.) as well as risk transfer and retention strategies (captives, deductibles, bailee risk, critical quarterly loss reviews, etc.).
- + **Workers’ Compensation** – With over 8,000 employees, Sportsman’s Warehouse has built safety and loss prevention programs that enable and protect its employees and the company. Even with the market offering historically low WC insurance rates and competitively priced guaranteed cost programs, we see opportunities in captives and other retrospectively-rated, deductible, and dividend programs that may be appealing to the Sportsman’s finance and HR teams. We will also coordinate insurance carrier and IMA’s loss control and claims management assets to assist in creating a safer work environment for employees and customers, ensuring claims are managed to the highest standard at the lowest possible cost.

Steve Handley has particular large, complex account workers’ compensation expertise, having worked with many PEO’s, staffing companies, and large employers over the years on a variety of loss-sensitive program structures. He is an expert on experience modification calculations, and regularly consults with employers on the following items:

- + Compute and verify the accuracy of experience modification(s).
- + Accurately project the experience rating factor before it is promulgated by NCCI.
- + Analysis of losses to show what specific losses contribute to premiums.
- + Better communicate the factors affecting the mod and illustrate the value of loss control and loss prevention services.
- + Increase accuracy of cost allocation and risk management decisions.
- + Forecast the mod for the next policy period.

1.6 What does compliance mean to you? Do you review existing policies for compliance?

As part of a regulated industry ourselves, we understand that our policies and advice can help clients comply with laws or rules intended to ensure quality standards and consumer/insured protections. Our clients answer to many regulators at state, federal, and foreign levels – and we've helped to address alleged violations of the Protection of Lawful Commerce in Arms Act/ATF Actions, Motor Carrier Act (MCS-90), Fair Trade Act, False Claims Act, TCPA, Privacy Laws, and more. Known regulatory risks are specifically addressed in policy negotiations and in client presentations, and our team is constantly learning and sharing about new potential risk areas for client industries. Our contract review team and the SPWH primary support team also have excellent experience reviewing contracts for compliance and can help push back where requirements are unnecessary, expensive, or unavailable in the market.



1.7 Do you have a dedicated department for compliance and how many are they?

Yes, between Loss Control Services and our Contract Compliance teams, we have 48 associates that support compliance for your primary broking team.

1.8 What will be your process in placing the existing insurance policies?

Our team typically begins the renewal process at least 120 days in advance of policy expirations, but we will work within the time frame established by Sportsman's Warehouse. Our internal process begins with ordering updated loss runs and reviewing options with Sportsman's Warehouse to attempt to close any claims possible.

We also do the following:

- + **Pre-Renewal Documents (PRD)** – Preparation of our PRD by your Account Representative. The PRD is then reviewed by your Servicing Account Manager, and finally the Account Executive.
- + **Review of Prior Year's Activities** – We review your prior year's activities including things such as property added, acquisitions/divestitures; contract review activities; claims activity including open and closed claims; policy limits and retentions; and current policy wordings.
- + **"9 Column Exposure/Rate Comparison" spreadsheet** – We construct this document which shows last year's rates, exposures, and premium and enables us to calculate what your premiums would look like at renewal if your rates and rating factors remained "as expiring." This helps us with target pricing. We ultimately complete this spreadsheet with various options quoted at renewal to show how much your premium is impacted by rate versus exposure changes.
- + **Marketing Strategy** – Our team then meets to review and discuss strategy prior to meeting with you. We review your current program, consider trends in the market both from a coverage and rating perspective, consider your current carriers and other possible carriers, and which lines we recommend marketing, etc.
- + **Pre-Renewal Executive Summary** – We put together a Pre-Renewal Executive Summary with our observations and recommendations for what might be accomplished at the renewal, thoughts on coverage enhancements and markets, and questions about your objectives.
- + **Pre-Renewal Meeting** – Depending on your timeline your timeline, we would meet with Sportsman's Warehouse around the middle of the year to review our Executive Summary and PRD, which we'll provide in hard copy and an email for your internal distribution, and to confirm that the timeline in the RFP still works for your schedules, possible board meetings, and anything else that might impact the timing of our actual proposal.

**OUR GOAL IN THIS PROCESS IS SIMPLE:
OBTAIN THE BEST AND BROADEST COVERAGE
AT THE LOWEST PREMIUM AVAILABLE.**

COLLECTION OF UNDERWRITING DATA

- + Collection of Underwriting Data: to facilitate gathering this information, our team would be happy to work directly with your employees on auto schedules, MVR information, equipment and property values, etc. We will advise you in a timely fashion if important data is missing.
- + To simplify the data gathering process – including pulling forward information used the prior year – we utilize a secure, online platform called Indio. Indio allows additional comments/questions, collaboration between teams at SPWH (i.e. legal, HR, logistics, finance, etc.) and securely uploads sensitive documents like financials or driver information.

SUBMISSIONS TO UNDERWRITERS

- + Determine where in your program rate reductions would have the greatest impact – We do an “as if” review (similar to the 9 column) to see where we should push hardest for program rating improvements. We consider not just next year’s activities, but your future plans over several years, in order to achieve both a short- and longer-term impact.
- + Develop Sportsman Warehouse’s Story and Profile in the Market – We like to create a “story” about our clients, especially with new markets, and put a personal touch on the actual underwriting information. So we supplement the underwriting details with things like the following:
 - Sportsman’s Warehouse’s history and future plans
 - Financial overview and bios of your management and operations teams from public information and other bios, including Diversified’s past relationships with any of these individuals
 - Your management philosophy on Environmental, Health and Safety, vendor hiring practices, contracts and certificate of insurance management
 - Claims handling and your “lessons learned” philosophy
 - Independent Research – When necessary, Diversified will conduct our own independent research to help supplement Sportsman Warehouse’s information.
 - Underwriter Meetings – Sportsman’s Warehouse can tell your story better than we can, and so we like to have face to face underwriter meetings when it makes sense, but especially with the General Products Liability and D&O. Insurance is, at its core, a people business and the comfort level that can develop through face to face meetings is immeasurable in being able to continually improve your program, including when something unique is needed, mitigate the impact of a hard insurance market or of a large loss, and facilitate claims handling especially when there are gray areas. We recognize that our clients are busy and that they cannot always meet, or might not want to meet every year. We will work with you to prioritize and develop a reasonable schedule for underwriter meetings at this renewal, or more likely, subsequent renewals.

NEGOTIATION PROCESS

- + Diversified's Interaction with our Underwriters – We consider our underwriter relationships to be very important, and work on these relationships throughout the year. This entails periodic face to face meetings, including with Lloyd's underwriters, with and without our clients. We have relationships with the top leadership at our significant carriers and their claims and risk control managers, as well as with their "wordings" specialists.
- + Direct Marketing versus Wholesalers – Our team prefers to work direct whenever it makes sense and we have contracts with all the major carriers. We also work with wholesalers at times and would disclose this to Sportsman's Warehouse and our rationale for doing so. We address the reasons we might work with a wholesaler later in this document. We have a process for the selection and use of wholesalers and as such, we typically work with a smaller group of top-notch intermediaries.
- + London Market – When obtaining quotes from Lloyd's underwriters, we must work through a licensed Lloyd's broker. Because we are 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 expertise in a particular area; their technical, broking and claims personnel; problem solving ability and ability to draft manuscript wordings in conjunction with Diversified; their responsiveness and timeliness in issuing policies, endorsements, invoices, and claims payments (through the Lloyd's system); and especially, the strength of their relationships with particular lead London underwriters.
- + Delivery of Submissions – As much as possible, we like to deliver our underwriter submissions in person. This gets the underwriter's attention and focus, provides a personal touch, and gives us the opportunity to discuss difficult issues, i.e. large claims and how they will be mitigated in the future, coverage improvements, rating/premium targets, and other important topics. This also enables us to put more pressure on the underwriter to meet your timeline.

FINAL PRESENTATIONS

Our Golden Rule – There are certain things that we continually stress to our team members and one of the most important is, "Take the burden off the client." We believe that:

- + A complicated insurance program can be summarized concisely in an Executive Summary so that you can make decisions without a lot of effort.
- + If insurance program options are carefully reviewed and compared, and if the client's philosophy about risk is well understood along with your future plans and industry trends, a recommended approach is often clear.
- + Proposal Process – 2 Steps for London Placements – Sometimes the proposal is a two-step process from your perspective, especially when working with the London market. We typically like to present to you the best leader indication following our negotiations, then go back to our London broker with any additional requests/improvements, have them get the leader's agreement, come back to you for final approval and a "binding order," and then our London broker will get the program agreed to 100% (typically over-subscribed and the lines signed down).

- + Our Final Proposal – Our final proposal will include the following, all of which will be summarized, as described above, in an Executive Summary with pros and cons, decision points, and our recommendations. We want you to have all the backup data and detailed information, but we want to take the burden off you for decision making, hence the Executive Summary.
 - Insurance Program Executive Summary – includes in a summary form the lines of insurance, limits, deductibles, carriers, and A.M. Best rating
 - Marketing Summary – results of our marketing efforts by line of insurance and carrier
 - Proposal – includes all of the above, but with significantly more detail including benchmarking and any manuscript wordings we need to specifically review with you
 - Program Comparison Spreadsheets – as respects coverage and pricing
 - 9 Column Comparisons to your expiring program – compares impact on premium of rates and exposures
 - Back up schedules used for our submissions – Property/BI, Cargo/Stock Throughput, Autos, WC
 - Premium/Loss History
 - Historic Rate and Coverage Development – typically provided for large OEE programs (includes base rate changes and the impact of all rating factors and coverage improvements through time), but can include other lines

BINDING YOUR RENEWAL

Once coverage is decided and we receive your binding order, Diversified will process the following:

- + Binders
- + Auto ID cards
- + Certificates of Insurance
- + Invoices
- + Finalize Fee – regarding incentive component, did we achieve our goals?
- + Premium allocations for General Liability, Umbrella, and Auto (if desired)
- + Updated Insurance Executive Summary
- + Summary of Coverage Bound
- + Updated Limits Graphs
- + Policies and Endorsements as they come in
- + We will then work with you on our Client Service Plan to ensure we meet our mutual goals throughout the year

1.9 What services, expertise and resources do you provide in relation to the types of policies we have to drive real value?

We Know Property & Casualty Insurance

We place over \$5B in property and casualty premium annually, meaning not only do we have close working relationships with carriers, but we also have deep experience in placing and managing risks across the property, casualty and workers' compensation spectrum.

This depth of experience has allowed us to craft services and strategies in each area which help clients lower their total cost of risk.

PROPERTY

- + Alternative Risk Financing/Complex Risk
- + Contract Review
- + Claims Management
- + Litigation Management
- + Risk Control

CASUALTY

- + Benchmarking
- + Exposure Analysis
- + Loss Projection and Stratification
- + Manuscript Policy Wording

WORKERS' COMPENSATION

- + Claims Advocacy
- + Experience Modifier Analysis and Stratification
- + Legislative Advocacy and Lobbying

CAPTIVE INSURANCE PROGRAMS

- + Cornerstone – IMA practice group dedicated to Captive and Group programs
- + Group and single parent captive feasibility studies
- + Program design and implementation

Beyond our **2x average investment in value-add services**, our approach to service drives outsized value for clients. Rather than focusing exclusively on the tactical and transactional aspects of service, we zero in on strategic initiatives which will *make a difference* for clients long-term by helping them see around corners to anticipate what comes next.





Transactional

Transactional Service is what you think it is, the execution of transactions in a “need it yesterday” time frame. These are necessary to the flow of business and the accuracy and speed in which they are executed determines the ease in which Sportsman’s Warehouse’s business can be conducted.

SERVICES INCLUDE

- + Issuance of outgoing certificates of insurance
- + Management of incoming certificates of insurance
- + Accurate invoicing of premiums and deductibles
- + Reviewing policies and endorsements for accuracy
- + Delivery of policies in a timely manner
- + Checking Premium Audits for Accuracy
- + Issuing of bonds
- + Assistance in reporting claims



Tactical

Tactical Service is where our client has already made a decision and they need our help. For example, a client decides they need insurance, they want our help to expertly provide options with superior terms and cost. Our client did not decide to have a claim, but they need our assistance.

SERVICES INCLUDE

- + Marketing insurance placements for broadest terms and conditions
- + Insurance Market Conditions Updates
- + Expert and strategic claims advocacy to bring about expeditious and favorable outcomes



Strategic

Strategic Service is where our client has not made a decision but wants our advice to help make an informed decision. We are diligently scanning the environment and mining data to be able to “deliver a problem and a solution to our clients before they knew they could have a problem.”

SERVICES INCLUDE

- + Monitoring insurance marketplace for viable alternatives
- + Establishing Plan B and Plan C carrier options
- + Mining data for emerging trends
- + Education and Training
- + Networking

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 large retail 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.

We assimilate this information, screen it and relate it back to our clients in a number of ways:



Diversified provides bi-weekly industry-specific and employee benefit-focused “**Insights, Alerts and Trends**” newsletter, that highlights key emerging trends and articles on political, economic, technology, legal and environmental factors that may impact the business.



The semi-annual “**Risk in Focus**” report highlights emerging and rising industry risks that can severely disrupt business operations. The report offers insights into how businesses can effectively prevent, prepare and manage the disruption from these risks.



The quarterly “**Markets in Focus**” report scans the current economic and insurance environment and that provides commentary and presents in-depth analysis on general insurance market trends as well as industry-specific insurance trends to help clients prepare and plan for their insurance renewal and avoid surprises.

We created these tools in answer to our client’s request. We often hear our clients site a need to “help them look around corners,” or “identify the next thing” or “need to know what I don’t know.”

The infrastructure includes:

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

We Know Directors and Officers and Management Liability Insurance

As with Cyber, we are also the largest writer of Directors and Officers (D&O) insurance in the state.

As the founder of the Summit Directors & Officers Conference (summitconf.org), we are a leader in Director Education.

Now in its 21st year, Summit is a world-class directors and officers training and leadership conference dedicated to helping public, pre-IPO and private companies improve corporate governance and best practices. Diversified is recognized and known as the engine that makes Summit run.

WE KNOW DIRECTORS AND OFFICERS AND MANAGEMENT LIABILITY INSURANCE

We have dedicated D&O and Management Liability Insurance resources and experts:

D&O Market Conditions

- + State of the D&O Market
- + Cost Mitigation Strategies

D&O Litigation Environment and Sources of Claims

- + Securities Litigation
- + Cybersecurity and Data Privacy – Impact on D&O Claims

D&O Claims Management

- + Key Fact: Spence Hoole has insured over \$800M+ in D&O claims

D&O Insurance Limits Analysis

- + Proprietary Plaintiff's Bar Damage Model
- + D&O Litigation Database
- + Proprietary Peer Benchmarking
- + Custom Limits Analysis Model

Employment Practices, Fiduciary and Crime

- + #MeToo Movement and its impact on both D&O and EPL claims
- + EPL, FID and Crime Peer Limits Data

DIRECTOR EDUCATION



D&O Strength and Market Share

We are the largest writer of Directors and Officers (D&O) insurance in the state. **You don't insure 27 out of the last 34 IPOs in Utah without being an expert in D&O insurance.** Our D&O clients include the largest market cap company in the state (Extra Space Storage \$14.9B) all the way to the newest public company (Weave). Our D&O expertise is evident in the companies we work with and insure.



Collaborative D&O Insurance Model: Diversified and Woodruff Sawyer

We have a unique partnership and co-brokering relationship with Woodruff Sawyer, one of the leading D&O insurance brokers in the country.



WOODRUFF
SAWYER

Interdependency and Knowledge Exchange

- + Combining local D&O expertise with the depth and resources of a national management liability practice
- + Sharing expertise, policy insights, claims support and market knowledge
- + Dual set of eyes for SPWH – ensures optimal coverage negotiation and policy placement

Seamless Client Service and Proven Results

- + Successfully collaborate in placing numerous D&O and Management Liability programs
- + Delivering the most competitive pricing coupled with the broadest coverage available in the D&O market
- + Hands on claims management and superior servicing – over \$800M+ in claims payout
- + Cost neutral – no additional cost to SPWH for co-brokering relationship

Similar to Diversified's market share in Utah, **Woodruff-Sawyer** dominates its respective IPO market in California and works with public companies around the country.



NETFLIX



INTUITIVE
SURGICAL®

Uber



illumina®

Our D&O Insurance Mission

We are committed to safeguarding our clients' directors and officers against lawsuits and other liabilities. Sportsman's Warehouse will get comprehensive consulting and expertise to protect you before, during, and after claims.

This means preventing some claims altogether and assembling the ideal team to advocate for you during the claims process. We anticipate future threats, issues and trends that will affect your business, so that you're proactive about protecting your interests. Our proprietary data will enable you to make smart decisions about your coverage. Your peace of mind is worth it.

Key Takeaway – Deep Public Company and Cyber Experience:

- + 120 years of combined team experience in the Retail, Real Estate, eCommerce, and Consumer Products industries
- + Dominant brokers in insuring public companies in Utah
- + Best of both worlds – local expertise and boots on the ground with best-in-class resources



1.10 What is your cost model?

There are two basic ways Sportsman's Warehouse can compensate its broker partner:

- + **Commissions** – Insurance carrier pays standard commissions to the broker directly that are built into the policy premiums. Diversified does not use commission levels to determine the recommendation for coverage placement. All commissions received that are directly related to the Sportsman's Warehouse policy placements will be fully disclosed to you.
- + **Fee-Basis** – Policies are written net of commission and client pays an annual fee for service.

We are agnostic to the method of compensation and believe the key for the client is transparency. It is always the client's decision regarding compensation structure. Our goal is to drive down the total cost of risk by giving our clients the best value for the overall premium, while still earning fair compensation.

If a fee is determined to be the best compensation model, it will typically include all Brokerage and Risk Management Services including, but not limited to, the following:

- + Coverage analysis and advise on program structure
- + Limits analysis and peer benchmarking
- + Assist in risk exposure identification
- + Advise client on existing policy language or proposed coverage modifications
- + Develop underwriting information and prepare underwriting specifications
- + Market insurance coverage and negotiate with insurance underwriters
- + Prepare and present written proposals of coverage options, including pricing, coverage, and service specifics
- + Design and negotiate specific policy language
- + Review insurance policies for accuracy
- + Issue certificates of insurance as required
- + Monitor insurance programs and providers with respect to cost, coverage and services
- + Process endorsement requests
- + Respond promptly to questions and provide research or advice, as needed
- + Monitor insurance carrier loss control services



Ultimately, Diversified's goal is to create an appropriate and transparent compensation structure that promotes a long-term partnership with Sportsman's – one that puts us in the position of negotiating from the same side of the table. A hybrid approach we've seen success with is a capped commission structure, which we can also discuss. Once we have a chance to discuss in greater detail the claims management needs and types and amounts of loss control and other services Sportsman's desires, we'll be in a better position to find a mutually agreeable amount and form of compensation for our team.



About Diversified Insurance

Diversified 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 over 1,700 associates.

