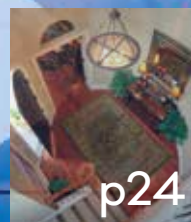
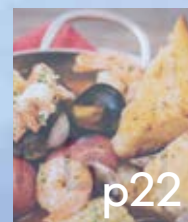
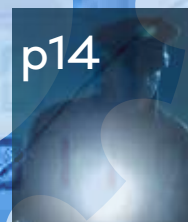
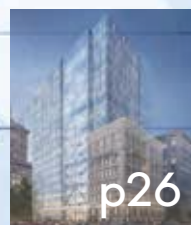


HG

2018 vol.11

The Heffernan Group





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For the last eight years,
HG Magazine has been
named a winner of
the American Business
Awards (aka "The Stevies")
for "Best Annual Report."
See stevieawards.com.



Building Bridges

It's hard to believe 2017 has come and gone, time moves so fast. We are now well into 2018, and we are hitting on all cylinders. As I reflect on 2017, I am struck by what a bittersweet year it was for the Group. We achieved our corporate goals, hit our budgets, and continued our quest to make the client experience the best within the industry. However, we also faced some challenges. The most notable was the deaths of two wonderful and caring men. John Prichard Sr. had been with the company for 27 years and played a major role in cultivating the core culture of our group. And my father, Frank Heffernan, passed away. As I look back at his life, I have come to realize how much of his spirit I see within our Group, even though he never worked within the Group. Certainly his influence on me, my sister, Ann Marie (also a Heffernan employee), and others who knew him has influenced how we manage the company and conduct ourselves.

We are now entering our 30th year in business, and I am proud of what the Group has accomplished. As I look toward the future, I am excited because I believe the Group is well positioned with very talented people. Our goal remains to provide an entrepreneurial environment that provides all those who work with us the best chance to achieve their personal goals and dreams. Our philanthropy remains a Group focus. Giving back and making a difference in people's lives, especially in support of education, matters to us. To celebrate the past 30 years, the Group will be sponsoring a fundraiser for the Heffernan Foundation on September 8th. We hope you can join us for an evening of glamour, food, dancing, fun, and giving back!

We strive to do our best on your behalf every day. Thank you, as always, for your support and your business.

F. Mike Heffernan



ABOVE & BEYOND

At Heffernan, we value our carrier relationships. This year, we are proud to share with you the stories of two companies that went above and beyond for both Heffernan and their communities. We wish to thank them for their partnership and collaboration.

The Hartford and Heffernan:

The Art of Possible

When Doug Elliot first met Mike Heffernan in the mid-90s, he was impressed with more than Mike’s ponytail. “I walked into a brokerage operation that was intellectually curious, unconventional and innovative. They cared deeply about their customers and they were intensely growth-focused. I immediately loved their attitude and fresh approach. As a young insurance professional, the Heffernan team opened my eyes to the art of possible,” he explains.

Today, Doug is the President of The Hartford, an insurer with a 207-year legacy of helping people and businesses prevail through life’s challenges and opportunities. When you think of The Hartford’s trademark logo—the majestic stag—you probably think of tradition. Doug hopes you’ll also think of The Hartford as a young company that’s been around a long time. “We’re known for having high integrity and stability. We’re also thoughtful, positively engaged and client-centered. Like Heffernan, we have innovated and embraced change in a forward-leaning manner,” he says.

A Closer Look at The Hartford

Headquartered in Hartford, Connecticut, The Hartford (NYSE: HIG) is a leader in property and casualty insurance, group benefits and mutual funds. The Hartford sells its products primarily through a network of independent agents and brokers, and for more than 30 years has been the only nationally endorsed direct auto and home insurance program for AARP’s more than 37 million members.

The Hartford ...

- Provided insurance for the only home Abraham Lincoln ever owned
- Bonded construction of the Golden Gate Bridge, opened in 1937
- Was the first insurance company to create a unit dedicated to small businesses in 1983 and created the first policyholder service center in the late 1980s
- Offered the first payroll billing solutions for workers’ compensation insurance in the 1990s, established a dedicated Payroll Alliance Center, and then offered payroll billing solutions for independent agents in the 2000s
- Earns high marks from our small business customers for claims service: rated 4.8 out of 5 stars
- Serves more than one million small businesses

Behind The Hartford’s insurance achievements, you’ll find a unique and vibrant corporate culture. “We embrace diversity, inclusion and character,” Doug says. He points to a number of employee groups, including the Professional Women’s Network and the Black Insurance Professionals Network as examples. In addition, employees are given one extra day off every year to volunteer at a nonprofit organization. Notably, The Hartford has been named a World’s Most Ethical Company® nine times by The Ethisphere® Institute—most recently in 2017.

Insurance Promises in Action

When the wildfires hit California last fall, The Hartford claims team was at its best, making a true difference in a time of extreme crisis. “This is what insurance is all about,” Mike says. “The Hartford team engaged our customers on the frontline, communicated proactively and was a true partner for us and our clients. They were there when we needed them most.”

Since 1992, Heffernan clients have counted on The Hartford for a variety of services—from home and auto insurance to employee benefits and business insurance. “We are a broad and deep-risk player, offering solutions for a range of industries—from manufacturing to real estate, construction, middle market and specialty,” Doug says. And, with the acquisition of Maxum Specialty in 2016, The Hartford also offers excess and surplus coverage for greater risk management flexibility.

Possibilities

If the past is an indicator of the future, then Heffernan and The Hartford have many bright years ahead. It’s a collaboration that simply works. “We have a positive, dynamic and contagious energy. We challenge each other to be excellent every day. We push each other to go beyond and to see the world in different ways,” Doug explains.

With the influx of robotics, digitization, predictive analytics, artificial intelligence and data science, the insurance industry is undergoing rapid change, so an openness to new thinking is crucial. In Doug’s words, “It’s up to us to use these technologies to recognize when and how customers want to be serviced and to enhance our practices to improve customer satisfaction. To grow, we must never stop innovating. We must embrace the future.”

PHLY and Heffernan:

Niche Know-How

Philadelphia Insurance Companies (PHLY) and Heffernan have worked together to serve nonprofit, religious and social service organizations with innovative products and extraordinary services for more than 15 years. During that time, the two companies have grown both their individual operations and a mutual book of business. You might say they’ve grown up together.

According to John Glomb, PHLY Executive Vice President, “We have people on our team who started their careers and advanced through several job roles here, while their colleagues at Heffernan did the same. This has resulted in very close relationships between our companies, across all disciplines. Everyone knows someone they can call for assistance.”

This is an important differentiator because in the world of risk, issues inevitably arise. “As much as we strive to avoid losses, they happen and can have a significant impact on the cost of insurance” John says. “As with all things in life, it’s not what happens, but how you respond that matters.”

Time and again, the PHLY/Heffernan teams have demonstrated their ability to respond in the best interest of their clients, deploying niche know-how, trust and collaboration to forge creative solutions.

A Closer Look at PHLY

Headquartered in Bala Cynwyd, Pennsylvania, PHLY is a niche-focused specialty insurance carrier and part of Tokio Marine Group, Japan’s oldest and leading property and casualty insurer and one of the 10 largest insurance groups in the world. The company is rated “A++” (Superior) by the A.M. Best Company.

“We aim to be a leader in the niches we serve,” says John. This is accomplished by offering differentiated coverage for each niche, along with exceptional service and claims handling. PHLY is the leading insurer of social service and nonprofit organizations, and is among the market leaders for religious organizations.

Several years ago, when PHLY and Heffernan met to lay out the plan for their relationship, they developed strategies for these niches. According to John, “Our mutual church and nonprofit business has grown a lot since then, propelled by the exceptional commitment and investment that came out of that meeting.”

Innovation That Stands Out

PHLY uses an open brokerage distribution model, which means that any licensed agent can sell the company’s products. As a result, PHLY has more than 14,000 agents. Out of those, roughly 350 are preferred agents, representing half of the premiums sold. Heffernan is one of PHLY’s largest preferred agents on the West Coast.

Although some in the insurance industry may worry about disintermediation and the replacement of independent insurance agents with online purchasing options, John feels the agent’s role remains secure. “Especially in business,” he says, “the insured still needs advice, leadership and guidance.”


In his view, market leaders can remain relevant by committing to constant improvement. This involves investing in risk management and innovative products, as well as developing new systems to enhance the client experience. To succeed, insurers must be students of the industries and classes of business serviced, and PHLY’s niche-focus makes this possible.

One example of PHLY’s innovation is its abuse coverage for social service clients. Many competitors do not provide abuse coverage—and may learn the hard way that abuse claims are common in social service settings. Because PHLY writes more than \$1 billion in social service insurance, the company is comfortable handling claims and structuring coverage in this area. “This is one way we have customized our policy to serve a niche more effectively,” John explains.

Committed Collaboration

Communication is key—even when the information that needs to be communicated isn’t good news. If an account has severe claims, resulting in a poor loss ratio and an impending premium increase, PHLY and Heffernan collaborate months before renewal to brainstorm ways to save the client money and overcome the challenge at hand. The solution might involve breaking apart a package of insurance and shopping one line, implementing new loss prevention strategies or stair-stepping the rate increase to alleviate the shock.

“Because we can collaborate through difficult situations, we have a higher level of trust,” John says. “It’s a powerful relationship.” Heffernan and PHLY provide a good example of niche know-how that works. By understanding the industries they serve, tailoring their coverage and services, and creatively resolving challenges, they help nonprofit, religious and social service organizations confidently pursue their missions of service.



Are you getting all you can from your life insurance policy? Life insurance is great for creating and transferring wealth to beneficiaries or paying off a mortgage or other debts in the event of pre-mature death.

Life Insurance with Living Benefits: *What's in Your Policy?*

Yes, we all know that it's a financial product that provides a guaranteed death benefit. But wait—there's more!

A permanent life insurance policy has a place in your financial profile as an asset that can provide benefits now. In most situations, accessing life insurance living benefits comes with tax advantages not always available with other assets. Here's our list of some ways to tap into the value of your life insurance policy when you need it.

- **Medical expenses:** Most policies today include an accelerated death benefit provision. When the insured is diagnosed with a serious health condition, the insurance company may distribute some of the death benefit in advance. The guidelines, eligibility and amount of death benefit that can be advanced varies by product and insurance company.

- **Long-term care expenses:** Many life insurance products offer an affordable, optional rider that advances the death benefit for the purpose of paying long-term care expenses. The benefit is activated when the insured is determined to be unable to perform activities of daily living. A waiting period usually applies, and once satisfied, the benefit is distributed either as a reimbursement of expenses paid or as an indemnity, meaning the amount of the distribution does not depend on the cost of care received. Here, too, the details of eligibility and distribution will vary.

- **Retirement income:** Managing income in retirement can be challenging. What is the right time to cash in retirement assets? Sometimes, income is needed before the best time to sell an investment. Furthermore, selling an investment may be a taxable event. Accumulated value of a life insurance policy may provide an option. A portion of the policy's cash value can be distributed in the form of a policy loan. The distribution of cash value can be a one-off event, or it can be made in installments as part of a complete strategy to manage retirement income.

- **Funding education and other uses:** Life insurance is an asset. The cash value can be accessed for any purpose. Education expenses are one example. A cash distribution may be used to start a business or to put a down payment on a home or even a vacation home. There are no stipulations as to how the policy owner uses the cash value.

These examples use either the death benefit or the policy's accumulated cash value. When the death benefit is ultimately distributed, it will be reduced by the amount that has been withdrawn. When the cash value is accessed via a policy loan, the policy loan may be repaid but that is not required. When the death benefit is distributed, the amount distributed will be reduced by the amount of the loan balance.

Tax advantages unique to life insurance

In general, the scenarios described above are not taxable events. Because of the important "social good" of life insurance, most policies benefit from favorable taxation. As the cash value accumulates over time, the increase in cash value is not taxable. When a death benefit is paid, it is also usually not taxable. This applies to the advanced distribution of the accelerated death benefit and the long-term care rider as well. The distribution of cash value as a policy loan is not considered a taxable event.

When considering life insurance, compare the cost of selling a financial investment and the resulting tax to the cost and tax impact of accessing a life insurance asset. You might be surprised at the differences.

Life insurance is an often-overlooked financial asset. Now is the time to maximize the investment you've made so it works for you.



CORPORATE LONGEVITY

"To give real service, you must add something which cannot be bought or measured with money, and that is sincerity and integrity."

Douglas Adams



Taste Catering
Cypress Security
Meridian Management Group
Haynes Family of Programs
BMI Imaging Systems
The Fish Market
Legend Homes
Ellis Partners

TASTE CATERING

Hospitality on a grand scale. It's an ideal that everyone wants but few know how to deliver.

Whether you need restaurant-caliber cuisine for a private rock star wedding, a high-caliber corporate event or an elegant, high-security dinner for the president of the United States, Taste Catering is the company to call.

Since 1987, co-owners Janet Griggs and MeMe Pederson have specialized in off-premises catering and special event production in the Silicon Valley. Their client list includes Google, Netflix, Square and the NFL—and that's just the beginning.

"We never compromise on excellence in our culinary and service standards," Janet explains. "We are recognized throughout the industry for our consistently high production standards." She admits that the team at Taste is made of "control freaks who have difficulty delegating." And they like it that way. In the business of hospitality, personal accountability makes all the difference.



That said, delivering hospitality requires more than amazing food. "The fundamental factor in building client loyalty is meeting clients at a personal level. For example, we remember our clients' cocktail preferences and food allergies. This brings our service to a personal level, and that's what hospitality is really all about," Janet says.

Janet and MeMe purchased the business (then known as Edible Art) in 1987. As friends who attended college together, they hammered out their business plan on an old-fashioned typewriter. MeMe was to manage front-end service delivery and Janet was to manage all the back-end business requirements. "Great division of responsibility is the reason our partnership has been so successful," Janet says. "We're both good at what we do, and we trust each other. If the roles had been reversed, it would not have worked."

Today, the Taste Catering team has 90 full-time and 400 part-time employees. They credit their success to client loyalty and the company has grown with many of its clients. "When we started with Google, their events were small. As they grew, and needed larger events, they trusted us to scale with them. That's how we evolved from managing events for 500 people to managing events for thousands of people," Janet explains.

As the company's operations grew, its insurance became more important. Janet has relied on her Heffernan agent, Steve Williams, for more than 25 years. "Client loyalty is very important in our business, so we extend a philosophy of loyalty to our vendors as well," Janet explains. Initially, Steve helped Janet improve her workers' compensation insurance program—challenging in the catering business, known for its fluctuating workforce. In recent years, Steve helped Janet to navigate the ever-changing health insurance environment and to address new insurance issues such as cyber security.

Taste Catering supports a number of community causes including Meals on Wheels, the Academy of Friends (an AIDS research charity) and CUESA's Ferry Plaza Farmers Market. The company also regularly donates food to organizations such as Food Runners, who serve the homeless.

In the hospitality business, trust and commitment are paramount. It's easy to see why Taste Catering has earned the confidence of its clients, employees and business partners, resulting in remarkable growth and success in a very challenging market.



Taste

CYPRESS SECURITY

Winning in the gray zone

When you think of the security business, a few things may come to mind—black-and-white policies and hard-nosed decisions to name a few. Surprisingly, that’s not what Cypress Security is all about.

Cypress President Kes Narbutas says his business was established on the philosophy that security is about customer service, and service is a gray business. “There are countless factors that come into play—from client preference to personality, chemistry, style and the unique dynamics of every situation,” he explains. “Because our approach to security is so unique, we develop and train our officers from scratch, rather than hiring from the industry.”

Kes got into the business in 1996 after attempting to find a dynamic, flexible and service-focused security partner for his former real estate development and property management business. He needed to provide security for a large facility located in a complex neighborhood with a sensitive political environment, and he simply could not find a security firm that met his needs. So, he decided to provide his own security—and a new business was born.

Today, Cypress has 1,400 employees in 10 offices from Seattle and San Francisco to Los Angeles and Las Vegas. The San Francisco Business Journal recognized Cypress in its 2017 list of the Bay Area’s 100 fastest growing companies, citing its 58 percent growth over 2 years. Cypress was also awarded Outstanding Security Performance in 2017 by ASIS International, and ASIS also selected a Cypress security officer as Officer of the Year for the SF Bay area.

“From the beginning, culture has always been our focus,” Kes says. “Anyone who is hired has to buy into our service philosophy. We give supervisors and managers the respect and authority they deserve. They know that as long as they make the best decision they can, operating in the best interest of the client and company, they won’t be second-guessed or criticized,” he explains.



Kes Narbutas, President

This mindset trickles down to every level of the team and extends to client and security-related interactions. Cypress officers respect others because they themselves feel respected. As a result, the operation has a low turnover rate for the industry. Many employees have been with the company for more than 15 years.

The security industry is a thin-margin business, and the cost of workers’ compensation insurance can have a significant impact on overall profitability. To that end, Kes relies on his Heffernan Insurance agent, John Tallarida, to help him take control, proactively manage claims and keep his x-mod factor down.

Cypress serves a wide range of industries, each with its own nuances. For example, officers working in museums need extensive customer relation skills; officers working on college campus may require tolerance; and officers serving the entertainment industry need a high degree of discretion. Kes and his management team take great care to match their security teams with the needs of each client. “We’re not afraid to move people around to get just the right fit. Our people understand this and do not feel threatened. With this level of service, we can all work better and more cooperatively,” he says.

It seems that cooperation is the key. Cypress has navigated the gray zone remarkably well, guided by a clear-cut strategy built on trust, empowerment and flexible, responsive service.





MERIDIAN MANAGEMENT GROUP

Where the buck really stops

When a pipe breaks or a fire threatens, an onsite property manager provides prompt response and invaluable peace of mind. However, if you've rented a property lately, you know that onsite service is largely extinct. Even rarer than having an onsite manager is having one who is experienced, fully trained and empowered to make decisions without bureaucratic delays.

At Meridian Management Group properties, tenants get the best of both worlds: 24/7 onsite service by professionals who have the authority and know-how to solve problems.

Meridian is a full-service property management company created in 1984 from the merger of two smaller firms. The company manages approximately 6,000 residential units and 1.5 million square feet of commercial property with a team of 170 people.

In a competitive market, Meridian stands apart by training, empowering and respecting its employees. "We have always felt that when we work together we can accomplish great things. Having a well-trained and motivated staff prepares us for the unknown situations that are bound to happen," says Meridian's President, Randy Chapman.

This philosophy seems to work. Many team members have been with Meridian for more than 20 years. "It's a tough business, so we strive to create a place in which our team feels comfortable making decisions and working through issues," says Meridian's Vice President Gil Dowd.

Issues can come out of the blue. A few years ago, a semi-truck transporting a Cadillac drove off the highway and crashed, flipping the Cadillac into a Meridian apartment building, hitting a propane tank along the way. The Meridian site manager jumped into action to mitigate losses and keep residents safe.

In crisis situations, communication is paramount. "Transparency is fundamental to building client trust," Chapman says. "We go to great lengths to be open and honest when discussing problems and solutions. If we don't know the answer, we engage an expert that will know."

Proactive risk management is also crucial. For years, Heffernan Insurance broker John Vipiana has provided guidance and training to reduce Meridian's exposures. "The industry has become much more litigious and fraudulent. Management companies often settle frivolous lawsuits because it's less expensive than fighting. Fortunately, our insurer took it to the mat for us and that got the message out—we're not a good target," Gil says.

Meridian is active in numerous organizations involved in the preservation and improvement of the quality of housing, including the Urban Land Institute (ULI), Coalition for Better Housing (CBH), San Francisco Apartment Association, Professional Property Managers Association (PPMA), San Francisco Planning and Urban Research (SPUR), Institute of Real Estate Management (IREM) and Building Owners and Managers Association International (BOMI).

The company also participates in many charities, including Meals on Wheels, Okizu (for families with childhood cancer) and Youth Tennis Advantage (for kids in low-income communities).

By building a team that values transparency, respect and empowerment, Meridian has earned the trust and loyalty of countless tenants and customers.





HAYNES FAMILY OF PROGRAMS

Build it and they will come

This philosophy is the hallmark of Haynes Family of Programs, an organization dedicated to helping children. “We take a visionary approach, which requires a combination of faith and strategy,” explains Daniel Maydeck, President and CEO.

This vision got its start in 1946, when LeRoy Haynes founded an orphanage in La Verne, California. As a minister in the Nazarene church and a chaplain at the Fred Nelles Youth Authority, Haynes saw a need in the community. He and his wife sold their own property to purchase the Reynolds Estate, and they invested their own money to start a program to care for up to 12 children.

Since then, the organization has grown and evolved. The original site in La Verne is now a 21-acre residence program with 72 beds, where boys receive short-term care until they can move to a family setting.

In addition, the organization operates an emergency shelter for children who have been pulled from their homes on an emergency basis. It also runs a “wrap-around” program in LA county, providing professional and mental health support to families in crisis to help stabilize situations so children can remain in their homes.

The organization operates a private state-certified school for children with autism and developmental needs, and a school that serves children with emotional impairments until they can be transitioned back to a public setting.

By partnering with school districts, Haynes’ Star Academy program serves 1,000 special needs children throughout the state by pairing them with experts in speech, behavior, occupational therapy, special education and other services.

Although the children are considered the primary clients, it’s also vital to build solid relationships with local schools and government agencies. “There are more audits than you can imagine with contracted government agencies,” Daniel says. He’s quick to clarify that this is not a bad thing. By getting great ratings, they can build trust.

Risk management has also been essential, especially as the organization has developed new programs. The organization relies on its relationship with Heffernan to secure quality workers’ compensation insurance and needed support. “We feel they step up for us,” Maydeck says, calling Heffernan a strong partner that recognizes the needs of nonprofits.

In total, the Haynes Family of Programs now boasts annual revenue of \$26 million.

What’s the secret to the organization’s success? “Make sure you have people who are committed and engaged,” says Daniel. “That’s how you can make an impact for these kids.”

And they do make an impact. Although most children will spend only a short time with the organization, it’s a difficult and sensitive time. Children served by the organization sometimes call back years later, still touched by the aid they received.

“If there’s a need, we step in, regardless of whether we get paid in the contract,” Daniel says, explaining that the organization focuses on achieving results rather than penny pinching. Haynes takes care of people—outside and inside the organization. This requires a positive, supportive culture with inspiring leadership, extensive training, continual reinforcement and great employee benefits.

Once a small orphanage, Haynes Family of Programs is now a state-wide organization with four locations and 640 associates, all fluidly adapting to their communities’ evolving needs. Haynes continues to seek out new opportunities. Despite the growth, much remains the same—namely, the commitment to helping children in need.



HAYNES
FAMILY OF PROGRAMS



Bill Whitney, CEO
BMI Imaging Systems



BMI IMAGING SYSTEMS

Capturing a moment in time

It's an essential capability for countless industries—from insurance to health care to government. If a question arises decades from now, the documentation will explain what happened today.

BMI Imaging was founded in 1958 to serve this need. BMI CEO Bill Whitney, learned the business from his father. Today, the third generation shares in the corporate vision. Bill's son oversees operations and marketing and his daughter manages human resources.

In the past 60 years, the business of "capturing a moment" has evolved substantially. Back then, it was about microfilm. Today, the company specializes in document scanning, data capture and microfilm conversion into easy-access, text-searchable records. The process is digital, requiring a secure environment, great precision and regulatory compliance.

Because BMI has kept pace with its clients' evolving needs, the business has flourished. It now serves more than 1,800 unique clients with a team of 75 employees. The company converts an average of 3 million images each month and digitally hosts more than one petabyte of these images. Processes are highly systemized, software driven and secure. As Bill says, "A scanner and a dream will only take you so far. We have developed tools to streamline processes and achieve consistent outcomes faster."

Many of BMI's clients have been with the company since the 1960s. Each client has distinct needs, and BMI executes their instructions precisely by automating the process. "Clients are loyal because we've been willing to provide the higher-value services others won't. We will redact records, encrypt data, and develop data rules to move disparate data into client host systems. We figure out how to efficiently achieve their goals and then bring them results at a reasonable price," Whitney says.

Another reason clients work with BMI is its people. Many team members have been with the company for more than 15 years, and they know what it takes to take care of clients. "We promote from within based on merit," Whitney says. "Opportunities are there for those who can showcase their abilities." The BMI team is encouraged to give back to its community and supports Santa Clara foster care, Harvest Food Bank, Sunnyvale Community Services and equine-facilitated therapy.

As you might imagine, BMI handles a lot of confidential data, creating client data risk exposure. "Security is of utmost concern. We are constantly updating our data protection measures to ensure that our clients' data and documents remain secure while in our care, custody and control," Bill says. As a result, the company is compliant with major industry security standards such as the National Institute of Standards and Technology (NIST), the Department of Justice (DOJ), Health Insurance Portability and Accountability Act (HIPAA), and the Criminal Justice Information Services (CJIS) Policy.

But that risk is why BMI's relationship with Heffernan Insurance is so important. "My Heffernan agent, Dan Mahoney, is extremely helpful. He keeps us informed of evolving risks and how to address our exposures," Bill says. "Contracts are crucial in our business, and Dan helps me review them from a risk management perspective." The BMI/Heffernan relationship has spanned decades, thanks in part to the companies' shared values and commitment to excellence.

By capturing those important moments, and by exemplifying the qualities of commitment and trust, BMI has captured the loyalty of its clients and employees.



THE FISH MARKET

“You’re only as good as your last meal.”

Jim Wendler, CFO and former CEO of the Fish Market, takes this adage seriously. “Even if you did well yesterday,” he explains, “you can lose it all if you’re not just as good or better today.”

This attitude has served the Fish Market since the restaurant was founded in 1976 by four people: one boat captain, one gourmet chef and two fishing enthusiasts. All of them had a love for quality seafood, but at the time, none of them knew where that love would take them.

Today, the Fish Market has six restaurants in northern and southern California and about 800 employees. Jim Wendler served as the president for 12 years, but he’s been winding down his responsibilities in preparation for his upcoming retirement.

Although the Fish Market is committed to the finest quality seafood, it doesn’t focus on fine dining. The atmosphere at the restaurant chain is more casual. For those who prefer something more elegant, there are two “Top of Market” fine dining restaurants: one in the upstairs level of the San Mateo location, and another in the upstairs level of the San Diego location.

Whichever location customers choose, they’ll be treated to a mouth-watering selection of signature dishes, including the famous dungeness crab cioppino. Each restaurant has a retail seafood market in the building, where a variety of fresh fish selections are prepared by skilled fish mongers. Customers can also order items off the menu to-go.

Customers know that their fish is fresh, but they can also trust that it comes from the best source possible. The Fish Market uses worldwide sources to avoid over-fished, endangered or threatened populations. The restaurant chain is also careful to review the practices of any fish farms used. Customers want their fish to be delicious, but the Fish Market also demands that it’s safe and responsibly sourced.

Employees are crucial to keeping the quality high. Employees are expected to expertly describe the food and explain the preparation. New employees go through training before becoming “oFISHal” Fish Market representatives.

“We think of our business as a family,” Jim says. “Many people have been there for years.” The Fish Market rewards loyalty with awards recognizing 5, 10, 15 and 20 years of employment. Soon, they will need to offer a 40-year award as well. The Fish Market also cares about its larger community. Managers at each location commit to six guest outreach and nonprofit events every year.

Even with the extreme care at the Fish Market, any restaurant has its share of risks, from fire to injury. “Heffernan has done a good job of educating us and keeping us well-covered,” Jim says. The Fish Market promotes safe work practices and considers every risk to be equally important and worthy of attention.

The Fish Market’s commitment to excellent seafood and responsible practices has helped it grow into the successful restaurant chain it is today—and there’s nothing fishy about that!





LEGEND HOMES

When you're in the business of building homes, you need a strong foundation

Legend Homes has operated in Oregon for more than 50 years. In that time, the company has built more than 10,000 homes, homesites, townhomes and condominiums—and perfected a foundation based on trust and transparency.

Legend Homes has eight employees, and “those eight do not swing hammers,” says Vice President Mike Goodrich. “The construction is completed by carefully selected partners and subcontractors.”

A third-party partner is tasked with checking the work and verifying the construction practices, so no corners are cut.

The homes built by Legend are designed to be sustainable. They should last 100 years, and they should help sustain the health and safety of the occupants.

The houses are designed to be energy efficient, something that's good for both the environment and the occupants' checkbooks. Legend's EarthSmart homes help residents save on their monthly energy bills.

This is only part of what makes the homebuyers happy. Legend emphasizes customer service, and the homebuilder believes in earning trust through transparency. “Most contractors give homeowners a homeowner's manual,” Mike says. “We give them a homeowner's manual, the plans, copies of their finish selections, all test results, home warranty info, photos of the home before it is sided so they can see what's behind siding, and photos of every room prior to insulating so they can see where plumbing and electrical are.”

Recognizing that many customers haven't been through the process of building a home, Legend takes them through each step with clear communication. The commitment to quality doesn't end with construction. Legend provides additional warranties that go far beyond that industry standard one-year warranty. Legend's extended warranties cover three, five and even ten years. The result is a 99 percent customer satisfaction rate.

Trust goes more than one way. While Legend strives to earn the trust of its customers, the homebuilder also extends trust to its employees. “We developed a mission statement our team can use as a tool for decision making,” Mike says. “As long as they pay attention to that, they have a basis by which they can feel confident and empowered to make decisions. If their decision supports our mission, we will stand behind them.”

Legend's mission is to be the leader in quality, value and community participation through integrity, innovation and pride.

The community aspect of this mission involves a great deal of volunteerism. Employees have volunteered to repaint low-income housing, for example, and grants have helped worthy nonprofits. Legend also participated in Extreme Makeover: Home Edition in 2007.

To reduce risk, Legend focuses on building quality homes and selecting the best vendors. Nevertheless, some risks persist, from extreme weather to workers' compensation exposures. “The team at Heffernan understands the nuances of our business and our philosophy,” Mike says. “They identify emerging exposures, opportunities and regulatory trends and communicate them to us quickly.”

With a solid foundation of transparency and a commitment to quality, it's no wonder Legend Homes has thrived for more than 50 years.



LEGEND
HOMES

ELLIS PARTNERS

Taking the long view

Over the past 25 years, the Northern California real estate market has experienced major boom and bust cycles. However, throughout the recessions and recoveries, Ellis Partners has held a steady course, thanks in part to the company's lean structure and "do the right thing" philosophy.

The company was founded in March 1993 by siblings Melinda Ellis Evers and Jim Ellis, along with their late father, Hal Ellis. Today, Melinda and Jim own and manage the firm along with their senior management team of six partners. The Ellis workforce currently stands at 21 strong, with many employees having been with the firm for more than a decade.

Ellis Partners is one of Northern California's largest and most longstanding commercial real estate investors and developers. Its investments include office, industrial, retail and mixed-use properties with a focus on the renovation and repositioning or development of in-fill properties. The firm also has a real love for the historic renovation of significant buildings.

Every project that Ellis Partners takes on is unique. In its current 1100 Broadway project in downtown Oakland, a dilapidated but historic building will be restored, then integrated into a new structure with a Class A office tower. It's a way of meeting local demand for office space while also preserving the area's rich history.

Preservation mixed with renovation was also key in The Pruneyard project in Campbell, California. This mixed-use project includes a retail center, a hotel and three office buildings. Ellis Partners is just finishing a major renovation and upgrade to all components of the project, further connecting the site together as a dynamic urban village.

What's the secret to Ellis Partners' success? "Our team brings a broad set of skills to each investment opportunity and can tackle the hairiest of real estate challenges. This allows us to take on unique projects with complicated execution and outsized return profiles," says Evers.

In addition, the firm strives to live by a fundamental set of values:

- Always do what we say we are going to do.
- Communicate good and bad news with transparency, and show up with a solution.

- Value long-term relationships with our partners, employees and the service providers who we work with every day.
- Do the right thing for the tenants and communities we serve while balancing the fiduciary duties we have to our investors and partners.

To nurture a collaborative corporate culture, Ellis Partners hires carefully with broad team participation, supports everyone in reaching their potential, and offers a profit-sharing structure. "This leads to the incredible teamwork that is the hallmark of our firm," says Ellis. Unlike some of its competitors, the firm does not hire construction talent in-house. "We hire design and construction teams for each project based on the unique skill sets needed," he says.

Of course, real estate development comes with its fair share of risk, and Heffernan has been a partner for the long haul. "Our relationship works because we have similar cultures. We put our customers first and Heffernan puts their customers first. Because we've worked together for so long, we're able to navigate through stressful moments. We both recognize that it's not what happens, but how we handle it that matters. Time has given us perspective and a trust in one another," Evers added.

In addition to beautifying and bringing back neighborhoods with their renovation projects, the firm gives back to the communities they serve. "For example, in Oakland, we've been involved with several community organizations. Most recently we've focused on the East Bay College Fund as part of the Mayor's Oakland Promise to triple the number of Oakland kids who go to college," says Ellis.

Ellis Partners has navigated a quarter of a century of ups and downs in real estate by taking the long view with a platform that's both adaptable and sustainable. We look forward to the stunning projects they will develop in the next quarter century to come.



Jim Ellis



Melinda Ellis Evers

ELLIS PARTNERS

2017

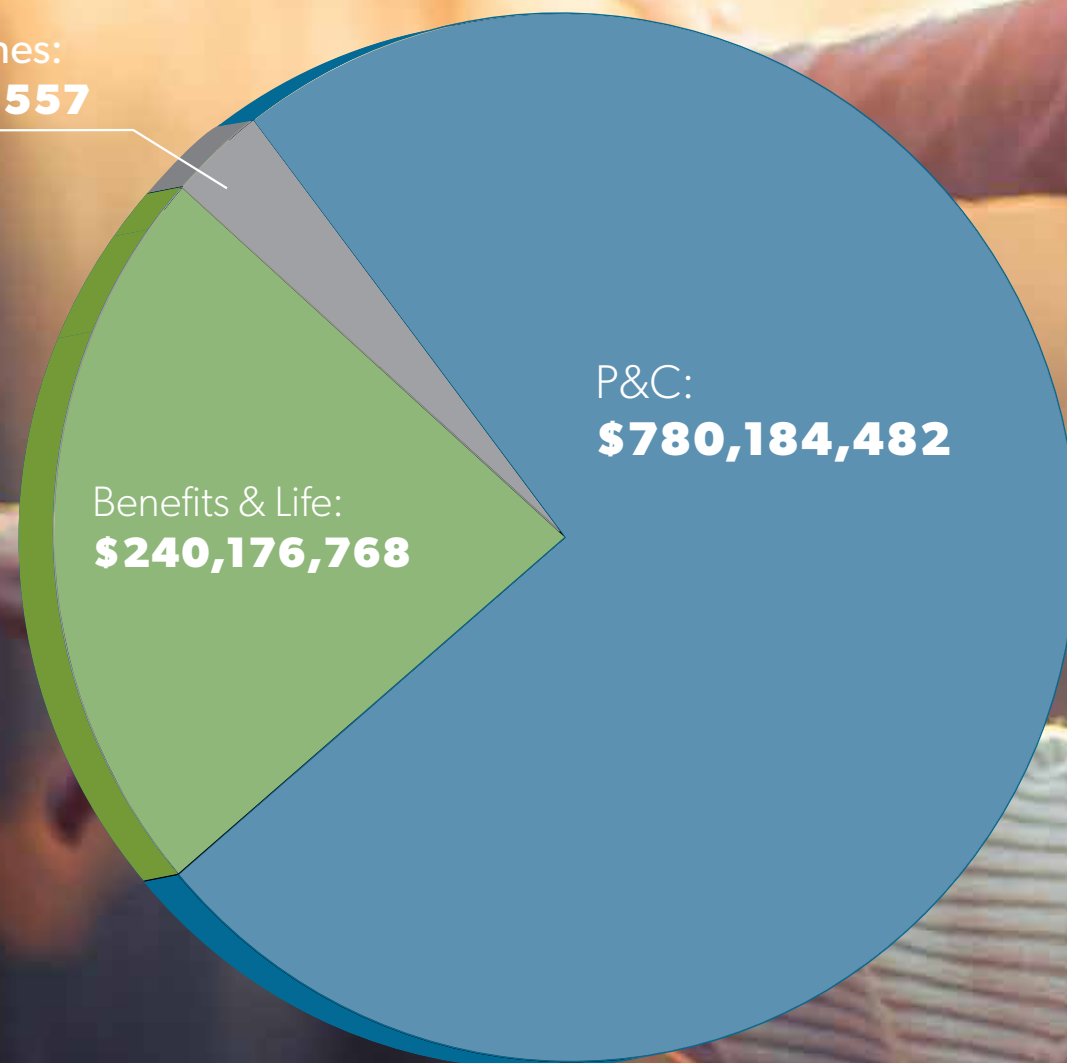
Total 2017 HG Revenue: **\$140,122,630**

HEFFERNAN INSURANCE BROKERS

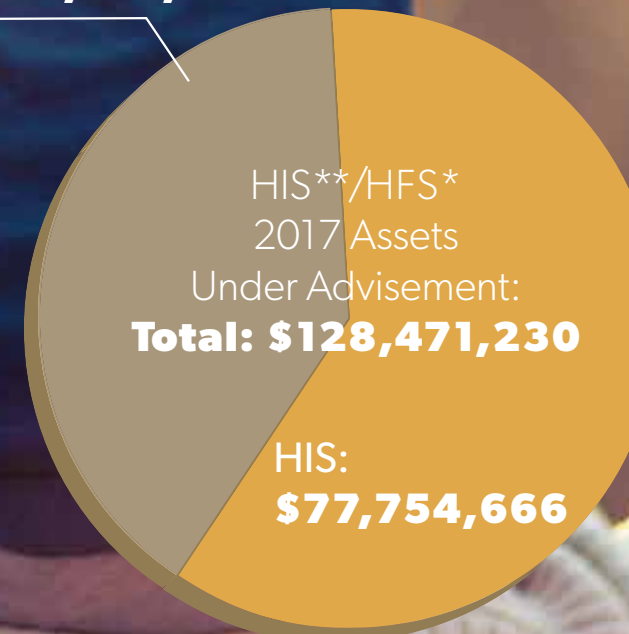
OVERALL PREMIUM VOLUME

\$1,051,564,808

Personal Lines:
\$31,203,557



HFS:
\$50,716,563



HRS* 401(k) 2017 Assets
Under Advisement:
\$2,623,556,489

* The advisors of Heffernan Financial Services and Heffernan Retirement Services serve \$50,716,563.65 in brokerage assets through LPL Financial and \$2,623,556,489 in advisory assets through Global Retirement Partners. The financial professionals at Heffernan Financial Services and Heffernan Retirement Services are also registered representatives with, and securities, offered through LPL Financial, Member FINRA/SIPC. Investment advisory services offered through Global Retirement Partners, LLC, a registered investment advisor. Global Retirement Partners, LLC, Heffernan Insurance Brokers, Heffernan Investment Services, Heffernan Financial Services and Heffernan Retirement Services are separate non-affiliated entities from LPL Financial.

** Heffernan Investment Services: Wealth Management for Individuals, Corporations, Non-profit Endowments, Custodian Services offered through Global Retirement Partners, LLC

Heffernan's Capabilities



We provide comprehensive business insurance, personal insurance, employee benefits and financial services products to a wide range of businesses and individuals nationwide. With a commitment to people, we value a culture dedicated to serving our clients' needs in an effort to protect their valuable assets and assist in making smart decisions for their business or family.

Heffernan's reputation and success were built through niche-practice business such as nonprofit, construction, health care, transportation, hospitality, food industry, real estate and technology. With 10 branch offices coast-to-coast and approximately 450 staff members, Heffernan's reach spans virtually every industry.

Insurance Offerings

Business Insurance

Personal Insurance

Private Client Services

Life Insurance

Employee Benefits

Benefit Advisory Services

Technology Solutions

Administration and Advocacy

Legislative and Compliance

Financial Services

Retirement Services

Wealth Management

OCIP and CCIP Placement

and Administration

Bonds/Surety

International Capability

Alternative Risk

Captive

831(b)

Self-Insurance

Large Deductible

Consultative Services

Claims

Claims Consulting, Medcor/ Virtual Medical Triage

Claims Trending Analysis

Ex-Mod Analysis and Projection

Loss Control

Safety Meetings

Return to Work Programs, Safety Video Library

Cal OSHA / OSHA Updates

Online Ergonomic Injury Prevention

Health Risk Assessment and Screening

HR Consulting

Seminars, Employee Handbook, Crisis Support,

Wellness Programs, ADA Compliance, Payroll

Services, Integrity Testing, Character Assessment

M&A

Mergers and Acquisitions Transactional Risk Services

Communication and Education

Webinars

Weekly Blogs

Email Updates

Value Added Services

Benchmarking

Property DIC Evaluations

Ex-Mod Projection and Analysis

ADA Compliance

Appraisals, Assessments and Surveys

Business Continuity Planning

Disaster and Emergency Recovery Programs

Actuarial Services

ESL (English as a Second Language)

ERM (Enterprise Risk Management)

Heffernan Risk Management Center

Heffernan's Risk Management platform is a portal which allows clients to create and manage their own risk management, safety and HR programs.

Document Management (Insurance Policies, Auto ID cards, Loss Runs, Claims Reports, etc.)

Risk Management and Safety Document Resource Library

Inbound Certificate of Insurance Tracking

Online Training Programs & Training Tracking

OSHA Log / Incident Tracking

Loss Control

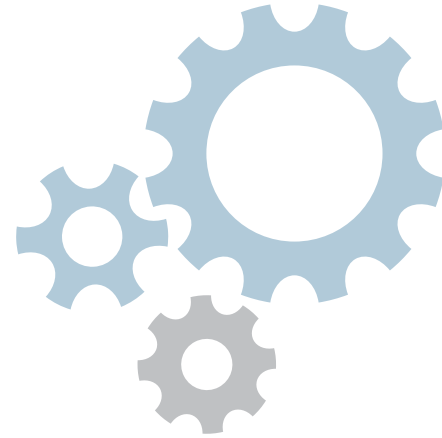
Job Safety Analysis

Safety - Data Sheet Tracking



Because You're Different

OUR TOP 3 VOLUNTEERS



Diane Gibbs – Chesterfield, Missouri Office

This is WHY I volunteer and maybe this will help others understand:

Six years ago I lost my job of 25 years. I received a small severance but anyone who knows Chicago knows it did not last long. I had the experience and knowledge, but given my age and the economy, employers were not looking to scoop me up. It was a bleak 15 months. Then simply by the grace of God, and a little help from an angel named Larry Jackson, my world completely turned around and I was literally given a second chance. I now understand how easy it is to fall on hard times and to need the help and assistance of others. I was never homeless, but I now know how easy it is to get there. Each time I volunteer, regardless of the task, my heart knows I helped another adult or child to live and/or survive another day. Maybe for me it is simply “Paying it Forward”, as I was one of the lucky ones. But regardless, this is what drives me to do what I love the most—help others and have fun while doing it!



Dawn St. Clair – Portland, Oregon Office

My passion for working with non-profits and helping others began at an early age. My parents raised my sisters and me with the belief that we needed to do what we could to make life better for those less fortunate than us. They modeled this through their business operations and their work with our church and the broader community. The three of us continue to serve others by volunteering and serving on boards of various non-profits. For me, volunteering at the local food bank to fill boxes for distribution to area non-profits is a way to give back. I also volunteer at a senior day care center that provides food, interaction with others, and a sense of community to low-income seniors. Additionally, each year I organize a coat drive in partnership with our longtime client, Impact Northwest. This year we collected 275 coats, along with scarves, hats, gloves and socks. When we arrived at the service center on the big day, people were lined up around the building waiting for us to open the doors and let them choose the items they needed. It's always heartwarming to see the excitement and relief, especially that of the families and children. I love working with non-profits and giving back to the community where I live and work.



John DeFazio – Los Angeles, California Office

We live in an incredibly connected world yet somehow many people do not feel connected. The sense of community that our parents and grandparents had is nonexistent today. It is easy to become alienated. Volunteering gives us the opportunity to reconnect, to feel part of something, to help people in need in our community. Volunteering is the best way to recapture our humanity and, boy, does it feel good. I love my latest project; I started mentoring two high school seniors who were born in the US to undocumented parents. They both are determined to go to college, but needed help with the whole college application process. Inner city schools are notoriously underfunded when it comes to guidance counseling. So I edited and re-edited their many essays and scholarship applications. I tried to keep them motivated when they shared the challenges of having parents who don't speak English and live with the daily fear of deportation. It was an amazing experience and we became quite close. One has a great shot of getting into USC and the other looks as if she is headed to Cal State Monterey. It is so satisfying to help make a difference in somebody's life. I am so grateful and oh so humbled!





COMMUNITY INVESTMENT

The Heffernan Group sponsors seven official avenues for charitable giving:



GIVING. HELPING. SUPPORTING. CHANGING.

THE HEFFERNAN GROUP BELIEVES IN GIVING BACK, WHETHER THROUGH VOLUNTEER OPPORTUNITIES OR DONATIONS, AS A WAY TO IMPROVE THE COMMUNITIES WHERE WE LIVE AND WORK.

Top left: Volunteers from our North Bay office visited Bounty Farms in Petaluma to assist with general farm maintenance and harvesting crops.

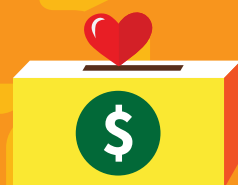
Top right: Employees from our Menlo Park office, donating hygiene kits.

College Track – In partnership with College Track, Heffernan each year chooses one student from the program to receive a \$100,000 scholarship to assist with tuition. This is \$25,000 per year, for four years to assist with tuition and other costs associated with attending a university.

Dollars for Doers – Employees can volunteer 50 hours or 25 hours to a nonprofit during the year and the organization will receive \$500 or \$250.

IN 2017, HEFFERNAN GROUP:

Averaged **\$2,257** in donations per employee



Provided grants totaling **\$281,000** to nonprofits throughout the US

Donated **15.6%** of profit back to local charities



Since **2003**, Heffernan has been named a **"Top Corporate Philanthropist"**

Provided **\$34,000** to local food bank = **136,000 meals**



Raised an additional **\$139,449** which went directly back into our local communities

Volunteered over **2,000** hours at over **25** nonprofits throughout the US

Awarded **\$115,000** in college scholarships



Bottom left: Employees from our San Francisco office volunteered for clean up at McKinley Square Park.

Below: Christina Turner and Cindy Batterson of our Oregon office assist home-bound seniors with their grocery shopping needs.



Employee Volunteer Time – Heffernan employees are granted up to four paid days off per year, one day per quarter, to volunteer their time at a local nonprofit. Additionally, Heffernan participates in the Insurance Industry Charitable Foundation's Annual Week of Giving.

Employee Matching – Employees are offered the opportunity to donate to 501(c)3 charities of their choice each year, and Heffernan will provide a dollar-for-dollar match.

Garee Lee Smith Scholarship Award – Heffernan Foundation awards up to eight \$5,000 scholarships to students. Garee Lee Smith was one of Heffernan's first employees and was instrumental in establishing Heffernan's family-friendly culture.

Grant-a-Wish – This program identifies two deserving individuals and/or families with children ages 4-18 and provides wish-fulfillment opportunities.

Large Grant Donations – The Heffernan Foundation's mission is to serve nonprofits that provide direct support and services to our local communities with shelter, food, education and environmental preservation. The Foundation accepts applications for grants by invitation only on an annual basis. Grants to 501(c)3 nonprofits typically range from \$2,500 - \$10,000.

The Boomerang Effect: Thriving at Heffernan

Saying goodbye to a valued employee, coworker and friend is never easy. Sometimes life takes people in new directions, however, and the only thing to do is to wish them the best. And sometimes, they come back. We like to call it the boomerang effect.

We've interviewed five highly valued team members who returned to Heffernan after leaving. Find out why they returned.

Jani

Jani De La Rosa, Chief Sales Officer - Benefits Practice, Walnut Creek



Q: What is the ONE WORD that describes working at Heffernan?

A: Home.

Q: Why did you return to Heffernan after leaving?

A: I left Heffernan after 19 years, so my only real benchmark was Heffernan. The new company was a much colder environment and the job was larger than expected. Fortunately, my friendship and communication with Mike Heffernan was never affected by my departure, so when I became ill right around the time Heffernan was going through a restructure on the benefits division, Mike and Brian Dantzig offered me a management position to come back and help lead the Walnut Creek benefits practice. Coming back "home" to work with my work family was exactly the cure I needed physically and mentally for my overall health.

Q: What is the most rewarding aspect of your job?

A: Being respected enough to have a voice and to be allowed to implement my voice when it makes sense.

Q: Trust is an overarching value at Heffernan. Can you provide an example of trust at work?

A: The team that manages my book of business is amazing. The reason is very simple – they care. They care about the Heffernan family, clients and each other. The trust that has been built is unbreakable. They own their highs and lows, and they always have each other's back. If we care about we do and the people we affect, the results are everything we strive for in a service environment.

Q: When you think of your time at Heffernan, what makes you most proud?

A: I'm proud of many things. From the company aspect, I know it sounds cliché, but I would say the culture. Our culture is like no other. This is why we have so many "boomerang" employees – because we have created an environment that is casual, friendly and relaxed, but at the same time very serious about serving clients. From a personal aspect, I'm proud of the employee I've been allowed to be. If I have a business goal, I'm allowed to chase my dream. How many people can say that about their company?



**James G. Taylor IV, Vice President,
Los Angeles / Irvine**

Q: What is the ONE WORD that describes working at Heffernan?
A: Family.

Q: Why did you return to Heffernan after leaving?
A: I wanted to pursue a career in employee benefits. I knew Heffernan had the culture and the leaders within the company to help me succeed.

Q: What is the most rewarding aspect of your job?
A: The most rewarding aspect of my job is, along with my team, helping our clients live healthier lives through our dedication to their service needs.

Q: Trust is an overarching value at Heffernan. Can you provide an example of trust at work?
A: We pride ourselves on being an extension of our client’s HR team, in that we build and maintain relationships with our clients and their employees.

Q: When you think of your time at Heffernan, what makes you most proud?
A: I am most proud of the amazing employee benefits team we have assembled in Southern California. We are poised to take So Cal benefits to the next level in 2018 and beyond.



Diana Baldocchi, Executive Account Manager, San Francisco

Q: What is the ONE WORD that describes working at Heffernan?
A: COMRADERY!

Q: Why did you return to Heffernan after leaving?
A: Everything! I missed my co-workers, my accounts and most of all I missed the close team environment we have in our San Francisco office.

Q: What is the most rewarding aspect of your job?
A: The feeling that I’ve helped someone. It’s the reason I give 100% ... because at the end of the day it’s rewarding to feel like I’ve made a difference.

Q: Trust is an overarching value at Heffernan. Can you provide an example of trust at work?
A: Trust doesn’t come from one example per se, but the result of what is forged over time with day-to-day servicing. When you are passionate about your clients and put their best interests at the forefront, that genuine care for their well-being and business is something that translates into a long-term trusting relationship.

Q: When you think of your time at Heffernan, what makes you most proud?
A: I’d say the standout moments for me have been when I was offered company stock ownership, receiving two Employee of the Year Awards, and when I returned to Heffernan, the wonderful, warm welcome I received from everyone, not only here in the SF office but throughout the whole company. I definitely felt the love.



Sharann Corkery, Corporate Administration, Walnut Creek

Q: What is the ONE WORD that describes working at Heffernan?
A: Challenging (in a good way).

Q: Why did you return to Heffernan after leaving?
A: The no brainer answer is the people, but it’s more than that. There is joie de vivre that I don’t believe other companies truly experience. We spend so much time together that the relationships we form (with each other and clients) and the experience we have in the office are vital to the overall experience of working at Heffernan. Sure, we don’t always have a great day at the office, but we always know we have support and friendships at the office to get us through the day – both personally and professionally.

Q: What is the most rewarding aspect of your job?
A: I’m able to help the company and people I work with. It’s important to me that I am a contributing member of our community, even if my contributions are small and under the radar.

Q: Trust is an overarching value at Heffernan. Can you provide an example of trust at work?
A: I was amazed at how our Petaluma team came together (along with the rest of the company) to get out and help in a very tangible way with the horrific fires in the North Bay. It’s one of those times that you realize what we are doing in the insurance world—we’re here to help people in some of the darkest periods of their lives. It doesn’t have to be a tragedy of the magnitude of the North Bay fires ... a driver’s first accident, a business owner struggling with product loss, cyber breach or what have you. I guess at the end of the day, it’s our humanity that sets up apart.

Q: When you think of your time at Heffernan, what makes you most proud?
A: I’ve been able to watch “kids” come into the company and grow up, not only into their positions within the company, but as human beings. I love seeing someone green join the company and become so confident in doing their job—whatever that job may be. The personal and professional growth is really amazing.



**Lorraine Remigio, Director of Operations, Oli Insurance Services,
Walnut Creek**

Q: What is the ONE WORD that describes working at Heffernan?
A: Fun.

Q: Why did you return to Heffernan after leaving?
A: The people and culture. I didn’t realize when I left how attached I became to the people I worked with. They became family.

Q: What is the most rewarding aspect of your job?
A: Working with really great people, which includes colleagues, clients and carrier partners.

Q: Trust is an overarching value at Heffernan. Can you provide an example of trust at work?
A: One of our clients was approached by an employee’s daughter for career direction. My client called to ask if I would be open to speaking with his employee’s daughter because Heffernan was the one company he could think of that had the nicest team and would treat this girl well.

Q: When you think of your time at Heffernan, what makes you most proud?
A: Earning the trust of my clients and colleagues.

Captive Insurance: Is Your Company a Candidate?

Nothing ventured, nothing gained. As a business owner, you know that every action or inaction has the potential to result in gain or loss—either from known or unknown exposures. Traditional insurance was created to help you control the scope of these threats.



But what if insurance becomes a threat to your profitability?

What if your insurance program costs exceed the benefits?

As the cost of employee benefits has skyrocketed in recent years, many employers have faced this question. And the issue isn't limited to employee benefits. Companies face the same predicament with workers' compensation and liability risk management.

The Rise of Captive Insurance

In a quest to take control of risk, companies of all sizes are increasingly turning to captive insurance arrangements. Today, roughly 90 percent of Fortune 500 companies use a captive, but captives are becoming much more accessible to smaller companies as well. We have found captive arrangements work well for companies with as few as 200 employees and with annual premium volume as low as \$200,000.

What is a Captive?

In its simplest form, a captive is an insurance company that a business or a group of businesses directly owns. It manages and pays its own claims, often using a third-party administrator. It coordinates its own loss prevention and uses reinsurance to protect against catastrophic loss. If the captive performs well, and losses are less than annual premiums, the owners retain the underwriting profit. This is a case when something ventured can definitely result in something gained.

What about the headache and risk? In the old days, setting up a captive was a daunting task. That's not true today. Because of the popularity of captives, many are already set up and welcoming new members with similar mindsets within their industries. For example, if you own a restaurant, construction company or transportation fleet, there are likely many possible captive options available to you. The risk of a captive arrangement has also become much more viable for mid-size businesses in recent years, with many layers of reinsurance and protections built-in.

There are several variations of captives including:

- Group Captives: Typically owned by groups of businesses with similar exposures and risk cultures
- Association Captives: Offered by a trade or industry group
- Rent-A-Captive: Open to participants for a fee
- Risk Retention Group (RRG): Typically used for commercial liability exposures, however, not all RRGs are captives

Key Benefits

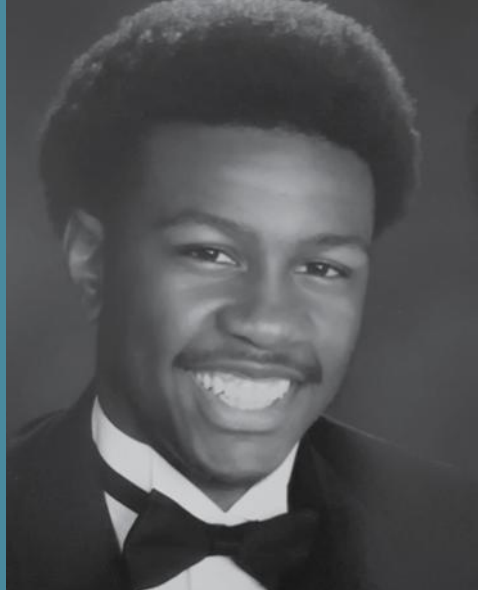
- Control over plan design: Particularly in employee benefits, companies can get very creative with designing a plan that precisely fits the needs of the population, while addressing key expense drivers. In all lines of insurance, companies often use captives in conjunction with high deductibles to structure a highly customized risk control strategy.
- Underwriting profit: Companies with better than expected loss experience retain their underwriting profits.
- Tax advantages: In many cases, under the current tax law, captives can provide their owners substantial tax advantages.
- Protection for hard-to-insure risks: If your company has risks that are hard to insure with traditional insurance, a captive may provide the solution.
- Access to loss data: With a captive, you typically have better access to your company's de-identified loss data, so you can identify key loss drivers and take actions to prevent similar losses in the future.

Is a Captive Right for You?

- Do you have 200+ employees and/or annual insurance premiums of at least \$100,000?
- Are you highly focused on safety and loss prevention and motivated to improve your loss experience?
- Do you emulate your industry's best practices, thereby making you an attractive candidate to join an existing captive membership?
- Do you have an executive dedicated to risk management who can understand your captive program and collaborate with your insurance consultant during initial set up and annual review?

The team at Heffernan has helped hundreds of clients take control and save money with this alternative approach to risk management. If you would like to learn more, and find out if a captive is right for you, contact us.

In partnership with **College Track**, **Heffernan** chooses one student from the program each year to receive a **\$100,000 scholarship**. This is **\$25,000 per year**, for four years, to assist with tuition and other costs associated with attending a university. **Jeremiah Gray** was the recipient of the **2017 scholarship**, and he has shared a few words about his experience so far.



My experience with College Track was great. During my first few years in attendance, I felt like College Track was not helping me, but as time went on I started to realize the value of College Track. College Track, and the staff I met over the years, helped me get to where I am by opening many doors for me, allowing me to have numerous opportunities I wouldn't have had otherwise, and teaching me lessons that I now know the meaning of. All the opportunities offered to me would not have happened if I hadn't attended College Track. The thing I appreciate most about the program and the staff is how they never gave up on me, they stuck with me through high school, and they continue to help me through college today. College Track made sure the goals and dreams that I had could come true, and I could not ask for a better group of people as a support system. Kipp, a college preparatory school, and College Track were critical to preparing me for college; those areas Kipp missed, College Track filled the gap and gave me more information on how to improve.

My first semester at Morehouse was an eye opener because I had never experienced being away from home for a long period; it forced me to step up and be more independent. I had to start making sure I woke up on time for class, studied for tests, and generally managed my time better than I had before. The semester was not easy, but I would often go to office hours or talk to my teachers about what I understood and what I needed additional help with. Being in Atlanta is very different from home, as the culture and the people are very different. It is especially different being at a college of African Americans who all have the same goals as me, but it is a great experience as I get to see likeminded people that actually look like me.

Jeremiah Gray – 2017 College Track recipient

2017 Garee Lee Smith Scholarship Recipients

The Garee Lee Smith scholarship is one of Heffernan Foundation's most cherished programs. It honors the late Garee Lee Smith, a longtime Heffernan employee who embodied the culture and spirit of Heffernan and who loved to help fellow employees and her community whenever possible. The scholarship provides employees or family members of employees with \$5,000 to assist with the cost of education, and a dinner is held each year to honor the students, their achievements, and Smith's legacy.

Allissa Friedman – University of Washington, Bothell

Anna Harryman – Northwest Christian University

Camryn Laidley – College of the Canyons

Dante Del Prete – St. Mary's College

Madeline Parducci – California State University, Chico

Sarah Miller – Southwestern Oregon

Thomas Forest – University California, Riverside

Vanessa Bondoc – Azusa Pacific University



Garee Lee Smith Scholarship Class of 2009

Where are they now

Nicolas Christensen

Capital Support Associate, Square Capital LLC (a component of Square, Inc.)

How has your life evolved since you received the Garee Lee Smith Scholarship?

I've worked at Square for the past four years. The product I support focuses on small business loans for merchants who use Square as their payment processor. This is my second job since graduating, with a small stint teaching English in Chile between the two.

Throughout my journey, I've worn many hats and have been a leader to many of my peers. The scholarship helped me finish college without amassing insurmountable debt or experiencing undue hardship. I worked to help supplement the scholarship I received, but still had enough time to focus on my studies while still balancing my personal life. The scholarship helped me avoid huge loans. Fortunately, I was able to quickly pay off the loans I did receive, and I am now debt free! Not many can say that in the current educational climate.

Without my degree I wouldn't have been able to get my foot in the door in many industries. I have seen colleagues miss out on advancement opportunities because they don't have a degree. Luckily, I have never fallen into that category.

What advice would you give the next group entering college?

Take a deep breath; you don't have to figure it all out now. I'm in my 30s and still haven't found my "calling" or the specific career I want to pursue the rest of my life. Maybe I won't. Learning to be OK with that has been a challenge, but I've learned quite a lot over my lifetime, have picked up many new skills and have met interesting people along the way. That said, the structure and discipline you'll encounter in college will prepare you for whatever comes next. It sets a foundation which will help you succeed later.

Spend some time outside your comfort zone! Study abroad, visit friends at other colleges, take some classes purely based on your personal interests, engage in respectful debates, and try to get a feel for life outside your bubble. College will offer some of the most exciting times of your life, and I can guarantee you will make lasting memories. Take advantage of these opportunities.

Nicholas Allen

Product Designer, Snap Inc. (June 2013 - Present)

How has your life evolved since you received the Garee Lee Smith Scholarship?

The Garee Lee Smith Scholarship was extremely influential in the path to where I am today. As a direct result of the funds provided by the scholarship, I was able to dedicate less time to working an hourly job to pay personal bills and tuition, and more time exploring my interests during my freshman year. I had the opportunity to play lacrosse at Stanford and also spent countless hours working in the machine shop where I developed skills in engineering and product design. Due to connections made in lacrosse, I lived in a house with Evan Spiegel, who would become my friend and eventually my manager/CEO at Snapchat. We majored in the same discipline (Engineering/Product Design) and had many classes together. When he was looking for his first product design hire, I was the person he called, thanks to the time we spent together.

What advice would you give the next group entering college?

To all college-bound students: Take courses outside of what you think you know you like. Take a computer science course your freshman year. Hate math? Take a design class. Use college to give yourself hard skills that will make you an invaluable asset to any company or organization you may join. But most importantly, network and have fun doing it. It's hard to get a job you want with just a resume and an email. Meet and befriend people from different walks of life. Who knows? They may end up working for you (or being your boss).

Masha R. Jones

Doctoral Candidate and National Science Foundation Graduate Research Fellow
at University of California, Irvine

How has your life evolved since you received the Garee Lee Smith Scholarship?

I am a doctoral researcher developing and testing interventions for children who have Attention Deficit Hyperactivity Disorder (ADHD). Helping these children unlock their potential is extremely rewarding. Receiving the Garee Lee Smith Scholarship helped to place me on this path, as the financial support made it possible for me to pursue research opportunities as an undergraduate.

What advice would you give the next group entering college?

College campuses are teeming with opportunities to explore your passions. Be sure to find and take advantage of them!

Ginny Hunter

Executive Administrative Assistant, Servco Pacific Capital

How has your life evolved since you received the Garee Lee Smith Scholarship?

The scholarship I received from Heffernan covered the cost of the first class I took at Berkeley in the summer of 2009, which turned out to be one of my favorite classes. If I remember correctly, summer courses were not covered by any other grants or financial aid, so it was incredibly helpful to have this class paid for. It also covered the cost of a new MacBook laptop. I used the laptop daily as a student, carrying it with me all around campus. I typed up so many papers and homework assignments on it. As a single mom who was also working part-time, I cannot imagine having made it through two years at UC Berkeley without a personal computer.

My education, specifically having UC Berkeley on my resume, has helped me get my foot in the door with employers. When potential employers see UC Berkeley it validates how hard I worked to graduate.

What advice would you give the next group entering college?

I would tell new students to attend their professors' office hours. Just go say hello or ask about something they covered in a lecture. It gives them a better chance to put a name with your face. The more you create a sense of community, the easier your transition into college will be.

DIAMONDS ARE FOREVER 7

*A benefit for the Heffernan Foundation
Saturday, September 8, 2018
Craneway Pavilion - Point Richmond
Richmond, California*

We're excited about what the future has to hold, but this September we're taking a look back and coming together to celebrate 30 years of business and giving, and you're invited!

Please join us on September 8, as we host "Diamonds Are Forever," a benefit for the Heffernan Foundation. Attendees will enjoy live music, cocktails and hors d'oeuvres, along with casino games, a live auction, and more!

All proceeds from the event will benefit the Heffernan Foundation, which will in turn donate a portion to our deserving recipients: At the Cross Roads, California Human Development, Christo Rey De La Salle High School and Santa Clara University.

Tickets go on sale mid-April.
Please reach out to Michelle Lonaker
with any questions:
MichelleL@heffernanfoundation.org.





The Heffernan Group is committed to providing a workplace that promotes and protects work-life balance for our employees. Wellness benefits include monthly gym subsidies, in-office services including boot camps, yoga, and massage therapy, educational seminars such as guided meditation, financial wellness tools, healthy cooking, flu shots, and a variety of sponsored wellness events with a philanthropic focus in our local communities.

In 2017, employees participated in the following wellness events:

- Bubble Run, Anaheim
- Race for the Roses, Portland
- Russian River Mud Run, Forestville
- Marin 5k/10k, San Rafael
- Lupus Walk, Saint Louis
- Avon Breast Cancer Walk, Washington D.C.
- New Directions for Veterans 5k, Los Angeles
- Bridge to Bridge, San Francisco

WORKPLACE WELLNESS INITIATIVE



+3 Network

Heffernan's partnership with +3 Network allows our employees to raise money for nonprofits simply by being active! The online portal of +3 Network is a social networking community that enables Heffernan employees to track work-outs, wellness, and volunteer activities, allowing us to raise money for nonprofits in our communities. Since 2011, employees' "sweat equity" has raised more than \$350,000 for nonprofits.

In 2017, we recognized active +3 employee participants on a quarterly basis. Each quarter, employees were faced with a different challenge, ranging from consistency in staying active to strength training. At the end of each quarter, two winners were drawn from the top participants in each respective challenge, and winners received cash prizes! Our Quarterly Wellness Champions were Kulbir Johal, Cindie Allscheid, Dianne Gibbs, Matt Planeta, Susie Gardenal, Paige Martinez, Wanda Soon and Jorge Aguilar.

Come Say Hello!

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San Francisco, CA 94105
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Menlo Park, CA 94025
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At Heffernan, we consider ourselves to be problem solvers. So, no matter what your insurance needs may be—conventional coverage or harder to define insurance needs—we are here for you!

For large or small businesses, Heffernan specializes in industries such as real estate, transportation, nonprofit, janitorial, care providers, construction, personal, home and automobile, vintners and growers, churches, technology, hospitality, food industry, architects and engineers and more! With our expertise and imagination, Heffernan has you covered.



Because You're Different