

CITY OF KEY WEST, FLORIDA
REQUEST FOR PROPOSAL # 005-17
INSURANCE BROKER SERVICES – PROPERTY/CASUALTY
AND
WORKERS' COMPENSATION
EVALUATION OF PROPOSALS

ARTHUR J. GALLAGHER (AJG)

It is believed that AJG's proposal has demonstrated that they can meet the Minimum Qualifications as specified in the RFP. It is also believed that AJG's proposal indicates that they can meet the City's expectations as specified in the RFP.

Qualifications and Experience of the Proposing Broker (25%)

AJG's proposal indicated that they have direct access to most insurers that have the ability and desire to provide the insurance coverages needed by the City. This includes Bermuda and Lloyds of London. (page 53)

AJG is the largest Public Entity Broker in Florida. (page 4)

AJG is the 4th largest broker in the world (page 14)

AJG currently has over 24,000 employees in over 650 offices located in 30 different countries. (page 5)

Being the largest Public entity Broker in Florida AJG fully understands the unique challenges faced by governmental entities.

Tanya Lewicki and Phillip Altemus will provide the Lead Broker (Justin Wiley) with assistance in the City's marine exposures. I have worked with both Tanya and Phil and believe they have extensive marine experience.

AJG's proposal almost appears to be a joint proposal from AJG and PRM. This could suggest that AJG may submit the City's account only to PRM and not perform a wide search for the broadest and most competitive insurance program.

Qualifications and Experience of Key Personnel

Justin Wiley (Lead Broker) has sufficient background and qualifications to service the needs of the City. The remainder of the City's team has extensive experience in governmental and marine related accounts (pages 19 – 23)

It should be noted that Justin has been with AJG for only 4 years. This gives me some concern regarding the stability of the City's team. (page 19)

Approach the broker will take in providing the services being requested by the City

It is believed that AJG did not do a good job in specifically describing the approach they will take in providing the services being requested by the City. Their answers were generic and did not provide a step by step approach in handling the City's account. They spent considerable effort in explaining their program called (Core360) (pages 9 - 12). The same information on pages 9 through 12 was presented again on pages 25 and 26. It is believed that AJG did not address how Core360 will directly benefit the City.

Again there is some concern that AJG is married to PRM. They did indicate that they had access to the FMIT. If this is the case, this expands the potential insurers that will be available to the City. (page 5)

Proposed Fee

AJG proposed an annual fee of \$95,000. This is not viewed as a favorable price. Normally agents receive a commission of approximately 10% of the premium amount. In the City's case this would be approximately \$107,000. Therefore, based on AJG's proposed pricing, the City should expect only a slight reduction in their insurance cost directly related to the agent's remuneration.

AJG never came out and said that any commissions that they or any of their affiliates receive will be returned to the City. This is an issue that should be resolved if AJG receives further consideration.

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GEHRING GROUP

It is believed that Gehring's proposal has demonstrated that they can meet the Minimum Qualifications as specified in the RFP. It is also believed that Gehring's proposal indicates that they can meet the City's expectations as specified in the RFP.

General Comments

Gehring's proposal consisted of 112 pages. Only 20 pages of the proposal addressed how they would administer the City's account. The remaining pages listed documents and brochures they can make available to the City.

Qualifications and Experience of the Proposing Broker (25%)

The Gehring Group has a reputation of being more of an Employee Benefit broker/agent than a Property and Casualty/Workers' Compensation broker/agent.

Gehring's proposal did not address their ability to directly access insurance companies (including Lloyds).

In the Transmittal Letter of Gehring's proposal it indicates that they have "administrative access" to both the Preferred Governmental Insurance Trust (PGIT) and the Florida Municipal Insurance Trust (FMIT). This was confirmed on page 6 of the proposal. It is not known what is meant by "administrative access".

Gehring's proposal had limited information regarding their experience with marine related accounts.

Qualifications and Experience of Key Personnel

Gehring's proposal indicated that Kurt Gehring will serve as the Executive Staff for the City's account. It is not known what Executive Staff means. (page 8)

Gehring's proposal indicates that Rodney Louis will serve as the team leader for the City's account. His responsibilities will include:

- Strategic and budget planning analysis
- Loss control and safety procedures
- Contract review and negotiations
- Legislative and market updates
- Policy manual drafting
- Claims advocacy
- Safety & liability site inspections
- "much more"

There is a concern if Mr. Louis can effectively handle all of these activities. (page 9)

Gehring's proposal indicated that Robert Barios will handle the safety and loss control issues relating to the City's account. The proposal indicates that Mr. Barios previously worked for Keys Energy as a meter reader and ultimately their Safety & Risk Officer. Interisk has worked with Keys Energy in the past. It has been 5+ years since any work has been performed for Keys Energy. When we last worked for Keys Energy a Bruce Woodard was their Risk Manger. Mr. Barios retired from Keys Energy in 2016 which indicates that he has less than 2 years' experience with the agency/brokerage side of the the business (page 10)

Gehring's proposal indicated a Raymond Carter as an individual who will participate in the City's account. I could not be determined from the proposal what role Mr. Carter will take in the City's account. It should be noted that Mr. Carter did not join the Gehring Group until 2015. (pages 10 & 11)

Gehring's proposal indicates that Thomas Willins will serve as the Account Manager for the City's account. It was previously indicated that Rodney Louis would serve as the "Team Leader". It has been my experience that the Account Manager is also the Team Leader. This leaves questions regarding Mr. Willins role in the City's account. (page 12)

Approach the Broker will take in Providing the Services Being Requested by the City

It is believed that Gehring provided limited information regarding how the will service the City's account.

Proposed Fee

Gehring proposed a fee of \$75,000. Gehring never came out an said that any commissions that they or any of their affiliates receive will be returned to the City. This is an issue that should be resolved if Gehring receives further consideration.

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PUBLIC RISK INSURANCE AGENCY (PRIA)

It is believed that PRIA's proposal has demonstrated that they can meet the Minimum Qualifications as specified in the RFP. It is also believed that PRIA's proposal indicates that they can meet the City's expectations as specified in the RFP.

Qualifications and Experience of the Proposing Broker (25%)

PRIA's proposal indicated that they have direct access to most insurers that have the ability and desire to provide the insurance coverages needed by the City. They only use intermediaries or wholesalers when required or if there is a premium advantage for the client (page 30)

The only clients that PRIA serves are governmental entities. (page 6)

PRIA currently has over 250 public entities in Florida (page 3)

With PRIA only serving governmental entities they have a unique understanding of the issues that face such organizations.

PRIA's proposal indicates that they have sufficient experience with marine related accounts. It would have been nice if PRIA had better explained the type of marine exposures faced by the marine related accounts listed on page 6.

My past experience with PRIA and especially Michele Martin, who will serve as the City's Account Executive, has been favorable.

Qualifications and Experience of Key Personnel

Michele Martin (the individual who will serve as the City's Account Executive) has over 20 years of insurance brokerage experience. (page 2)

Michele Martin has direct experience working with the City's account for 6 years in the past. (page 2)

The other individuals that will assist Michele Martin in the administration of the City's account appear to be will qualified. (Pages 8 & 9)

Of particular interest was James Galludet, Marine Manager. His marine background should provide the necessary experience in ensuring the City has adequate insurance for its marina operations. Page 9)

Approach the broker will take in providing the services being requested by the City

It is believed that PRIA presented a solid approach on how they would handle the City's account. While the timing displayed on page 16 may need to modified slightly to provide ample time to obtain Commission's approval, the fact that they have presented a definitive time line is viewed as being positive. (Page 15 and 16)

The way PRIA displayed their Program Administration on pages 17 through 27 is a solid approach that will aid in ensuring the City purchases the appropriate insurance and limits with the appropriate deductibles/self-insured retentions. The approach was viewed as being well laid out and in sufficient detail to understand their approach.

Proposed Fee

PRIA proposed an annual fee of \$55,000. This is viewed as an extremely favorable pricing. Normally agents receive a commission of approximately 10% of the premium amount. In the City's case this would be approximately \$107,000. Therefore, based on PRIA's proposed pricing, the City should expect a reduction in their insurance cost of approximately \$52,000 directly related to the agent's remuneration.

PRIA never came out an said that any commissions that they or any of their affiliates receive will be returned to the City. This is an issue that should be resolved if PRIA receives further consideration.

