



MEMORANDUM

To: Jim Scholl, City Manager
From: Mark Z. Finigan, Finance Director
Date: May 16, 2017
Subject: Insurance Brokerage Services

A handwritten signature in black ink, appearing to be "MZF", is written over the "From:" line.

ACTION STATEMENT:

Respectfully request the City Commission accept the proposal from the Brown & Brown Public Risk Insurance Agency (PRIA) for Property/Casualty and Workers Compensation Insurance Brokerage services in an annual flat fee amount of \$55,000 pursuant to Request for Proposal (RFP) #05-017 for policy periods 10/01/2017 – 9/30/2020, in addition to two successive one year option policy periods:

"The City of Key West is soliciting proposals to contract with a qualified insurance brokerage firm on a Fee Basis to provide the City with services and duties customarily and usually performed by an insurance brokerage firm including servicing, underwriting, marketing, and placement of various lines of insurance and provide assistance to the City in the administration of its self-insured programs."

Authorizing the City Manager to enter into an Agreement with Brown & Brown - Public Risk Insurance Agency (PRIA) subject to City Attorney review and approval. Should the City Manager or designee not be able to come to an agreement with Brown & Brown - Public Risk Insurance Agency (PRIA) then the City Manager is authorized to enter into an Agreement with Arthur J. Gallagher upon the review and consent of the City Attorney.

BACKGROUND:

On March 28, 2017, the City of Key West issued RFP 005-17, requesting proposals from qualified brokerage firms for Insurance Broker Services – Property/Casualty and Workers Compensation.

On April 26th, 2017, sealed proposals were received and were publicly opened by the City Clerk. Three qualified brokers responded to the RFP:

- Arthur J. Gallagher (incumbent) annual fee: \$95,000.00
- Brown & Brown – Public Risk Insurance Agency annual fee: \$55,000.00
- Gehring Group annual fee: \$75,000.00

The RFP required the formation of an evaluation committee to review and evaluate each

proposal submitted based on the following criteria:

- | | |
|---|-----|
| • Qualifications and Experience of the Proposing Broker | 25% |
| • Qualifications and Experience of Key Personnel | 15% |
| • Approach the Broker will take in Providing Requested Services | 30% |
| • Proposed Fee | 30% |

The following committee, as approved by the City Manager, was formed to evaluate proposals:

- | | |
|-------------------|-------------------------|
| • Mark Z. Finigan | Finance Director |
| • Ron Ramsingh | Assistant City Attorney |
| • Gary Volenec | City Engineer |
| • Todd Stoughton | Risk Manager |

The Evaluation Committee meeting commenced on May 11th, 2017, at 3:00 p.m. in the City Manager's Conference Room. The meeting was properly noticed. Each proposal was reviewed to determine whether the proposal was responsive to the submission requirements specified in the RFP. Sid Webber, Interisk Corporation, served as consultant to the Evaluation Committee by submitting evaluations on each proposal in advance, and was in attendance via conference call during the evaluation.

During the evaluation, it was concluded that if the City was to choose Brown & Brown – Public Risk Insurance Agency, the insurance carrier most likely offered would be Preferred Governmental Insurance Trust (PGIT), which the City has utilized before. If Arthur J. Gallagher was chosen to continue as the City's broker, Public Risk Management (PRM) would most likely be the City's pooled carrier. It was not clear as to who Gehring Group would use as their insurance pool provider. That said, in addition to their respective trusts, both brokers have access to all of the other traditional insurance markets which they are expected to solicit when marketing the City's insurance needs.

Sid Webber provided consultation on the financial stability of both the PGIT and PRM trusts and their ability to cover losses that may result from a significant loss or series of losses. He confirmed that both trusts are stable in this regard, and further recommended either trust.

The Committee members individually rated the proposal for Broker Services submitted by Brown & Brown – Public Risk Insurance Agency as the highest rated, Arthur J. Gallagher the second highest, and Gehring Group the third rated proposal. Individual as well as combined rating "score sheets" are attached.

FINANCIAL STATEMENT:

If the City Commission accepts the recommendations of the evaluation committee by accepting the proposal of Brown & Brown – Public Risk Insurance Agency the City is choosing a Broker with a proven track record, keen awareness of the City of Key West needs, and the lowest price for brokerage services.

RECOMMENDATION:

Based on the final aggregate rating, the Committee recommends the City Commission to award the proposal from Brown & Brown – Public Risk Insurance Agency in the amount of \$55,000.00 annually, to service, underwrite, market, and place various lines of insurance and provide assistance to the City in the administration of its self-insured programs.