

## **Board of Trustees Agenda Item**

**Board Meeting Date:** December 6, 2010

**Title of Item:**

**Request for Board Approval of Arthur J. Gallagher as District Property and Liability Insurance Broker**

**Background and Analysis:**

Due diligence advocates that District insurance brokerage services be competitively bid every five years.

On August 10, 2010 Risk Management issued a Request for Proposal for property and liability insurance brokerage services. The RFP was advertised on Bid Net and sent to major insurance brokerages and two local insurance pools. The attached document details the services requested, the eight factors employed in the analysis and evaluation by the committee, the evaluation criteria and the selection process.

**Recommendation:** Risk Manager Marsha Kelly and Vice Chancellor of Business Services Kevin McElroy recommend approval of Arthur J. Gallagher as the district's property and liability insurance broker

Submitted by:	Marsha Kelly
Additional contact names:	Kevin McElroy
Is backup provided?	Yes



Risk Management issued a Request for Proposal for Brokerage Qualifications for property and liability coverage services for the Foothill-De Anza Community College District on August 10, 2010. Due diligence requires that this be done every five years. The last RFP was issued in 2005.

#### **TIMELINE:**

**August 10, 2010** The Request for Proposal was advertized on Bid Net and released by email to five major insurance brokerages and two large insurance pools in the Bay Area.

**September 7, 2010** The last day and time for Respondents to submit written communications and/or inquiries to Foothill De Anza CCD Purchasing Department.

**September 14, 2010** Addenda, if any, responding to written communications/inquiries emailed, faxed, or mailed to Respondents.

**October 4, 2010** **Deadline for proposal submission**

**November 8 – 12, 2010** Selected Respondents may be called for interviews and presentations during this time period.  
Committee formed; committee reviewed proposals and interviewed candidate firms.

**December 6, 2010** Request that the selected Respondent's agreement be ratified by the Foothill-De Anza Community College District's Board of Trustees

Below are the services requested from the participating respondents:

#### **BROKERAGE SERVICES**

Please review the following carefully and confirm that your firm is agreeable to the providing the following services.

- A. Survey incumbent carriers with respect to their coverage and pricing intentions at renewal and report findings to Foothill De Anza CCD.
- B. Prepare a written annual market analysis and forecast by line of insurance including information on trends, market availability, pricing and long term availability. Present report to Foothill De Anza CCD Board of Directors and membership.
- C. Develop renewal marketing strategy and submit recommendations to Foothill De Anza CCD for approval.
- D. Develop renewal timeline and submit to Foothill De Anza CCD for approval.
- E. Based on approved marketing strategy, ascertain what additional data may be needed for renewal and develop application.
- F. Arrange for and attend meetings with key markets and Foothill De Anza CCD.
- G. Examine completed data and request clarification when necessary.
- H. Compile and prepare thorough marketing submissions including, but not limited to, the following and review with Foothill De Anza CCD prior to release:
  - History of Foothill De Anza CCD
  - Coverage Specifications
  - Renewal Objectives
  - Detailed and Summary Exposure Exhibits
  - Detailed and Summary Loss Exhibits
  - Applications and Supplementary Materials
  - Experience Mod. Factors
  - Foothill De Anza CCD Financials and Actuarial Analysis
  - (Note – The successful bidder is required to maintain copies of all information submitted by members as well as submissions to insurers. This information shall be property of Foothill De Anza CCD and shall be available, without cost, upon request.)
- I. Market the insurance program and any requested options to secure the broadest coverage at the lowest cost with financially secure insurers.
- J. Respond to underwriter inquiries for additional information (and obtain answers from Foothill De Anza CCD or its members when necessary), and follow up for receipt of quotes prior to agreed due date.
- K. Review all pricing and specimen coverage forms and endorsements received from underwriters and negotiate pricing and program enhancements where possible with respect to coverages and program structure.

- L. Prepare proposal that include the following information:
  - Summary, Service Team, and Additional Resources
  - Marketing Review
  - Description of Program Coverages
  - Historical Exposure and Claim Information
  - Explain various options proposed for consideration
  - Disclose all sources of revenue in placing and servicing the account and all revenues to other providers, owned and non-owned.
- M. Bind coverages approved by the Foothill De Anza CCD as directed.
- N. Issue Insurance Binders to Foothill De Anza CCD and certificates as needed.
- O. Prepare invoices for insurance premiums and submit to Foothill De Anza CCD for payment.
- P. Review insurance contracts received and request corrections from underwriters as necessary.
- Q. Prepare and distribute insurance renewal documents to, including summaries of insurance for each policy.
- R. Respond to our inquiries within 24 hours and emails within the same business day.
- S. Request endorsements when necessary.
- T. Place additional lines of coverage on an as needed basis.

## **SUPPORTING SERVICES**

- A. Handle special projects relating to insurance and risk management as directed by Foothill De Anza CCD.
- B. Assist with filing reports and applications required by state administrative agencies – surplus lines, department of insurance, rating agencies, etc.
- C. Act as a claims advocate on behalf of Foothill De Anza CCD members when necessary and assign a claims consultant as part of your proposed team.
- D. Review the insurance and indemnification provisions in contracts submitted by members via Foothill De Anza CCD and recommend changes as necessary.
- E. Provide Foothill De Anza CCD with loss control materials for training or educational purposes at Foothill De Anza CCD's request.
- F. Provide Foothill De Anza CCD will regular notifications of webinars and various meetings for higher education clientele.
- G. Participate in annual coverage document review, or more frequently as requested.

- H. Keep Foothill De Anza CCD apprised of current risk management issues that affect higher education agencies and provide materials and guidance to help manage those risks.
- I. Advise Foothill De Anza CCD of exposures to loss that may not be covered in the current program and provide assistance with insurance and risk management solutions to address those exposures as needed.
- J. Consult on policy design as needed.
- K. Maintain favorable relationships with Foothill De Anza CCD, staff and service providers.
- L. Monitor Foothill De Anza CCD's insurer's financial ratings, advising Foothill De Anza CCD of all changes.

## **ANALYSIS AND EVALUATION**

In determining the total program that is in the best interest of Foothill De Anza CCD, the following elements among possible others including financial considerations, will be considered:

- 1. Respondent's yearly flat rate for services.
- 2. Services and claims handling procedures.
- 3. Loss control services available.
- 4. Qualifications of Respondent (Company Profile).
- 5. Respondent's current Community College District or Higher Ed experience..
- 6. Respondent's ability to meet deadline expectations.
- 7. Respondent's references.
- 8. Completeness and Thoroughness of the Proposal submitted.

## **EVALUATION CRITERIA AND SELECTION PROCESS**

All proposals shall be initially evaluated based on weighted criteria set forth in the table below by members of an advisory evaluation committee. Such advisory committee shall consist of individuals who have expertise regarding, or some experience with, the subject matter of the RFP or, individuals who could be characterized as recipients, beneficiaries, or users of the RFP's subject matter.

<b>FACTORS</b>	<b>MAXIMUM POINTS</b>
Qualifications of Team -	25
Services and Claims Handling	15
Loss Control Services	15
Qualifications of Respondent (Company Profile)	10
Financial Strength and Stability	10
Firms Experience with Higher Education	10
References	10
Completeness and thoroughness of Proposal	5

The selection committee consisted of four members: Kevin McElroy, Vice Chancellor for Business Services; Hector Quinonez, District Controller; Carmen Redmond, Director of Purchasing Services and Marsha Kelly, Director Risk Management. Individuals from both colleges were invited but unable to participate.

Two responses were received and both met the requirements set forth in the Request for Proposal. The two respondents were the current broker, Arthur J. Gallagher, and a pool, Keenan & Associates. After reviewing the submissions and checking references, both respondents were asked to provide a twenty minute presentation followed by a ten minute question period. The presentations were both held on the afternoon of November 11, 2010. Following the presentations, the committee met as a group to evaluate the submissions based on the evaluation criteria (above) as listed in the RFP. The consensus decision of the committee was that the District had excellent experience and knowledge from Arthur J. Gallagher and there was no significantly compelling reason to change brokers. Therefore at the December 6, 2010 meeting, the Board of Trustees will be requested to ratify the selection of Arthur J. Gallagher as the insurance broker for the District's property and liability insurance coverage.