CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Motion Approving Insurance Brokerage Service Agreement (Holmes Murphy & Associates)

DATE: May 2, 2016

FINANCIAL IMPACT: Base compensation to the broker related to property and casualty coverages will be based on commissions received from the insurance carrier (currently ICAP). As a result of negotiations with the successful proposer, the City will realize savings of $10,000 in administrative fees related to workers compensation broker commissions.

BACKGROUND: In March 2016, staff received a recommendation from the Council's F&A Committee to initiate a Request for Proposal (RFP) process for the City's Broker/Agent of Record for Property and Casualty Insurance Services. The City has used its current Insurance Agent for several years.

The RFP intended to find the most qualified agent of record for insurance policies which are currently purchased through the Iowa Community Assurance Pool (ICAP), which provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, policy professional liability, property, inland marine, and boiler and machinery. The cost of agent services becomes a minimal consideration in the RFP process, because the City plans to continue to purchase policies from ICAP. The RFP focused on procuring the services of the most qualified agency.

Staff developed the scope, timing, and RFP process and also compiled a list of viable insurance agencies based on direct communication with ICAP and other discussions and inputs.

On March 22, 2016, staff released and distributed the Request for Proposals for Broker / Agent of Record for Insurance Services to 8 agencies. Public Notice of the RFP was published in the Des Moines Register and all RFP documents were posted on the City's website.

On April 1, 2016, staff issued Addendum #1 which contained responses to all questions asked during the process. Each addendum was emailed to interested agencies and also posted to the City's website alongside the other RFP documents.

Prior to the proposal submission deadline of April 6, 2016, a total of seven (7) proposals were received. A review committee consisting of Deputy City Manager Jamie Letzring, Finance Director Tim Stiles, Assistant City Attorney Jason Wittgraf, and Budget Analyst Chris Hamlett reviewed (and scored) the proposals. This committee determined there should be two (2) finalists and arranged for finalist interviews. Panel interviews were held on April 20, 2016, and consisted of a formal presentation by each proposing agency followed by standard and specific questions from the review committee.

Following interviews, the review committee collaborated for review of the finalists' written proposals, presentation materials, and interview notes. References for each agency were also checked by staff. The review committee unanimously confirmed Holmes Murphy & Associates as its preferred agency.

Staff has negotiated terms of a Brokerage Service Agreement with Holmes Murphy & Associates which outlines the duties of the Agent. Duties include but are not limited to providing written recommendations and review of all binders, coverage documents and endorsements to assure appropriate coverages and balance risk. The Agent will also place coverages, provide risk management services and training, assist the City in submitting of claims to coverage providers, review loss runs, and perform day-to-day operations such as providing certificates and endorsements.

RECOMMENDATION: Approve a motion to designate Holmes Murphy & Associates as the City's Broker / Agent of Record for Insurance Services, for a period of three (3) years, with an option for the City to renew the contract for an additional three (3) -year term. The recommendation is also to approve a motion authorizing the Mayor and/or Finance Director to enter into agreements as needed to memorialize the specific types and scopes of services and coverages as may be proposed by the agent, as well as the Brokerage Service Agreement.

Lead Staff Member: **Tim Stiles, Finance Director**

STAFF REVIEWS

Department Director	
Appropriations/Finance	
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	
Dates(s) Published	

SUBCOMMITTEE REVIEW (if applicable)

Committee	Finance & Administration		
Date Reviewed	~~March~~ 9 & April 20, 2016		
Recommendation	Yes	No	Split

City of West Des Moines

Brokerage Service Agreement

This will confirm that the City of West Des Moines (client) wishes to engage the services of Holmes Murphy & Associates, Inc. (Broker) as its Property and Casualty insurance broker on the following terms:

1) **Term**
   The services under this agreement will begin on 07/01/2016 and continue until discontinued according to the termination provisions of this agreement.

2) **Services**
   Broker will provide the following Risk Management services:

   a) With the goal of providing high quality and effective Insurance Placement and Administration services, Broker will:

      i) Implement and deliver on a timely and proactive basis the activity outlined in the mutually developed Insurance Service Plan.

      ii) Provide ongoing risk management advice, consultation and review with Client.

      iii) Provide ongoing day-to-day service to your business (Certificates of Insurance, Endorsements, etc.) and other services normal and incidental to the handling of the Client's insurance program.

      iv) Provide proactive, aggressive marketing, negotiation and related follow through to the placement of Client's insurance coverage.

      v) Convey timely, useful information on current trends and law changes that affect industry and Client.

   b) With the goal of providing outstanding Claims Management services, Broker will:

      i) Help establish and monitor claim reporting procedures.

      ii) Help establish and monitor the effectiveness of special claim handling procedures for carrier and/or TPA adjusters.

      iii) Monitor loss activity and prepare Status Reports for watch list claims.

      iv) Coordinate and conduct periodic meetings with Client, Broker and insurance carrier focusing on open claims and developing a plan of action to bring each open claim to a favorable resolution as well as focusing on reserves.

      v) Contact injured party on general liability claims and inform them who to contact, find out what happened and see if they have any questions. If phone contact cannot be made, Broker will send a letter to the customer requesting contact.

      vi) File General Liability claims with carrier.

vii) Send notice to Client giving claimant name, claim number and adjuster name and phone number.

viii) Be a resource for advising on the filing of loss notices and negotiations of other than Workers' Compensation claims.

c) With the goal of providing cost effective Loss Control advice and expertise, Broker will:

i) Develop a plan of services that Client wants and needs.

ii) Work with insurance carrier to establish what services each will provide and then monitor process to ensure plan is on target and successful.

iii) Will, in coordination with insurance carrier, visit Client on regular and periodic basis during policy year. The focus will be on loss producing conditions and behavior.

iv) Be a responsive resource, rather than just sending "Boiler Plate Information." On OSHA compliance –Lockout Tagout, Blood Born Pathogens, Haz-Comm Programs, Fire Safety, Facility Assessments, etc.

v) Prepare periodic Loss Control Reports outlining progress being made on overall Loss Control Plan.

vi) Periodically attend Loss Control/Safety Committee Meetings at the Client's facilities.

vii) Be available to meet with and make presentations at Client facilities to help meet the Client's loss control goals.

3) **Sensitive Information**
Client will assist Broker in fulfilling its duties by inviting Broker to tour facilities and provide requested information. Broker recognizes that information provided by Client can be sensitive and will not disclose this information to anyone other than insurance carriers and their intermediaries who are considering our applications and/or requests for proposal.

4) **Proprietary Work**
Client understands and acknowledges that all reviews, reports and/or summaries prepared by Broker are the proprietary work of Broker. Client will not distribute this work to anyone outside their organization without the prior consent of Broker.

5) **Books and Records**
Client is entitled to copies of reports and/or documents relating to its account. However, files and insurance policies will not be retained for more than five years after the expiration of a particular policy term.

6) **Taxes**
Broker will attempt to invoice all applicable sales and/or surplus lines taxes due from Client. These taxes, including interest and penalties, are the sole responsibility of Client whether invoiced by Broker or discovered due at a later audit or examination by a governmental tax authority.

7) **Compensation**
Client will compensate Broker with commissions received from ICAP. In addition the broker agrees to reduce the current Workers Compensation fee from $35,000 to $25,000 effective 07/01/2016. In the spirit of full transparency Holmes Murphy will disclose commission and fee amount received each year at renewal.

8) **Profit Sharing**
Broker may also receive compensation from some insurance carriers through profit sharing arrangements. These payments are based on the premium volume, growth and/or profitability of all the business Broker has with the insurance carrier. They are not connected with any one account.

9) **Termination**
Either party may cancel this agreement with 120 days prior written notice. In the event Broker's engagement is terminated by Client prior to the end of the Service Year, all earned amounts of the Brokerage commission and fee not previously paid to Broker will be earned by broker until end of policy termination. In the event Broker's engagement is terminated by Broker prior to the end of the Service Year, Client will not be obligated to pay any installments of the Brokerage fee payable after the effective date of termination.

10) **Governing Law**
This agreement will be governed by and construed in accordance with the laws of the State of Iowa applicable to agreements executed and to be performed entirely within Iowa, without regard to its conflicts of law provisions.

City of West Des Moines	**Holmes Murphy & Associates**
By:_____	By:_____
_____ (Title)	_____ (Title)
_____ (Date)	_____ (Date)