



Agenda Item No. 3

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of September 11, 2008

From: William Stafford, Director Risk Management and Safety  
Joseph M. Wire, Auditor Controller  
Celia G. Kupersmith, General Manager

Subject: **APPROVE ACTIONS REGARDING THE EXECUTION OF PROFESSIONAL SERVICES AGREEMENTS RELATIVE TO REQUEST FOR PROPOSALS (RFP) NO. 2009-D-1, INSURANCE ADVISOR AND BROKERAGE SERVICES**

**Recommendation**

The Finance and Auditing Committee recommends that the Board of Directors approve the following actions regarding the execution of professional services agreements relative to RFP No. 2009 D-1, *Insurance Advisor and Brokerage Services*:

1. Authorize the execution of a Professional Service Agreement with ABD/Wells Fargo Insurance Services, for a three-year term, for a total not to exceed cost of \$238,700, for the District's Casualty Insurance Program;
2. Authorize the execution of a Professional Service Agreement with Alliant Insurance Services, Inc., for a three-year term, for a total not to exceed cost of \$257,446, and a claims contingency of \$20,000 for Marine claims adjusting services, for the District's Marine and Property Insurance Program; and
3. Authorize the General Manager to exercise two, one-year contract options in accordance with the contract documents if it is in the best interests of the District. This includes a five-year contract total not-to-exceed amount of \$403,470 with ABD/Wells Fargo Insurance Services for the District's Casualty Insurance Program; \$156,151 with Alliant Insurance Services, Inc., for the District's Marine Insurance Program, and; \$286,055 with Alliant Insurance Services, Inc., for the District's Property Insurance Program,

with the understanding that requisite funds for these broker services are available in the FY 08/09 and will be budgeted accordingly in future years.

**Summary**

The District has three distinct insurance programs with different policy renewal dates; Marine, Property and Casualty. The District uses our insurance broker, Marsh, to place all lines of

insurance. Our contract with Marsh expires in November, 2008. The District made the decision to structure RFP No. 2009-D-1, *Insurance Advisor and Brokerage Services*, with the ability to select different insurance brokers for different insurance programs, which is common, or to continue to keep all insurance programs with a single broker.

The decision was made to ensure that the brokerage firm qualifications and fees for the three distinct insurance programs would lead to the most qualified brokers, based on the District's selection criteria. Both private firms and public entities frequently use more than one insurance brokerage firm based on risk management needs and firm qualifications including fees.

On June 2, 2008, the District issued RFP No. 2009-D-1 for *Insurance Advisor and Brokerage Services*, to 11 potential proposers. On July 1, 2008, the District issued Addendum No. 1 to the RFP to all the potential proposers, which included answers to questions submitted by several proposers and additional data on the District's current insurance policies.

The following six firms submitted proposals by the proposal due date of July 11, 2008, which were received and opened by the District Secretary's office.

1. ABD/Wells Fargo Insurance Services
2. Alliant Insurance Services, Inc.
3. Aon Insurance Services
4. Lockton Insurance Services
5. Marsh Risk and Insurance Services
6. Woodruff-Sawyer & Company

An initial evaluation committee reviewed the proposals in accordance with the following selection criteria to determine which proposers were within the competitive range and would be asked to participate in interviews.

1. Firms experience and qualifications ..... (25%)
2. Qualifications and experience of staff ..... (40%)
3. Fee for Services..... (25%)
4. Comprehensiveness and quality of work plan ..... (10%)

Based on these criteria, the committee determined that four firms were within the competitive range and invited them to participate in interviews. The interviews were held on August 14, 2008, with a two member final evaluation committee consisting of the Auditor-Controller and Director of Risk Management and Safety.

The following firms were interviewed:

1. ABD/Wells Fargo Insurance Services
2. Alliant Insurance Services, Inc.
3. Aon Insurance Services
4. Marsh Risk and Insurance Services

ABD/Wells Fargo Insurance Services (ABD) received the highest ranking Casualty Insurance Program evaluation from the evaluation committee for their staff qualifications, work plan and price. Therefore, it is recommended that the District's Casualty Insurance Program of RFP No. 2009-D-1 be awarded to ABD for a total not to exceed cost of \$238,700, for a three-year contract, with two additional one-year options.

ABD offers experience with four major transit agencies in the Bay Area including BART, SamTrans, AC Transit and Cal Train, extensive access to domestic as well as world wide markets, and proposed several possible enhancements to the District's Casualty Insurance Program. Included in the ABD proposal were significant value-added services including claims and loss control services. ABD also engaged the services of an approved DBE provider in the claims assistance area.

The key personnel participating in the interview demonstrated a high level of knowledge and responsiveness to the District's program and needs. ABD properly submitted all the required proposal documents and the District finds their fee proposal to be fair and reasonable for the quality services proposed.

Alliant Insurance Services, Inc., (Alliant) received the highest ranking Marine and Property Insurance Program evaluations from the evaluation committee for their firm and staff qualifications, work plan and fee for the Marine program. The Alliant Marine Program did not include claims assistance for hull and machinery losses, therefore the cost of claims assistance was added to the fee. After this fee was added, Alliant continued to have the lowest Marine Insurance Program fee. Therefore, it is recommended that the District's Property and Marine Insurance Programs of RFP No. 2009-D-1, be awarded to Alliant for a total not-to-exceed cost of \$257,446, and a claims contingency of \$20,000 for Marine claims adjusting services, for a three-year contract with two additional one-year options.

Alliant's property brokerage services were deemed the best because of firm and staff qualifications. Alliant offers experience with major transit agencies including Santa Clara Valley Transportation Authority and a wide range of public entities. Alliant's brokerage services offer exclusive access to large public entity property insurance pools, which include sophisticated marketing strategies with domestic and London-based insurance carriers. Alliant also proposed enhancements to the District's property insurance program and included several value-added services including property valuation tools and catastrophe modeling.

The key personnel participating in the interview, both on the Marine and Property Insurance Programs, demonstrated a high level of knowledge and responsiveness to the District's program and needs. Alliant properly submitted all the required proposal documents and the District finds their price proposal to be fair and reasonable for the quality and unique services proposed.

### **Fiscal Impact**

The new broker services will cover eight months of FY 08/09 and it is expected to expend approximately \$112,860. The FY 08/09 operating budget has sufficient funds to cover these expenses.