



Agenda Item No. (7)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of October 26, 2023

From: Kelli Vitale, Director Risk Management and Safety
Kellee J. Hopper, Deputy General Manager Administration and Development
Kim Manolius, General Counsel
Joseph M. Wire, Auditor Controller
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE EXECUTION OF CONTRACTS RELATIVE TO REQUEST
FOR PROPOSALS NO. 2023-D-039, INSURANCE ADVISORS AND
BROKERAGE SERVICES**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors approve the following actions relative to Request for Proposals No. 2023-D-039, *Insurance Advisors and Brokerage Services*:

1. Authorize execution of a contract with USI Insurance Services, for a three-year term, for a total not-to-exceed cost of \$384,000, with two additional one-year options for a total not to exceed cost of \$128,000 per option year, for the Golden Gate Bridge Highway and Transportation District's (District) Casualty and Property Insurance Program, effective November 1, 2023; and,
2. Authorize execution of a contract with USI Insurance Services, for a three-year term, for a total not-to-exceed cost of \$120,000, with two additional one-year options for a total not-to-exceed cost of \$40,000 per option year, for the District's Marine Insurance Programs, effective November 1, 2023;

with the understanding that requisite funds for these services are available in the District's FY 23/24 Operating Budget and future years will be budgeted accordingly.

This matter will be presented to the Board of Directors at its October 27, 2023, meeting for appropriate action.

Summary

The District has three distinct insurance programs: Casualty, Property and Marine. In 2008, the District updated its Request for Proposals (RFP) for Insurance Advisor and Brokerage Services,

enabling the selection of separate brokers for distinct insurance programs or the option to consolidate them under a single broker. This ensures that the District chooses the most qualified brokers based on criteria like qualifications, fees, and ancillary services, including claims handling, risk assessments, and safety measures.

On July 16, 2023, the District issued RFP No. 2023-D-039, *Insurance Advisor and Brokerage Services*. The RFP was posted on the District's Procurement Portal, and notification was sent to all registered firms that selected the relevant North American Industry Classification System codes. On August 4, 2023, the District issued Addendum No. 1 to the RFP to all the potential proposers, which included answers to questions submitted by one potential proposer and additional data on the District's current insurance policies.

The following three firms submitted proposals by the proposal due date of August 15, 2023:

1. USI Insurance Service
2. Willis Towers Watson Insurance Services West, Inc.
3. Aon Risk and Insurance Services, Inc.

A four-member Evaluation Committee, consisting of representatives from the District Secretary's Office, the Auditor/Controller's Office, the Deputy General Manager for Administration's Office, and the Risk Management and Safety Department Office, reviewed and evaluated each written proposal based upon the following criteria:

1. Firm's qualifications and experience 40%
2. Approach to Scope of Services 35%
3. Social Equity 10%
4. Cost Proposal..... 15%

One firm, USI, scored the highest amongst all scorers for all three insurance programs and as such interviews were not necessary. USI has provided the District's Casualty insurance for 15 years and was selected in the 2020 RFP process to also provide both the property and marine coverage.

Casualty and Property Insurance Program

USI received the highest-ranking scores for Casualty Insurance and Property Program from the Evaluation Committee for its firm and staff qualifications and work plan, which also included factoring in their fee for key ancillary services and strategies to place cyber liability insurance in an increasing challenging market. Therefore, it is recommended that the District's Casualty and Property Insurance Program portion of RFP No. 2023-D-039 be awarded to USI Insurance Services for a total not-to-exceed cost of \$384,000 for a three-year contract, with two additional one-year options for an additional \$128,000 per option year.

USI Insurance Services has provided, in addition to the District, insurance and advisory services to major transit and public agencies in the Bay Area including, SamTrans, Metropolitan Transportation Commission (MTC), County of Marin and Caltrain. USI's property and casualty brokerage services were deemed the best because of its firm and staff qualifications. USI's brokerage services include not only comprehensive risk management services such as loss

prevention services, claims consulting and advise on proper risk transfer in contracts, but also sophisticated marketing strategies with domestic and London-based insurance carriers.

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

Marine Insurance Programs

USI received the highest-ranking scores for the Marine Insurance Programs from the Evaluation Committee for its firm and staff qualifications and work plan, including consideration of their fees for these two programs. Therefore, it is recommended that the District's Marine, Insurance Programs of RFP No. 2023-D-039 be awarded to USI for a total not-to-exceed cost of \$120,000 for a three-year contract, with two additional one-year options for an additional \$40,000 per option year.

USI's Marine team has the market clout and creativity to put together a competitive program for the District, putting it into a Protection & Indemnity Club with higher limits and lower premiums and deductibles. The team also helped the District evaluate and adjust insurance limits, greatly reducing cost with its Excess Marine General Liability insurance program. In addition, this team is responsive in providing advice on complicated contracts and helpful comprehensive claims support.

The key USI personnel for the Marine Insurance Programs have demonstrated a high level of knowledge and responsiveness to the District's programs and needs. USI properly submitted all the required proposal documents, and the District finds its price proposal to be fair and reasonable for the quality and unique services proposed.

The District's Disadvantaged Business Enterprise (DBE) Program Administrator evaluated USI's proposal for Casual, Property and Marine, Hull and Vessel Insurance Programs and determined their proposal to be responsive to the District's DBE Program requirements. Although no contract-specific DBE or Small Business Enterprise goal established for this contract, USI was able to obtain 5.9% in DBE participation.

Fiscal Impact

This annual fiscal impact for broker services is \$168,000. The FY 23/24 operating budget has sufficient funds to cover these expenses. Including option years, the total five-year contract not-to-exceed amount will be \$840,000 for the District's Casualty, Property and Marine Insurance Programs.

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