



**City of Coral Gables
CITY COMMISSION MEETING
March 24, 2009**

ITEM TITLE:

A Resolution authorizing the City Manager or Designee to negotiate and execute a contract with Arthur J. Gallagher Risk Management Services, Inc. for the Casualty lines of insurance coverage for three (3) years with two (2) additional two (2) year renewal options, with the first year premium and service fee not to exceed \$1,097,294 for the period May 1, 2009 to May 1, 2010.

ACTION REQUESTED BY THE BOARD/COMMITTEE:

The Insurance Advisory Committee is recommending that the City award the contract to Arthur J. Gallagher Risk Management Services, Inc. for Casualty and other insurance coverage, effective May 1, 2009 to May 1, 2010.

RECOMMENDATION OF THE CITY MANAGER:

The City Manager recommends approval.

BRIEF HISTORY:

The City entered into a three year contract with a three year renewal option that began on May 1st, 2003 for Risk Management and Insurance Brokerage Services with Arthur J. Gallagher Risk Management Services, Inc. and AON Risk Services, Inc. of Florida after an RFP process. In October of 2008, the City advertised RFP 2008.10.31 – Risk Management & Insurance Brokerage Services for the Property and Casualty Lines of Insurance Coverage. This bid was protested and a decision was made to start the process over and in January of 2009, the City advertised RFP 2009.01.05 – Risk Management & Insurance Brokerage Services for the Property and Casualty Lines of Insurance Coverage. This RFP created a controlled platform for the City to obtain competitive bids on insurance broker service fees and competitive quotations on insurance policies (net of commissions) through a market assignment process.

The end result of this process is the Insurance Advisory Committee making a recommendation to name Arthur J. Gallagher Risk Management Services, Inc. as the Casualty Insurance Broker. The following is a breakdown of the policy premiums and broker fee represented by this resolution:

Description of the Insurance Policy or Fee	Premiums/Fees for the May 1, 2009 to May 1, 2010	% Difference	Premiums/Fees for the May 1, 2008 to May 1, 2009
Public Entity Package	\$ 713,858	-3.2%	\$737,320
Excess Liability	\$ 103,168	-2.6%	\$105,890
Excess Workers Compensation	\$ 155,268	-59.8%	\$386,775
Insurance Brokerage Fee	\$ 125,000	-7.4%	\$135,000
Total Premiums and Fees	\$1,097,294	-19.6%	\$1,364,985

The Insurance Advisory Committee has also recommended that the Commission authorize Arthur J. Gallagher to approach Lloyds of London (BRIT Syndicate 2987) to obtain a quotation; and should this quotation offer the same or better terms and conditions as the PESLIC quotation, authorize City staff to bind this quotation, if it is determined to be in the best interest of the City.

The savings year over year is 19.6% (\$267,691), mainly reflective of a 59.8% reduction (\$231,507) in the excess workers' compensation premium.

FINANCIAL INFORMATION: (If Applicable)

	Amount	Account No.	Source of Funds
	\$1,097,294	540-000-590-4550	Insurance Fund
Total:		APPROVED BY: <i>David S. Alm</i>	

APPROVED BY:

Department Director	City Attorney (If Applicable)	City Manager
<i>Mark J. Hall</i>		

Attachments:

1. Resolution
2. Related documents from Arthur J. Gallagher response to RFP