

**MILWAUKEE COUNTY**  
**INTEROFFICE COMMUNICATION**

DATE: December 19, 2012

TO: Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Supervisor Willie Johnson Jr., Co-chair, Finance, Personnel and Audit Committee  
Supervisor David Cullen, Co-chair, Finance, Personnel and Audit Committee

From: Cindy VanPelt, Director of Risk Management

SUBJECT: Request for Proposals-Insurance Purchases

This report has been reviewed and discussed with the Comptroller's office and County Board Staff.

**REQUEST**

Resolution File No. 93-168 approved by the Finance Committee and adopted by the County Board at its February 18, 1993 meeting requires that Risk Management solicit Requests for Proposals for insurance purchases.

**BACKGROUND/ANALYSIS**

For policy year 2013, Risk Management solicited the following RFP's:

- RFP 6743 Airport Liability
- RFP 6742 Public Entity Liability
- RFP 6744 Property Insurance
- RFP 6747 Fidelity Insurance
- RFP 6745 Fiduciary (Employees' Retirement System of the County of Milwaukee)
- RFP 6746 Energy Systems

Risk Management solicited 10 insurance brokers respond to the various RFP's. Insurance brokers were asked to respond with requests for insurance markets and were assigned markets as indicated below. The RFP was posted on the Milwaukee County procurement internet site and one additional broker requested markets and was assigned his requested markets. Evaluation was completed by a review committee and was based on organization, service, coverage, cost and DBE participation.

**RFP 6743 Airport Liability Insurance** - This covers all claims arising out of airport operations, which include but are not limited to slips and falls, damage done by airport vehicles, damage done by poor maintenance

<u>Broker</u>	<u>Market</u>
HNI	ACE
Gallagher	National Union/Chartis
Hays	Phoenix
Willis	Chubb
AON	Starr
M3	Global Aerospace

Of the assigned markets, we received proposals from ACE and Chartis, with the others withdrawing or declining to quote. The incumbent, ACE, rated the highest of the 2 proposals.

**RFP 6742 Public Entity Liability**- this covers claims made against the county for auto accidents, employment practices, discrimination, errors and omissions, law enforcement liability, lawyers professional liability and the one watercraft owned by the County.

<u>Broker</u>	<u>Market</u>
Aegis	Wisconsin County Mutual
AON	ACE, Ironshore
M3	Catlin Specialty, Starr Indemnity
Wells Fargo	Firemans Fund, Philadelphia
Gallagher	Brit, Chartis, Munich Re, Axis, NY Magic, Torus, Genesis
Hays	Travelers

Proposals were received from Wisconsin County Mutual, Brit, Chartis, Genesis, and Munich Re with others respectfully withdrawing or declining to quote. Chartis, Genesis and Munich Re did not meet the County's coverage needs. Wisconsin County Mutual and Brit were evaluated, with Brit having the highest score. Wisconsin County Mutual requires that the County pay its deductible at the time premium is paid. This has been \$750,000 in the past. Brit does not require the deductible up front. It is 'pay as claims are settled (with approval if needed)' so cash is more liquid. None of the quotes received were 'claims made' all are occurrence based.

**RFP 6744 Property Insurance** - covers damage to County buildings, contents, and scheduled motor vehicles.

<u>Broker</u>	<u>Market</u>
Gallagher	Zurich, Great American, Munich Re
Willis	Travelers, Chubb, Factory Mutual, XL, Axis
Hays	Travelers
ASU	Local Government Property Insurance Fund (LGPIF)
HRH	Chubb

The brokers and markets above displayed initial interest in our program but upon their detailed review of the current coverage and pricing provided by LGPIF, all markets declined to quote. The proposal from incumbent LGPIF included the same coverages as our expiring policy with the premiums increasing by 20% due to a rate increase due to the amount LGPIF spent on the 2010 and 2011 floods.

**RFP 6747 Fidelity Insurance** – is to cover losses for acts of forgery, employee dishonesty, theft, counterfeit paper currency and credit card forgery.

<u>Broker</u>	<u>Market</u>
Aon	Great American, Zurich, ACE
Willis	Hartford, Berkley Pro
Hays	Chubb
Gallagher	Chartis
M3	Allied World, CNA, Markel, Hiscox

Final proposals were received from Great American (incumbent) and Hiscox. Great American, is the incumbent, and scored highest.

**RFP 6745 Fiduciary Insurance (Employees' Retirement System of the County of Milwaukee)**

<u>Broker</u>	<u>Market</u>
Aon	Chartis/Chubb/Axis (incumbent) Ace, Beazley
Willis	Hartford, RLI, ARCH
Hays	Travelers
M3	XL, Zurich, CNA, Markel
Wells Fargo	Hiscox, Euclid, Berkley

Final proposals were received from Chartis/Chubb/Axis, the incumbent and Hiscox. The pension board made the decision at its December meeting to stay with Chartis/Chubb/Axis.

**RFP 6746 Energy Systems** - covers damage to and resulting damage (including business interruption) should an energy system be damaged, this used to be called boiler and machinery coverage or mechanical breakdown coverage.

<u>Broker</u>	<u>Market</u>
Robertson Ryan	Cincinnati
M3	Liberty Mutual, Hartford Steam Boiler
Gallagher	Travelers, Chubb, Zurich, XL
Willis	CNA

Final proposal were received from Cincinnati, Travelers, Liberty Mutual, and XL. The Travelers bid contained coverage at 5X the current coverage, for what the current coverage costs. So a business decision was made to recommendation Travelers.

**RECOMMENDATION**

Based on the evaluation of the review team it is recommended that:

Airport Liability Insurance should be purchased from ACE, Public Entity Liability Insurance be purchased from Brit, Property Insurance be purchased from the Local Government Property Insurance Fund and Fidelity insurance be purchased from Great American. The Pension Board has made the decision that the fiduciary coverage stay with the incumbent carrier.

**DBE PARTICIPATION**

In compliance with CFR 49 Part 23 and 26 and Chapter 42 of the Milwaukee County Ordinances, a DBE component was included in the evaluation and recommended award of the outlined insurance contracts. HNI and Aon proposed partnerships with certified DBE's on the Airport and Crime programs, respectively. The Local Government Property Insurance Fund has provided that their 3<sup>rd</sup> party provider, ASU, is required to adhere to the terms and conditions of the Wisconsin State Statues as they relate to minority business. Wisconsin County Mutual did not commit to an amount with a DBE, Brit has committed to using a DBE at 17%.

**FISCAL NOTE**

Funds are available in the 2013 adopted Risk Management budget.

<b>Broker/Carrier</b>	<b>Insurance Coverage</b>	<b>2013 Premium</b>
HNI/ACE	Airport Liability	\$190,963
Gallagher/BRIT	Public Entity Liability	\$736,450
LGPIG/ASU	Property Insurance	\$563,384
Aon/Great American	Fidelity	\$ 35,937
Aon/Chartis/Chubb/Axis	Fiduciary	\$319,300**
Gallagher/Travelers	Energy Systems	\$ 52,182

\*\* Paid by Pension Board

Respectfully  
  
 Cindy Van Pelt  
 Risk Management

## RFP EVALUATION CRITERIA SCORING GUIDELINES for 2013 COVERAGES

This document provides guidelines for scoring proposals submitted by broker/insurance co in response to Milwaukee County RFP for **AIRPORT LIABILITY #6734**. Proposals will be evaluated according to the following criteria.

Scoring includes possible points for specifically requested coverage plus possible points for additional coverage. Scores are summed for each of the 5 major criteria listed above.

<b>Broker</b> _____	<b>Insurance Co.</b> _____		
	<u>Possible points</u>		<u>Score</u>
1. Organization	5		_____
• Qualifications and experience of the team members (1 pt for references, 2 pt for carrier resumes, 2 pt for broker resumes)			
2. Services	15		_____
Provide information concerning the ancillary services provided			
• Loss control services	(0 = none ,10 pts carrier,5 pts broker)		
3. Coverage	20		_____
• Coverage is to be equal to or greater than current policy.	(no = 0pts, yes = 5 pts)		
• Deductibles and policy amounts should be equal to or better.	(no = 0pts, yes = 5 pts)		
• Best rating/financial stability	(A+/- =10pts, Not A = 0 pts.)		
4. Cost (compare apples to apples)	45		_____
• Cost	(35 pts if lowest, 0 pts if no savings from current cost, Proportionate to high/low cost if in between)		
• Full disclosure of commissions	(no = 0 pts, yes = 10 pts)		
5. DBE	15		_____
• Proposer fully meets 17% DBE requirements	15		
• Proposer meets some DBE requirements	(.9 pt for every % of DBE met)		
• No DBE requirement met	0		

### SCORING

1. Organization	5 points	Score _____
2. Service	15 points	Score _____
3. Coverage	20 points	Score _____
4. Cost	45 points	Score _____
5. DBE participation	15 points	Score _____

Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_

## RFP EVALUATION CRITERIA SCORING GUIDELINES for 2013 COVERAGES

This document provides guidelines for scoring proposals submitted by broker/insurance co in response to Milwaukee

County RFP for **PUBLIC ENTITY LIABILITY # 6742**. Proposals will be evaluated according to the following criteria.

Scoring includes possible points for specifically requested coverage plus possible points for additional coverage. Scores are summed for each of the 5 major criteria listed above.

Broker \_\_\_\_\_

Insurance Co. \_\_\_\_\_

Possible points

Score

- |    |  |    |       |
|----|--|----|-------|
| 1. | Organization   | 5  | _____ |
|    | <ul style="list-style-type: none"> <li>• Qualifications of the team members (one pt for references, 1 pt for carrier resumes, 1 pt for broker resumes)</li> <li>• Nationwide public entity experience/clients &gt;900k population (no = 0 pts, yes = 2-pts)</li> </ul>   |    |       |
| 2. | Services   | 15 | _____ |
|    | Provide information concerning the ancillary services provided   |    |       |
|    | <ul style="list-style-type: none"> <li>• Claims can be handled in house (no = 0 pts, yes = 4pts)</li> <li>• Choice and control of outside attorneys used (no = 0 pts, yes = 4 pts)</li> <li>• Loss control services included (2 pts carrier, 3 pts broker &amp; carrier)</li> <li>• Availability of real time loss data                             <ul style="list-style-type: none"> <li>○ Access to online data 24 hours a day, (no = 0pts, yes = 4 pts)</li> <li>○ To include: reserves, adjusters notes...</li> </ul> </li> </ul> |    |       |
| 3. | Coverage   | 20 | _____ |
|    | <ul style="list-style-type: none"> <li>• Coverage is to be equal to or greater than current policy. (no = 0 pts, yes = 8 pts)</li> <li>• Deductibles and policy amounts should be equal to or better. (no = 0 pts, yes = 8 pts)</li> <li>• Best rating/financial stability (A+/- =4 pts, B +/- 2 pts, &gt; B = 0pts)</li> </ul>  |    |       |
| 4. | Cost (compare apples to apples)  | 45 | _____ |
|    | <ul style="list-style-type: none"> <li>• Cost (35 pts if lowest, 0 pts if no savings from current cost, Proportionate to high/low cost if in between)</li> <li>• Full disclosure of commissions (no = 0 pts, yes = 5 pts)</li> <li>• Any dividends? (no = 0 pts, yes = 5 pts)</li> </ul>   |    |       |
| 5. | DBE  | 15 | _____ |
|    | <ul style="list-style-type: none"> <li>• Proposer fully meets 17% DBE requirements 15</li> <li>• Proposer meets some DBE requirements (.9 pt for every % of DBE met)</li> <li>• No DBE requirement met 0</li> </ul>  |    |       |

SCORING

1. Organization	5 points	Score _____
2. Service	15 points	Score _____
3. Coverage	20 points	Score _____
4. Cost	45 points	Score _____
5. DBE participation	15 points	Score _____

Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_

## RFP EVALUATION CRITERIA SCORING GUIDELINES for 2013 COVERAGES

This document provides guidelines for scoring proposals submitted by broker/insurance co in response to Milwaukee County RFP for **FIDELITY INSURANCE # 6747**. Proposals will be evaluated according to the following criteria.

Scoring includes possible points for specifically requested coverage plus possible points for additional coverage. Scores are summed for each of the 5 major criteria listed above.

<b>Broker</b> _____	<b>Insurance Co.</b> _____		
	<u>Possible points</u>		<u>Score</u>
1. Organization	5		_____
• Qualifications and experience of the team members (on 1 pt for references, 2 pt for carrier resumes, 2 pt for broker resumes)			
2. Services	15		_____
Provide information concerning the ancillary services provided			
• Loss control services included	(none = 0, 8 pts carrier, 5 pts broker)		
• Carrier has nationwide public entity <u>experience</u>	(no = 0 pts, yes = 2 pts)		
3. Coverage	20		_____
• Coverage is to be equal to or greater than current policy.	(no = 0pts, yes = 5 pts)		
• Deductibles and policy amounts should be equal to or better.	(no = 0pts, yes = 5 pts)		
• Best rating/financial stability	(A+/- =10pts, Not A = 0pts.)		
4. Cost (compare apples to apples)	45		_____
• Cost	(35 pts if lowest, 0 pts if no savings from current cost, Proportionate to high/low cost if in between)		
• Full disclosure of commissions	(no = 0 pts, yes = 10 pts)		
5. DBE	15		_____
• Proposer fully meets 17% DBE requirements	15		
• Proposer meets some DBE requirements	(.9 pt for every % of DBE met)		
• No DBE requirement met	0		

### SCORING

1. Organization	5 points	Score _____
2. Service	15 points	Score _____
3. Coverage	20 points	Score _____
4. Cost	45 points	Score _____
5. DBE participation	15 points	Score _____

We should stay with our current carrier at this time. Since the applications were filled out there have been three new claims submitted.

Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_

## RFP EVALUATION CRITERIA SCORING GUIDELINES for 2013 COVERAGES

This document provides guidelines for scoring proposals submitted by broker/insurance co in response to Milwaukee County RFP for **ENERGY SYSTEMS # 6746**. Proposals will be evaluated according to the following criteria.

Scoring includes possible points for specifically requested coverage plus possible points for additional coverage. Scores are summed for each of the 5 major criteria listed above.

Broker \_\_\_\_\_

Insurance Co. \_\_\_\_\_

	<u>Possible points</u>	<u>Score</u>
1. Organization	5	_____
• Qualifications and experience of the team members (1 pt for references, 2 pt for carrier resumes, 2 pt for broker resumes)		
2. Services	15	_____
Provide information concerning the ancillary services provided		
• Engineering and Loss control services included      (0 = none 10 pts carrier, 5 pts broker)		
3. Coverage	20	_____
• Coverage is to be equal to or greater than current policy.      (no = 0pts, yes = 5 pts)		
• Deductibles and policy amounts should be equal to or better. (no = 0pts, yes = 5 pts)		
• Best rating/financial stability      (A+/- =10pts, Not A = 0pts.)		
4. Cost (compare apples to apples)	45	_____
• Cost      (35 pts if lowest, 0 pts if no savings from current cost, Proportionate to high/low cost if in between)		
• Full disclosure of commissions      (no = 0 pts, yes = 10 pts)		
5. DBE	15	_____
• Proposer fully meets 17% DBE requirements	15	
• Proposer meets some DBE requirements      (.9 pt for every % of DBE met)		
• No DBE requirement met	0	

### SCORING

1. Organization	5 points	Score _____
2. Service	15 points	Score _____
3. Coverage	20 points	Score _____
4. Cost	45 points	Score _____
5. DBE participation	15 points	Score _____

Evaluator: \_\_\_\_\_

Date: \_\_\_\_\_