
CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**Council Meeting Date: 06/23/2016**
Agenda Item: 5B4

ACTION: Approve a one-year contract renewal with Marsh USA for risk management consulting and insurance broker services.

FISCAL IMPACT: Total cost of this one-year contract renewal will not exceed \$52,350. Sufficient funds have been appropriated in the Risk Management Fund - cost center 2621 (Risk Management) for the anticipated expenditures.

RECOMMENDATION: Approve the renewal.

BACKGROUND INFORMATION: (FS10-114-01) The City issued RFP 10-114 in 2010 for risk management consulting and insurance broker services which included an initial one-year award followed by six, one-year renewal options. If approved as recommended, this would be the sixth and final renewal option.

Marsh USA acts as the City's insurance broker and /or risk management consultant with respect to the following lines of insurance coverage: Property, General Liability, Workers' Compensation, Crime, Environmental Pollution, and Network Security & Privacy. The services provided to place this insurance coverage include, but is not limited to the following:

1. Conduct Pre-Marketing Services
 - Conduct an initial strategy discussion in advance of insurance placement.
 - Conduct a review of the City's insurance program, assist the City in assessing risks and developing insurance specifications.
 - Analyze existing policies for adequacy of coverage, errors and omissions, adequacy of limits, appropriate deductible/retention levels, significant restrictions in coverage, concurrency of coverage, duplication or gaps in coverage, coordination of coverage, suitability of forms, financial stability of insurers, and insurer service capability.
 - Analyze and advise on the use of deductibles, self-insurance, risk transfer, and other cost reduction or Risk Management measures to produce the most feasible insurance coverages.
2. Marketing and Placement Services
 - Research and place for the broadest insurance coverage with stable insurance carriers.
 - Develop and submit insurance policy specifications to selected markets/vendors that address City loss exposures.
 - Recommend potential insurers based on ratings, financial strength, and capacity. Solicit quotes from insurers that the City authorizes.
 - Negotiate with insurers on the City's behalf.
 - Deliver and present a proposal to the Risk Manager and staff covering all carriers, coverages, premiums, agent/broker fees, and terms and conditions concerning excess coverage placements for the coming year. Assist in evaluating options received from insurers.
 - Bind insurance coverage after receiving City authorization.
 - Bring to the attention of the City, any additional coverages that may become available in the marketplace that could be advantageous to the City.
 - Claims related services.
 - In the event of a loss, evaluate coverage applicability on all Marsh placed business.
 - Serve as the City's liaison with the insurance company.
 - Assist the City in the development of settlement strategies and assist the City with litigation management issues that impact claim settlements.

3. Other services

- Advise the Risk Manager of changes in the insurance industry and any trends which may have an impact on the City's risk management program and related costs.
- Provide advice and counsel on Risk Management matters including legislative issues, contract language reviews and certificate of insurance inquiries.
- Conduct training/presentations to Risk Management and other City personnel on current insurance trends, loss control protocol, basic insurance language, and risk information on certificates of insurance.
- Provide Certificate of Insurance documents when requested. Coordinate an annual actuarial analysis on losses.

Contractor Performance

The performance of Marsh USA was rated by the Internal Services Department as follows:

Criteria	Score
Personnel are responsive, cooperative and available	A
Overall quality of products or services delivered	B
Timeliness of performance	B
Quality of follow-up in resolving complaints or problems	B
Firm's promptness in submitting accurate invoices	B

A = Exceeds Standards; B = Meets Standards; C = Below Standards

RenewalCost

There is no price increase associated with the Marsh USA renewal.

ATTACHMENTS: N/A

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Department Director: Renie Broderick, Internal Services Director
Legal review by: David Park, Assistant City Attorney
Prepared by: Ted Stallings, CPPB, Procurement Officer