



Open Session Item

SUBJECT: Contract Award (PUR-1465) – Insurance Brokerage and Risk Management Services

PRESENTATION DATE: June 30, 2020

PRESENTATION BY: Rick Curry, CPPO, Director of Purchasing and Tracy McCammon, Risk Management Coordinator, Human Resources

RECOMMENDED MOTION: Move to award the contract for the Insurance Brokerage and Risk Management Services to the responsible, responsive proposer, with the lowest proposal cost to CBIZ Insurance Services, Inc. of Cumberland, MD.

REPORT-IN-BRIEF: Proposals were seeking a team of industry professionals to assist and guide the County in identifying and managing the unique public sector risks and exposures encountered in its daily operations. The County accepted proposals from firms interested in providing the County with design of its risk financing program, including brokerage services, to include, but not be limited to, its property and casualty risk financing program for the County which would contemplate use of cost-effective self-insured retentions, insurance deductibles, and other risk financing techniques. Services will also extend to preparation of insurance specifications for the insurance market, marketing and solicitation of insurance quotations, placement of insurance policies at the request of the County and other broker services as enumerated in the Scope of Services contained in the Request for Proposals, including efforts necessary to insure those volunteer fire and rescue companies who are members of the Washington County Volunteer Fire & Rescue Association. The term of the contract is for a one (1) year period tentatively to commence August 31, 2020 with an option by the County to renew for up to four (4) additional consecutive one (1) year periods thereafter contingent upon satisfactory annual performance by the Contractor and fiscal appropriations.

The Coordinating Committee was comprised of the Interim County Administrator/County Attorney (Committee Chairman), Human Resources Director, Risk Management Administrator, Safety Compliance/Training Coordinator, and Director of Purchasing (Chairman Designee). The Request for Proposals (RFP) was advertised on the State's "eMaryland Marketplace Advantage" website, on the County's web site and in the local newspaper. Twenty-eight (28) persons/firms accessed the RFP from the County's web site. Five (5) firms was represented at the Pre-Proposal Teleconference. Submittals were received on May 7, 2020, from four (4) firms. The Qualifications & Experience/Technical Proposals of two (2) of the firms were considered responsive by the Coordinating Committee. The Price Proposals of those firms were opened, and costs were as indicated on the attached matrix.

DISCUSSION: N/A

FISCAL IMPACT: Funds are budgeted in individual departments for each of the lines of coverage.

The present contract for these services was awarded in 2015 to Aon Risk Services, Inc. of Maryland at a cost of \$250,000 for the five (5) years that ends July 20, 2020 . Prior to having an Insurance Brokerage contractor, Washington County's insurance program had traditionally been handled on an exposure basis, i.e. policy specifications for each line of coverage (property, automobile , general liability, etc.) had been put out for bid individually. Over time that resulted in over fifteen (15) separate policies negotiated through fifteen (15) agents or brokers. Each insurance carrier paid the agent or broker for services via commissions paid by the insurance carrier and passed on to the County via-premium payments. This process also tended to repeat the same carriers and agents from year to year due to the exclusive arrangements between carriers and agents. The "value added" services provided by the larger brokers were also not available to the County due to the piecemeal policy placements.

By contracting with one broker to place the County's entire insurance program, the County has access to needed safety and risk management resources provided by the broker as a "value added" service. There is also greater access to carriers since the larger brokers have greater market access and technical expertise. In addition, placement of multiple lines of coverage with one carrier has provided more cost-effective premiums and additional limits. Since the broker is paid on a flat rate basis directly by the County and not through commissions paid by the carriers, premiums paid by the County are net of commission. Cost savings were substantial enough to offset the County's needs for additional areas of coverage (pollution liability, media liability, etc.) and additional liability limits.

CONCURRENCES: As recommended by the Coordinating Committee.

ALTERNATIVES: N/A

ATTACHMENTS: Price Proposal Matrix

AUDIO/VISUAL NEEDS: N/A