



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 12, 2017
Action Item for the City Council Meeting of December 19, 2017

DATE: November 30, 2017

TO: Margie C. Rose, City Manager

FROM: Miles Risley, City Attorney
MilesR@cctexas.com
361 826-3361

Broker of Record Services for Insurance Coverages including Excess Workers Compensation and Excess Liability

CAPTION:

Motion authorizing the City Manager to execute an amendment to the Broker of Record Services Agreement with Carlisle Insurance Agency in an added amount of \$60,000 per year providing for added broker services for insurance coverages including Excess Workers Compensation and Excess Liability and providing for the obtaining of competitive quotes for any insurance line of coverage placed through the TML Intergovernmental Risk Pool and providing for renewal of said services agreement for the two years that will be remaining on the services agreement issued pursuant to Request for Proposal Event No. 71 in 2015

PURPOSE:

The City's excess liability and excess workers compensation coverage lines are up for re-bid in 2018 to begin in the 2018-19 fiscal year. Now, the City is at the point where it needs to determine whether it will purchase excess/umbrella workers' compensation and excess liability coverage insurance beginning in Fall of 2018 through traditional request for bids or by utilizing its broker of record. Due to the complexity of obtaining the City's excess workers compensation and excess liability coverage packages, (1) City staff would need to begin putting together an insurance procurement in January of 2018 or (2) the City's broker of record would need to start reviewing the coverages in Spring of 2018.

Prior to 2015, the City utilized requests for bids to obtain virtually all of its insurance coverage lines that it did not obtain through the TML Intergovernmental Risk Pool. In 2015, the City changed its traditional methodology and began obtaining its property insurance through the broker of record method. Staff has realized cost savings through the use of its broker of record since contracting with Carlisle Insurance in 2015 because Carlisle reviewed the City's flood insurance program, adjusting coverages therein and provided a valuable disinterested source of inquiry to reduce expenditures on the City's insurance consultant. Consequently, staff is willing to recommend expansion of the current broker of record contract with Carlisle to add its excess liability and excess workers compensation coverage lines that are up for re-bid in 2018.

As a broker of record for other area governmental entities, Carlisle Insurance Company has indicated great familiarity with the Texas Municipal League Intergovernmental Risk Pool. Accordingly, Carlisle is willing to utilize its market access to annually determine whether any of the TML Risk Pool lines of coverage are encountering competition in the private insurance markets that would allow the City to realize any cost savings in the private market. The City always seeks to obtain the lowest cost coverage, and would utilize competing private insurance markets in those years in which coverages are more cost-competitively provided from the private markets.

BACKGROUND AND FINDINGS:

Texas Local Government Code §252.024 provides that a City is authorized to utilize a sole broker of record to obtain proposals and coverages for excess and surplus insurance. A sole broker of record is only retained on a fee basis and may not receive remuneration from other sources.

ALTERNATIVES:

If City Council chooses not to authorize an amendment to the broker of record agreement, then the City would prepare a traditional request for bids for excess workers compensation and excess liability insurance. These coverages would be submitted to City Council in Summer of 2018 and become effective in Fall of 2018

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures along with the State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

N/A

DEPARTMENTAL CLEARANCES:

Risk Management Division, City Attorney's Office
Purchasing Division, Financial Services Department

FINANCIAL IMPACT:

☒ Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$935,625	\$0	\$935,625
Encumbered / Expended Amount	\$581,502	\$0	\$581,502
This item	\$60,000	\$0	\$60,000
BALANCE	\$294,123	\$0	\$294,123

RECOMMENDATION:

Expand current Carlisle Insurance current broker of record services agreement to include obtaining excess/umbrella workers' compensation and liability coverage, TML Risk Pool insurance product quotes for an additional \$60,000 a year not to exceed \$105,000 for the duration of the current contract

LIST OF SUPPORTING DOCUMENTS:

Current Broker of Record Services Agreement for Property Insurance executed in 2015
Proposed Amended Broker of Record Services Agreement