

TOWN OF DAVIE
TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Mark Alan, Director of Human Resources Management, 954-797-1169

Prepared By: Daniel Lutzke, Risk Manager

SUBJECT: Resolution: Property & Casualty Insurance

AFFECTED DISTRICT: N/A

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE HUMAN RESOURCES MANAGEMENT DIRECTOR AND RISK MANAGER TO NEGOTIATE A PROPERTY & CASUALTY INSURING AGREEMENT WITH THE PUBLIC RISK INSURANCE AGENCY (PRIA) THAT PROVIDES FOR PROPERTY, AUTO LIABILITY, GENERAL LIABILITY, AND WORKERS' COMPENSATION INSURANCE COVERAGES TO BE EFFECTIVE OCTOBER 1, 2006 AND THEREAFTER TO PROVIDE FOR CONTINUING INSURANCE PROTECTION FOR THE TOWN OF DAVIE AND ITS EMPLOYEES AND IF UNABLE TO NEGOTIATE A MUTALLY BENEFICIAL AGREEMENT WITH PRIA, THAN TO NEGOTIATE AN AGREEMENT WITH THE NEXT RANKED BIDDER, SOUTHEAST RISK MANAGEMENT AGENCY (SERMA), AND TO PRESENT ANY RESULTING CONTRACT TO THE TOWN COUNCIL FOR SIGNATURE BY THE MAYOR.

REPORT IN BRIEF: A competitive proposal process was followed that solicited proposals from municipal Trusts and Pools and the private insurance sector. The Town received three (3) bid responses. Bids were received from the Florida Municipal Insurance Trust (FMIT), Southeast Risk Management Association (SERMA) and Public Risk Insurance Agency (PRIA). All Bids were from financially stable and highly qualified professional groups. The Bid Selection Committee evaluated and ranked all proposals and ranked the proposal from FMIT First, PRIA Second and SERMA Third. On August 2, 2006 the Davie Town Council considered the resolution and the different proposals and during open discussions it became apparent that the bidders had not made their best proposals to the Town of Davie. The Council tabled the resolution until the August 14, 2006 council meeting and requested that the Proposers resubmit their proposals with their most competitive bid for reconsideration.

Subsequently Risk Management formally requested the Proposers to resubmit cost proposals for Property, Auto Liability, General Liability, and Workers' Compensation insurance coverage's with all other aspects of their proposals to remain the same. For Direct comparison purposes, Proposers were asked to and did resubmit following guidelines for specific coverage levels. Florida Municipal Insurance Trust (FMIT) submitted a proposal with zero (0) deductible for all lines of General Liability and one thousand (\$1,000) deductible for Auto Physical Damage/Comprehensive; zero (0) deductible for Workers' Compensation and one thousand (\$1,000) deductible for Property. Public Risk Insurance

Agency (PRIA) submitted a proposal with a five thousand (\$5,000) deductible on Law Enforcement Liability and Public Officials/Employment Practices Liability; zero (0) deductible for all other General Liability; both a one thousand (\$1,000) and a five thousand (\$5,000) deductible for Auto Physical Damage/Comprehensive and twenty-five thousand (\$25,000) deductible for property casualty damage, indicating that the insurance companies that provide their excess insurance would not provide excess insurance without the stated deductibles. Southeast Risk Management Association's original bid followed those guidelines and they declined to revise their bid further, asking instead that it be considered as it was originally presented. The Bid Selection Committee evaluated the resubmissions and did reaffirm the ranking of the proposal from Florida Municipal Insurance Trust First and the proposal from Public Risk Insurance Agency Second. Subsequently the Florida League of Cities imposed an early deadline of August 11, 2006 at noon by which the Town of Davie had to provide the Florida Municipal Insurance Trust with a Binding Agreement. When the Town of Davie did not meet their deadline, the Florida League of Cities withdrew their bid for the Florida Municipal Insurance Trust coverage from consideration.

CURRENT SYSTEM: The Town obtains all property casualty insurance coverage's from SERMA, a Municipal Self-Insurance Risk Pool administered by Employers Mutual Inc. This method of obtaining property and casualty insurance coverage has been used for the last four (4) years and has served the Town well. With insurance premiums increasing annually for all lines of coverage it was felt that the time was right to seek competitive proposals. Town of Davie Ordinance 2-238 requires that staff conduct an annual review of Town insurance programs and that the Town seek competitive insurance bids any year the staff feels it appropriate or a minimum of once every five (5) years. Placing Town of Davie insurance coverage's with a new source will not affect the SERMA coverage for unreported and/or existing claims that occurred under the SERMA coverage.

PREVIOUS ACTIONS: Not Applicable

CONCURRENCES: The Bid Selection Committee recommends and concurs with the decision to obtain Property, Auto Liability, General Liability and Workers Compensation insurance coverage from the Second ranked bidder, Public Risk Insurance Agency.

FISCAL IMPACT: Has the request been budgeted?
Yes. Insurance is an on-going annual expense for the Town of Davie.

If yes, expected cost: \$ 4,460,800.00

Account Name: Multiple Insurance and Payroll Accounts

RECOMMENDATION(S): **Motion to approve this resolution**

Attachment(s): Resolution

- A. Resubmission Cost & Coverage Comparison Spread Sheet w/1K auto deductible
- B. PROCUREMENT AUTHORIZATION.
- C. Resubmission Cost & Coverage Comparison Spread Sheet
- D. Original Cost & Coverage Comparison Spread Sheet w/84 Mil Property

RESOLUTION _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE HUMAN RESOURCES MANAGEMENT DIRECTOR AND RISK MANAGER TO NEGOTIATE A PROPERTY & CASUALTY INSURING AGREEMENT WITH THE PUBLIC RISK INSURANCE AGENCY (PRIA) THAT PROVIDES FOR PROPERTY, AUTO LIABILITY, GENERAL LIABILITY, AND WORKERS' COMPENSATION INSURANCE COVERAGES TO BE EFFECTIVE OCTOBER 1, 2006 AND THEREAFTER TO PROVIDE FOR CONTINUING INSURANCE PROTECTION FOR THE TOWN OF DAVIE AND ITS EMPLOYEES AND IF UNABLE TO NEGOTIATE A MUTUALLY BENEFICIAL AGREEMENT WITH PRIA, THAN TO NEGOTIATE AN AGREEMENT WITH THE NEXT RANKED BIDDER, SOUTHEAST RISK MANAGEMENT AGENCY (SERMA), AND TO PRESENT ANY RESULTING CONTRACT TO THE TOWN COUNCIL FOR SIGNATURE BY THE MAYOR.

WHEREAS, the Town of Davie is in need of Property and Casualty Insurance to protect the assets and financial stability of the Town of Davie as well as to provide for Workers' Compensation Coverage for its employees; and

WHEREAS, The Town of Davie has solicited sealed Requests For Proposals for such service; and

WHEREAS, it is in the Town's best interest to execute an agreement for such services with Public Risk Insurance Agency (PRIA),

NOW, THEREFORE, BE IT RESOLVED, THAT THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council does hereby authorize the Human Resources Management Director and the Risk Manager to enter into negotiations for a Property & Casualty Insuring agreement with the Public Risk Insurance Agency (PRIA) that provides for property, auto liability, general liability, and workers' compensation and ancillary insurance coverage's to be effective October 1, 2006 and if unable to negotiate a mutually beneficial agreement with PRIA than to negotiate an agreement with the next ranked bidder, Southeast Risk Management Agency (SERMA). Pursuant to this Resolution, coverage's may be renewed for up to four (4) additional terms without soliciting proposals. Extensions, if appropriate, will be presented to the Town Council for approval.

SECTION 2. Upon conclusion of insuring agreement negotiations the agreement shall be presented to the Council for execution by the Mayor.

SECTION 3. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2006

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____,

A	B	C	D	E	F	G	H	I	J	K	L	M
DAVIE 2006' - 2007' PROPERTY CASUALTY PROPOSAL RESUBMISSION COMPARISON & SYNOPSIS												
1 Mil Coverage												
3	Third-Party or BROKER:											
4	TYPE COVERAGE											
5	General Liability Premium:	\$ 742,560	0	Yes								
6	Law Enf./Civil Rights Liability:	Incl										
7	POL - Employment Practices Liability:	Incl										
8	Commercial Crime - Employee Dishonesty:	Incl										
9												
10	Police/Fire State Req. AD&D:						\$ 21,373					
11	Position Bonds:		0	Yes			\$ 9,650					
12												
13	Business Auto Liability Premium:	\$ 276,478	0	Yes								
14	Auto Physical/Compre. Dmg Premium:	\$ 77,124	1K	Yes								
15												
16	Workers Compensation Premium:	\$ 1,037,997	0	Yes								
17	Workers' Comp DOL Assessments:	N/A										
18												
19	Property & Allied Cogs: TIV: Actual											
20	PROPERTY PREMIUM:	\$57,358,248 MIL		Yes	???				\$50 Mil.		No	???
21	Inland Marine Premium:	\$ 1,512,172	1K							25K	7.5Mil w/wind	
22	Business Income/Extra Expense:	Incl	50%w						Incl	5%w	42.5Mil x/wind	
23	Boiler & Machinery Premium:	Incl							Incl			
24	Flood - 19 Buildings:	Incl					\$ 16,000					
26	COMBINED PREMIUM:	\$ 3,646,331										
28	PLUS: Deductible Reserve Projections:											
29	Year End Audit Charges:	Yes							Yes		Lower	
30	Workers Compensation Deductible:	\$ -							\$ -			
31	Property/Auto Damage/Comprehensive Deductible:	\$ 25,000							\$ 75,000	Projected		
32	General Liability Deductible:	\$ -							\$ 60,000	Projected		
34	PROGRAM COSTS:	\$ 3,671,331										
35												
37												
38	PROPERTY Premium calculated by R/M using \$84 Mil in TIV:						\$2,214,545					\$2,234,400
39	PROJECTED PROGRAM COSTS:						\$4,373,704					\$ 4,433,141
41 # 9							FMIT is:					Attachment A
							\$59,437. Less					

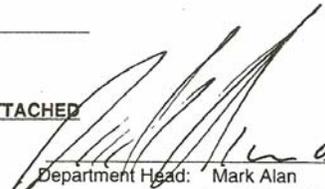
TOWN OF DAVIE ATTACHMENT B
PROCUREMENT AUTHORIZATION

ACCOUNT NUMBER	BUDGET ITEM & DESCRIPTION	APPROXIMATE COST
001-1510-513.05-20	Commercial Gen Liability Insurance	\$4,500,000
050-0720-381-1401	Auto Liability & Physical Damage	
Pay Roll Accounts	Workers Compensation	

METHOD OF PROCUREMENT (check the one that applies)

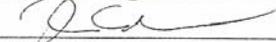
- Open Competitive Bidding
- Piggyback on Contract Number _____
- Sole Source
- Request For Proposals

SPECIFICATIONS & LIST OF VENDORS MUST BE ATTACHED

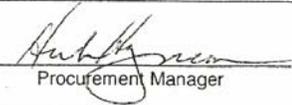
Signed  05/15/06
 Department Head: Mark Alan

Have Funds been Reserved: *N/A CANNOT SET UP A P.O. FROM NEXT YEAR'S BUDGET.*

Date *5/25/06* Signed 

Signed 
 Town Administrator

VENDOR	BIDS SUBMITTED	COST
FLORIDA LEAGUE OF CITIES (FMET)		RANKED 1 ST
Brown + Brown (P&IT P&IA)		RANKED 2 ND
EMPLOYERS MUTUAL, INC. (SERMA)		RANKED 3 RD

Signed 
 Procurement Manager

BID SPECIFICATION COMMITTEE'S RECOMMENDATION

Vendor	Cost
FLORIDA LEAGUE OF CITIES (FMET)	RANKED 1 ST

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	DAVIE 2006' - 2007' PROPERTY CASUALTY PROPOSAL COMPARISON & SYNOPSIS													
2	Third-Party or BROKER:	Current Fiscal Year Budget	FMIT (3 Mil Cvg) Options 1 & 2 Blended	FLC Ded	Prem. Audit.	EMI (1 Mil Cvg) SERMA	EMI Ded	PGIT (1 Mil Cvg) PRIA	PRIA Ded	Prem. Audit.	PRIA Ded	PRIA Audit.		
3	TYPE COVERAGE	\$650,000	\$ 375,897	0	Yes	\$ 3,009,992	0	\$ 321,446	0	No	\$ 321,446	0	No	
4	General Liability Premium:	Incl	\$ 206,291	0	Yes	Incl	0	\$ 185,907	5K	No	\$ 185,907	5K	No	
5	Law Enf./Civil Rights Liability:	Incl	\$ 182,553	0	Yes	Incl	0	\$ 113,120	5K	No	\$ 113,120	5K	No	
6	POL - Employment Practices Liability:	Incl	Min. Coverage	1K	Yes	Incl	0	\$ 5,292	10K	No	\$ 5,292	10K	No	
7	Commercial Crime - Employee Dishonesty:	Incl	\$ 21,373	0	Yes	Incl	0	\$ 21,000	0	No	\$ 21,000	0	No	
8	Police/Fire State Req. AD&D:	\$8,000	\$ 9,650	0	Yes	Incl	0	\$ 10,000	0	No	\$ 10,000	0	No	
9	Position Bonds:	\$4,000	\$ 5,200	0	Yes	Incl	0	Incl	0	No	Incl	0	No	
10	CRA:		\$ 323,816	0	Yes	Incl	0	\$ 468,832	0	No	\$ 468,832	0	Yes	
11	Business Auto Liability Premium:	\$350,000	\$ 77,124	1K	Yes	Incl	1K	Incl	5K	No	Incl	5K	Yes	
12	Auto Physical/Compre. Dmg Premium:	Incl	\$ 1,230,768	0	Yes	Incl	0	\$ 872,544	10K	No	\$ 872,544	10K	Yes	
13	Workers Compensation Premium:	\$1,897,000	N/A			Incl	0	N/A		No				
14	Workers' Comp DOL Assessments:	Incl				Incl	0			No				
15														
16	Property & Allied Coverage's Insured Values: Actual	\$53,288,250	\$84 Mil.			\$84 Mil.		\$84 Mil.	\$2.50/100					
17														
18	PROPERTY PREMIUM:	\$587,000	\$ 1,810,872	25K	Yes	\$ 2,544,232		\$ 2,105,174		No			No	
19	Inland Marine Premium:	Incl	Incl	5%w		Incl	1K	Incl	1K	No	Incl	1K	No	
20	Business Income/Extra Expense:	Incl	Incl			Incl	5%w	Incl	5%w		Incl	5%w		
21	Boiler & Machinery Premium:	Incl	Incl			Incl		Incl			Incl			
22	Flood - 19 Buildings:	Incl	\$ 16,000			Incl		\$ 16,000			\$ 16,000			
24	COMBINED PREMIUM:	\$3,496,000	\$ 4,259,544			\$ 5,554,224		\$ 4,119,315			\$ 4,119,315			
26	PLUS: Deductible Reserve Projections:													
27	Year End Audit Charges:	N/A	Yes			N/A		Yes			Yes			
28	Workers Compensation Deductible:	N/A				N/A					\$ 225,000			
29	Property/Auto Damage/Comprehensive Deductible:	\$ 50,000	\$ 200,000			\$ 50,000		\$ 200,000			\$ 200,000			
30	General Liability Deductible:	N/A				N/A		\$ 75,000			\$ 75,000			
32	PROGRAM COSTS:	\$3,496,000	\$ 4,459,544			\$ 5,604,224		\$ 4,619,315			\$ 4,619,315			
34			Projected			Projected		Projected			Projected			
35	Plan Deductible Levels:													
36	Work Comp Deductible:	0	???											
37	Property Deductible:	\$1,000	NOTE:			NOTE:		NOTE: - PROPERTY			NOTE: - PROPERTY			
38	Prop. Wind Deductible:	3%	Property Rate of \$2.155824			Property Rate of \$3.028848		PRIA has quote of \$2.50 per \$100 from Excess Carrier but			PRIA has quote of \$2.50 per \$100 from Excess Carrier but			
39	G/L Deductible:	0	developed by			developed by		needs Broker Letter of Record			needs Broker Letter of Record			
40	Law Enf. Deductible:	0	Risk Mgmt.			Risk Mgmt.		to bind coverage. If PRIA is			to bind coverage. If PRIA is			
41	Auto Lia. Deductible:	0	For Projection of Property			For Projection of Property		successful bidder we would			successful bidder we would			
42	POL-Employment Practices Liability Deductible:	\$1,000	Premium			Premium		give such a letter to them per			give such a letter to them per			
43	Inland Marine Deductible:	\$1,000	NO			NO		the RFP.			the RFP.			
44	Boiler & Machinery Deductible:	Incl						NO			NO			
45	LETN and Working Fire On-Line Training Program:													
46														
47	COMMENTS:													
48														

Attachment D

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