



## Legislation Text

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**File #:** 2014-0500, **Version:** 1

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### .Title/Name/Summary

Insurance Brokerage Services

### .History

#### Overview and Background

On June 11, 2014 the Village issued a Request for Proposals (RFP) for Insurance Brokerage Services for property/casualty coverage to begin January 1, 2015. The RFP was posted on the Village's website, published in the SouthtownStar, and staff directly notified four (4) insurance brokers who had submitted proposals to the Village in prior years. Proposals were due July 16, 2014; the four insurance brokers that were directly notified responded, including The Horton Group, Arthur J. Gallagher & Co., Assurance Agency, Ltd., and Alliant Insurance Services, Inc. All four responses were complete and competitively priced.

#### Broker Evaluation

A selection committee comprised of staff members from Finance and Administration evaluated the proposals. Three of the four proposers were invited for an interview - The Horton Group, Arthur J. Gallagher, and Assurance Agency, Ltd. Alliant Insurance Services is based in San Francisco, California, with the nearest office located in Troy, Michigan. The committee gave preference to brokers with an office in the Chicagoland area. After interviews were completed, the committee invited The Horton Group and Arthur J. Gallagher back for a short presentation of their online risk management system. These systems provide the Village with the functionality needed to efficiently manage our safety and risk management program, including injury and incident reporting, certificate of insurance tracking, employee training, Material Safety Data Sheet management and a library of policies/documents that can be tailored to Village specifications. Both systems met the requirements of the Village; however, the base system from The Horton Group, "SUCCEED", is slightly more comprehensive, includes all of the desired functionality, and would be provided at no cost. The certificate of insurance tracking module provides a tracking tool for certificates of insurance submitted by Village vendors, with letters sent notifying vendors of upcoming expirations. The module also scans the certificates to ensure the coverage provided meets our requirements. Up to 500 letters on an annual basis are provided free of charge. If we were close to exceeding 500 letters, we would negotiate a per-letter coverage fee with The Horton Group. "RiskPartner" from Arthur J. Gallagher is module based and would require additional expenditures for each module that we chose to implement and was therefore not as desirable.

Based upon submitted proposals, interviews and reference checks, the selection committee recommends that the Village continue to contract with The Horton Group for property/casualty insurance brokerage services. The Horton Group has been the Village's insurance broker for over 10 years and therefore has a significant amount of institutional knowledge. They have provided exceptional responsiveness to the needs of the Village throughout their tenure, consistently meeting

all renewal deadlines. In addition, their headquarters are based in Orland Park and they have invested heavily in the Orland Parkway - I80 corridor development. The Horton Group has gone out to the market each year and secured coverage for all required lines, with minimal annual increases in premium amounts. From FY2009 to FY2014, the overall cost of the property/casualty insurance program has only increased by 2.5%. In addition, over the years The Horton Group has substantially decreased its Annual Service Fee from a high of \$65,000 in FY2009 to \$54,900 in FY2014. The current proposal includes an Annual Service Fee of \$54,900 for a one year contract or \$49,500 for a three year contract.

Staff intends to take advantage of several new services that were brought to our attention during this RFP process. We will utilize the online risk management system provided by The Horton Group which will help staff streamline the incident and claims tracking process. We also intend to utilize The Horton Group's certificate of insurance tracking system which will make this process more efficient and effective.

Staff recommends selecting The Horton Group for a three year contract in the amount of \$49,500 per year, with the option to renegotiate and renew on an annual basis thereafter.

On September 2, 2014, this item was reviewed by the Finance and Information Technology Committee, recommended for approval and referred to the Village Board of Trustees for consideration.

.Financial Impact

Funds for insurance brokerage services are budgeted in account 092-0000-452200.

.Recommended Action/Motion

I move to approve awarding a three (3) year contract with The Horton Group for Insurance Brokerage Services in the amount of \$49,500 per year for the first three years, with the option to renew annually.