

Business Item

Metropolitan Council



Committee Meeting Date: September 11, 2024

For the Metropolitan Council: September 25, 2024

Business Item: 2024-245

Insurance Broker and Risk Consulting Services, Contract 19P120 – Amendment 1

District(s), Member(s):	All
Policy/Legal Reference:	FM 14-2 Expenditure for the Procurement of Goods, Services, and Real Estate Policy; RF 3-1, Risk Management
Staff Prepared/Presented:	Phil Walljasper, Deputy Regional Administrator, 651-602-1787
Division/Department:	Regional Administration / Risk Management

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute an amendment for Contract 19P120 with Aon Risk Services Central for insurance broker and risk consulting services for a total contract value not to exceed \$3,930,000.

Background

The Council utilizes an insurance broker primarily for two main services: insurance procurement and risk management consulting. With insurance procurement, a broker works closely with the Council in marketing, placing, and maintaining insurance policies, helping ensure the Council has the appropriate insurance coverage at the lowest premium.

In addition to the insurance procurement, a broker can also offer specialized expertise with its risk consulting. Examples of this service include risk process evaluation, predictive modeling analytics, analysis of environmental exposures, contract review, captive management, and enterprise risk management.

The current contract expires on October 31, 2024. This amendment will extend the contract term to October 31, 2028. The cost associated with Amendment No. 1 is \$2,950,000 for a total contract value not-to-exceed \$3,930,000.

Aon Risk Services has been very involved with several Council-wide risk initiatives that are in various stages of implementation. Switching brokers at this point would not only delay these initiatives but would also increase the costs significantly. Examples include implementing an Enterprise Risk Management framework, building a Captive insurance program, continued risk consulting, and placing complex property/casualty insurance placements.

Rationale

The amendment of a professional services contract exceeding 10% of the original authorized value requires Council approval.

Thrive Lens Analysis

Authorization to extend this contract with Aon supports the Thrive principles of Stewardship and Livability, by not only securing the appropriate insurance in the most cost-effective manner, but also by identifying efficiencies within the Council through risk consulting initiatives.

Funding

Funding is a part of the applicable operating budget within each division.

Small Business Inclusion

Though no MCUB goals were identified, Aon has committed to subcontract some of the insurance placements to minority owned brokers. Additionally, they will utilize diverse consultants in building out certain programs within the Captive Insurance program.

