

Management Committee

For the Metropolitan Council meeting of October 9, 2019

Subject: Insurance Broker and Risk Consulting Services, Contract Number 19P120

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to negotiate and execute a five-year contract for insurance broker services with Aon Risk Services Central, Inc., in an amount not to exceed \$980,000.

Summary of Committee Discussion/Questions

Staff presented a summary of how an insurance broker is utilized in placing Council insurance with insurance companies, as well as the risk consulting services a broker can provide. Staff then gave an overview of the solicitation propose, proposers, and evaluation of the proposals received.

The Committee asked a question about how a broker is compensated when placing insurance for the Council, which staff addressed accordingly.

A motion was made, which was seconded, to approve negotiation and execution of a five-year contract with Aon Risk Services Central, Inc., in an amount not to exceed \$980,000.

It was moved by Lee and seconded by Muse. Motion Carried

Management Committee

Meeting date: September 25, 2019

For the Metropolitan Council meeting of October 9, 2019

Subject: Insurance Broker and Risk Consulting Services, Contract Number 19P120

District(s), Member(s): All

Policy/Legal Reference:

Staff Prepared/Presented: Phil Walljasper, 651-602-1787

Division/Department: Regional Administration/Risk Management

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to negotiate and execute a five-year contract for insurance broker services with Aon Risk Services Central, Inc., in an amount not to exceed \$980,000.

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 in its risk consulting. Examples of this service include risk process evaluation, predictive modeling analytics, analysis of environmental exposures, contract review, and audits of the Council's self-administered claim handling process.

Rationale

Procurement released a Request for Proposal (RFP) for an insurance broker, with the required services delineated into the two main functions listed above. The Office of Equal Opportunity (OEO) did not set an DBE/MCUB goal; however, four MCUB insurance brokers and one MCUB consulting risk firm were notified of this contracting opportunity.

The proposers were asked to provide their qualifications, experience, and ability to meet the Council requirements. In terms of the pricing structure, the brokers were asked to quote a fee for each line of insurance for insurance procurement, as opposed to a commission. For risk consulting services, they were to provide hourly rates for the various types of services.

The evaluation panel, comprised of Risk Management, Transit Operations, and Environmental Services Finance, reviewed a total of three proposals. Based on the evaluation of the criteria, the panel recommended Aon as most advantageous to the Council and offered the best value. Based on this, the panel recommends that the Metropolitan Council authorizes the negotiation and execution a five-year contract with Aon in an amount not to exceed \$980,000.

Thrive Lens Analysis

Authorization to negotiate and execute a 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 be identifying efficiencies within the Council through risk consulting initiatives.

Funding

The broker fees are budgeted as a part of the applicable operating budget within each division.

Known Support / Opposition

Not applicable