

MINUTES

SELECT COMMITTEE ON INSURANCE AGENT RELATIONS – PROPERTY AND CASUALTY

THE MEETING WAS HELD VIA ZOOM AND WAS MADE AVAILABLE TO THE PUBLIC.

6:30 P. M., JANUARY 28, 2021

Joseph Jenkins, Chairperson, called the meeting of the Select Committee on Insurance Agent Relations – Property and Casualty to order at 6:30p.m., January 28, 2021.

Committee Members Present:

Joseph Jenkins, Chair
Will Laird
Shannon Snodgrass
Bobby Reishman (left at approximately 6:00 pm)
Mary Beth Hoover
Adam Knauff
Jennifer Pharr

Members Absent:

None

Other Councilmembers Present:

Bruce King
Brady Campbell

A roll call was taken, and it was determined that a quorum was present.

January 28, 2021

1. Introduction –

Councilmember Jenkins stated that the Committee has been formed to review and analyze the City's insurance agent relations, specifically for property and casualty. The Committee will be reviewing those relationships to ensure they are serving the best interests of the City.

2. Overview of the Current Insurance Agent Relationship –

City Manager, Jonathan Storage stated that creating the Committee in no way means that the Administration is dissatisfied with any of the work of AssuredPartners or any of their affiliates. The point of the Committee is to be transparent.

Storage added that the City's relationship with AssuredPartners (formerly called Commercial Insurance) goes back 30+ years. The agent has been a professional consultant that guides the City through the insurance selection process, making sure that the City receives reasonably priced insurance products as well as credit for a long claims history.

Storage stated that the City's current structured insurance is somewhat unique in that it is a custom-made insurance plan. For at least the past 15 years, the City has had an ALA (All Lines Aggregate) Package, which is many different coverages and layers of insurance. This allows the City to have multiple insurance carriers involved in the overall insurance plan, and means the City has very extensive coverage for a relatively low cost. The ALA Package policy covers: property, general liability, boiler and machinery, auto, general crime, professional liability, law enforcement coverage, excess property and boiler, TPA services, some risk management training, excess workers' compensation, cyber liability and some pollution.

Storage added that most insurance companies specialize instead of offering all-encompassing options. Additionally, the number of companies that will cover municipalities seems to get smaller every year. For example, the last time this insurance was renewed, only 3 of the 40 companies looked at for one component would be willing to submit a quote.

3. Scope of Committee Work –

Storage added that the scope of the Committee will be to evaluate what the City expects a broker to do for the best interest of the City. Cost should not be the final factor. The City wants to hire a consultant that has a reasonable price, experience in the relevant areas and can navigate the complicated field of property and casualty

insurance. Storage added that this is a consultant selection process, and if they put out RFPs, the determination will be based on several scored factors.

Storage stated that the Committee should decide what they want in a broker, and come up with factors to evaluate the candidates. The City will then put out a solicitation for submissions. The Committee will review those proposals based on set criteria, and will report their recommendation to full Council. Storage added that he did not recommend piece-meal insurance, in which the City hires a broker for property, a broker for general liability, etc.

4. Comments From Committee Members –

Councilmember Jenkins stated that the Committee's discussion should be centered around what they want to look for in a broker, look at potential factors for evaluation, develop an RFP, review and interview submittals.

Councilmember Reishman agreed with Storage that they should not be splitting up their insurance. Additionally, he has been impressed with the current insurance broker's ability to save the City money over the past 20 years.

From the audience, Councilmember King added that he had been wanting to do this process from the past several years, because he doubted the City's current broker is the only one available. They have a responsibility to do that due diligence. Councilmember Jenkins encouraged the Committee to keep an open mind.

Councilmember Hoover asked what the time frame for their evaluations. Councilmember Jenkins replied that approval would need to happen around August or September for the next year's renewal. Storage added that it was the intention to have these decisions in place for the 2021 renewal, but that was not possible due to the pandemic. He would imagine that if the City chose a new broker, they would probably need to be in place by the summer to fully understand the needs of the City, so ideally the Committee would have a recommendation by May.

Councilmember Snodgrass expressed disappointment that another year will go by before they will be able to put out an RFP. She added that the City's broker also hired a consultant also held by AssuredPartners, which the City paid for. Councilmember Snodgrass thought it would be reasonable to get responses for an RFP in 30 days.

5. Next Steps –

Councilmember Jenkins stated that he was skeptical that they would be able to make a decision by the end of March. Storage added that he thought that timeframe would be

impossible given all the information and intricacies.

Councilmember Knauff added that asked how quickly other cities obtained RFPs, and asked what the harm was in doing it. Storage replied that he didn't know how the Administration would have time to allow a company to respond to an RFP due to intensive research that would be required on the part of the respondents (claims reports, detailed information about the City's finances, police and fire policies, etc, IT systems).

Councilmember Laird added that he appreciated the transparency of the process. Also, the RFP would be for a broker, who would also be reaching out to many other insurance providers, which would take time. He cautioned the Committee against rushing through the process.

Councilmember Snodgrass added that she knew it was complicated insurance, and she was assured this process would have already happened. She agreed that there wasn't enough time for this year to be effective. From the audience, Councilmember King agreed. He suggested consulting with other municipalities to see how they approach putting out RFPs, etc.

Councilmember Jenkins added that the broker did present alternate insurance options at the last renewal. He has looked at other cities, and Huntington uses BRIM and pays much more than Charleston. Storage added that in 2019, there was no opportunity (3 months into the new Administration) to explore other options. They did tell the broker they expected him to show their work in detail to justify their work, which was done to the satisfaction of the Administration.

Councilmember Jenkins stated he would entertain a motion for putting out an RFP by the end of March. Councilmember Knauff asked if the Administration would prefer that be pushed back a few weeks until the budget had been finalized. Storage said he would defer to the decision to the Committee. Councilmember Jenkins added that instead, the Committee could design an RFP by the end of March, but not publish. Storage recommended that they immediately decide on the factors they would want for a broker RFP. Respondents should be given about 30 days to respond. Councilmember Jenkins replied that, based on that time frame, an RFP would need to be published by the end of March.

Councilmember Snodgrass stated they should say they are looking for 1 company that can represent the City, and then narrow the respondents to 3. She didn't see the need to hire a broker to then go out and get many quotes. Councilmember Jenkins added that they were talking about getting a person in place by May so they would have the rest of the year to work on contacting insurance carriers and getting familiar with the City. Councilmember Snodgrass responded that they would be picking someone without knowing what they were going to offer in quotes.

Councilmember Knauff asked if Councilmember Snodgrass meant that they would be picking the broker based on the RFPs. Councilmember King replied that the RFP will be

for brokers who will come back with a package to contain detailed quotes. Councilmember Jenkins agreed. Storage added that the only way brokers can get those quotes is for the Administration staff to individually share the claims data with them. He was worried about giving out sensitive workers' claim data. He also added that insurance companies are not going to want to give 30 different brokers quotes for the City.

From the audience, Councilmember Campbell added that, for commercial insurance, a single carrier will only issue a single quote. His recommendation would be that the City put together a claims data packet to give to 3 or so chosen brokers. Councilmember Jenkins replied that, based on that, they put out an RFP for a broker, narrow the respondents to 3-5, give them the data and hire the broker based on the best quote.

Councilmember Pharr asked a question to clarify this, and asked if it would be too cumbersome for the City to supply this information. Storage replied that they can be given claims data, although it is time-consuming, because insurance companies might want to tour facilities, examine financial statements, etc. (this has happened in the past), which would take days. The brokers would likely want to ask a lot of questions as well.

Councilmember Jenkins added that he also shared concerns with hiring a broker without knowing what the ultimate price will be. Storage added that, regardless of which RFP process they choose, the City can factor in specific scenarios and relationships into the process (such as having a good relationship with an insurance company).

Councilmember Laird added that he would like to hear from potential brokers about their take on the process. He asked if the local vendor preference would apply or to each individual policy. Storage replied that there is an exception for professional services.

Councilmember Snodgrass added that she would recommend putting out an RFP for brokers, the Committee will interview 2-3 based on specific parameters, then pick a broker to move forward with a quote.

Councilmember Knauff asked the Administration how difficult it would be to put out the initial RFP and to give the Committee the top recommendations. Storage replied that the Committee would be reviewing the RFPs directly. The difficulty would depend on the factors and how clear they are to follow and score.

Councilmember Hoover agreed with Councilmember Hoover's suggestion.

Councilmember Jenkins suggested that the Administration draft an RFP for the Committee to review and discuss. From the audience, Councilmember Campbell recommended bringing in an expert to advise on the RFP process. Councilmember Snodgrass agreed, adding that the Committee should be heavily involved. Storage replied that he would expect to reach out to a consultant; the Committee may speak to them if desired.

Councilmember Jenkins asked Councilmembers Snodgrass, Campbell and Pharr to speak to potential consultants to speak to the Committee. Councilmembers Hoover, Knauff and Laird to research what other cities have done (sample RFPs, etc.). Storage could submit a broad RFP if desired for the Committee could use as a foundation.

Councilmember Hoover motioned to adjourn the meeting.
Meeting adjourned.