

## **MINUTES**

### **SELECT COMMITTEE ON INSURANCE AGENT RELATIONS – PROPERTY AND CASUALTY**

**THE MEETING WAS HELD IN THE AV ROOM AND WAS MADE AVAILABLE TO THE PUBLIC VIA ZOOM  
PER THE AGENDA.**

**5:30 P. M., JULY 1, 2021**

Joseph Jenkins, Chairperson, called the meeting of the Select Committee on Insurance Agent Relations – Property and Casualty to order at 5:30p.m., July 1, 2021.

**Committee Members Present:**

Joseph Jenkins, Chair

Shannon Snodgrass (over Zoom)

Bobby Reishman (left at approximately 6:35 pm, after all votes)

Mary Beth Hoover (over Zoom)

Adam Knauff

**Members Absent:**

Will Laird

Jennifer Pharr

**Other Councilmembers Present:**

None

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

July 1, 2021

## 1. Approval of Previous Minutes –

Councilmember Reishman asked for unanimous consent to dispense with the reading of the minutes for the January 28, 2021 meeting and that they be approved as distributed. There were no objections, and the minutes were approved.

## 2. Discussion –

Councilmember Jenkins stated that the meeting will be an open discussion about what steps the Committee should take going forward. At the last meeting, they discussed getting a consultant (or someone very familiar with the industry) to speak to the Committee. Some people he had spoken to were not appropriate as they might want to submit proposals or were not presently available. They also discussed researching what other cities had done. Councilmember Jenkins added that it does appear to be a fairly common practice for cities to put out RFP for insurance brokers. He found an RFP from Petersburg, Virginia to be of note (also Erie, Pennsylvania). Councilmember Jenkins asked the Committee what specific steps they wanted to take going forward.

Councilmember Snodgrass added that her research led her believe that the best process would be to put out an RFP, select 3 or so brokers via interview and scoring and give them all the detailed information they would need to come back with quotes. Councilmember Reishman agreed, and added that they need an overall package to know what the insurance will cost the City. Councilmember Reishman added that he wanted to make sure the brokers were very clear on what they need to bid. Councilmember Snodgrass added that different brokers might have new ideas to present to the Committee.

Referencing the packet listing the City's current insurance coverage, Councilmember Jenkins added that workers comp and cyber security might also be included. City Manager, Jonathan Storage, agreed with Councilmember Snodgrass' approach in general. He added that making a short list of candidates is a common practice within the City. The short list of brokers with the right work history will then compete by going into the marketplace, and the City will be able to compare their quotes. He added that insurance policies are good for one year, and he recommended a multi-year contract once a broker was chosen. Councilmember Snodgrass agreed that a 3-year contract with an out-clause would be best. Additionally, the RFP should ensure that a broker is able to represent the various policies that the City needs. Councilmember Knauff agreed.

Councilmember Reishman added that they should also consider the track record of the broker. Councilmember Snodgrass added that the brokers will likely be going to roughly the same companies, so it will probably come down to which broker can offer the better deal. Councilmember Reishman and Storage added that certain brokers can have exclusive relationships with insurance carriers. Councilmember Jenkins stated that

could be considered in their evaluations (such as if a broker has relationships with 5 big companies versus 1). Councilmember Hoover added that it only seems like a small number of agencies are willing to take on municipalities.

Councilmember Jenkins suggested that they reach out to the various national groups for known entities that work with municipalities to send out the RFP. Councilmembers Jenkins and Reishman liked the idea of sending out an Expression of Interest before the RFP. Councilmember Snodgrass suggested targeting brokers who represent similar municipalities. Councilmember Knauff asked if they, as Committee members, could independently reach out to various potential brokers during the first phase. Storage replied that. Storage recommended that, once the Committee agrees on a draft, that they treat it as a regular purchase in that his office would publish, send emails to the major entities and the League of Cities and field questions. This is to ensure that Councilmembers are not bombarded with questions, and to ensure that all interested parties get the same and equal information. Storage added that the EOI would contain a schedule of events with a time period to submit written questions that the other respondents could have access to. However, Committee members can send links to potential brokers or send them directly to the City Manager's Office.

Storage advised that proposals in the second phase might not be apples-to-apples comparisons, as brokers may suggest that the City does not need total loss protection on a particular building, etc. Additionally, the timing on quotes will be crucial. For example, it would likely be too difficult for a broker to get accurate quotes for March 2022 too far out. Councilmember Jenkins added that once the short-list is chosen, it will take time anyway for them to gather and process all the data necessary.

Councilmember Reishman stated that they needed to get bids on what the City already has, not necessarily recommendations on what to change. Councilmember Jenkins added that it would be important to look at minimum levels and what the deductible and self-insured is. Perhaps they will decide that it would be better to be less self-insured. The EOI should state the City is open to potential changes. Those decisions can be further narrowed once they have a base-line comparison. Councilmember Reishman agreed. Councilmember Snodgrass agreed with the minimum levels, and added that they should also look at creative packaging and entertain other products to possibly get better quality coverage at less cost.

Councilmember Jenkins added that the wording will be important, particularly concerning the listed minimum insurance. Councilmember Reishman added that they did not have to choose the cheapest option, but they would need a baseline comparison to be able to narrow down the candidates. Councilmember Jenkins added that it would be beneficial to use a wholistic approach in terms of what levels of insurance they would need to protect buildings, etc. rather than straight dollars. Councilmember Snodgrass added that another factor would be qualified immunity. Councilmember Jenkins added that the purpose of insurance is to protect from catastrophic loss, so they will need to determine what levels they feel comfortable with keeping/changing.

Councilmember Jenkins stated that the EOI should be written by the City Manager, and the Committee can review it and give feedback, ideally within the next week. This would give the Committee time to review it individually before their next meeting in 2 weeks. Storage added that the most difficult thing in an EOI is to explain what is needed to get to the next round. The scoring system will be key to this. Storage asked if they wanted an emphasis on local vendors. Councilmember Jenkins stated that he would prefer a preference on vendors that have concrete experience with similar municipalities. Councilmembers Snodgrass and Knauff agreed. Storage added that it was very important that their ultimate decision/recommendation could be justified. He agreed that the ultimate goal is to get the best value (not necessarily the cheapest), and putting value on geography only is not that helpful. Councilmember Snodgrass added that she had been told that they will be shocked at the level of interest they will receive, which is why it is important to be open and transparent during the process. Councilmember Reishman added that the current company AssuredPartners has done a great job over their many years with the City. While it may not have been done in this manner, it has been looked at before.

Councilmember Snodgrass motioned that the City Manager will send a draft of the EOI to the Committee by July 13, 2021, which will be discussed at the next meeting on July 15, 2021. Councilmember Reishman seconded. With no objections, the motion was approved.

Councilmember Jenkins stated that at the next meeting they will work on a timeline for the EOI, likely 30 days. Storage agreed that a minimum of 30 days is appropriate. Storage added that the second phase would be to identify the 3 or so firms that they would choose to present their best quotes based on an RFP written by the City Manager and approved by the Committee.

Councilmember Snodgrass motioned that the City Manager will present to the Committee an outline for phase 2 at the next meeting, July 15, 2021. Councilmember Jenkins added that would be included in the EOI. Councilmember Snodgrass withdrew the motion.

Councilmembers Reishman and Knauff asked how long it would take the eventual chosen broker to get set up. Councilmember Jenkins replied that he was agreeable to defer to the City Manager for that, but he imagined that the EOI would be available for 30-60 days, the Committee would create a short-list within 30 days and then an additional 3-4 months for those responses.

Storage added that they should keep in mind that in addition to the brokerage services, the City also has a TPA service, who manage the claims. Some insurance carriers might not approve the current TPA, so they need to be prepared to potentially have to choose a new TPA. Councilmember Jenkins stated that should be a factor during the later stages of the process.

Councilmember Jenkins asked what parts of the process should go to full Council. He

viewed the Committee as Councilmembers getting the opportunity to work closely with the Administration for something that could have been done without their input. Storage added that it takes such a monumental amount of work and preparation to choose a broker, that by the time the recommendation goes to Council, if Council doesn't agree, there isn't time to make another choice. He added that this is such an important purchase, that having Councilmember participation during the committee process is important because it helps to sell the final decision to other Councilmembers since the decision wasn't just from one person.

Councilmember Snodgrass suggested that the Committee select one final broker to present to Council to either approve or not. Councilmember Knauff agreed that they should at least select the first round of brokers, and give their recommendation for the final broker. Councilmember Jenkins added that he thought they should pick the brokers from the EOI responses that are the best fit to submit proposals. The Committee should then choose a broker from those responses to present to Finance and full Council via resolution. Councilmember Snodgrass agreed, adding that to give full Council a choice of three brokers would be a disservice since they would not have done all of the research that the Committee will have done.

Councilmember Knauff motioned to adjourn the meeting.  
Meeting adjourned.

July 1, 2021