



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2011-0425

TO: Mayor and City Council Members
FROM: Keith Sawdon, Finance Director, 2535
DATE: October 3, 2011
SUBJECT: Insurance Consultant Review Report

REQUEST:

At the City Council's March 21, 2011 meeting, it was suggested and City Council agreed that it may be more productive to have an insurance consultant review the City's current Risk Management program and related coverage. We are requesting that City Council review and accept the results of that examination as contained on the attached Executive Summary.

BACKGROUND:

City Council may recall that during late 2010 and early 2011, Administration, based on City Council's request, conducted a Request for Proposals related to its Risk Management Program.

At the conclusion of that RFP process, it was concluded that City staff, after reviewing the information related to proposals received, was not able to fully comprehend the additional risks, if any, that the City would be assuming by changing risk management programs.

Based on that result, City Council agreed that it may be more productive to have an insurance consultant review the City's current Risk Management program and related coverage. The Purchasing Division conducted a RFP for an Insurance Consultant to review the City's Risk Management program and related coverage and if determined to be necessary, assist with the new RFP process for Risk Management services.

Insurance Audit and Inspection Company (IAIC) was selected and conducted its review during the month of August.

Attached is their Executive Summary Report based on their review of our Risk Management Program. Ken Bush from IAIC is here tonight to answer any questions you may have related to the work they performed.

We have also requested that MMRMA comment on some of IAIC's comments and recommendations. Their response is attached.

We believe this process has proven to be a good exercise for the City. With some small exceptions the consultant found our risk management program to be in good shape and also pointed us to some areas where some additional savings could be found (Worker's Compensation policy, the Special Event policy and our Fleet policy).

RECOMMENDATION:

We recommend that City Council accept the Executive Summary Report of IAIC and their opinion that the risk management program we have in place is in reasonably good condition.

We would further recommend that City Council instruct Administration to move forward with Phase II of the Insurance Consultant proposal and seek proposals for our 2012 renewal period. This recommendation is a departure from IAIC's recommendation who suggested the City wait until the 2013 anniversary period (provided MMRMA could meet suggested changes) before considering proposals again. With the information we have gained from this process we believe moving forward with Phase II is the appropriate action to take.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		