



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2011-0027

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance, Ext 2535

DATE: January 3, 2011

SUBJECT: Informational Update on Results of RFP on Property and Liability Protection Insurance

REQUEST:

This is an informational update on our recent Request for Proposal related to Property and Liability Protection Insurance. No action is being requested of City Council at this time.

BACKGROUND:

At your February 8, 2010 meeting, City Council requested that Administration perform an open bid process, by 2011, for all insurance coverage currently being provided to the City through Michigan Municipal Risk Management Authority (MMRMA).

On October 1, 2010 the City issued RFP-RH 10-069 requesting proposals for insurance coverage using the current coverage specifications as provided by MMRMA, as requested by City Council. Proposals were due back by November 1, 2010.

On November 1st the City received 4 proposals. A committee made up of Jean Farris, Alan Buckenmeyer, Helen Sultana-Kelly, Deb Hoyle and I was formed to review the proposals received.

The committee met on November 22nd to discuss the results of each members review. The committee determined that one proposal did not answer questions as required in the RFP so that proposal was ruled as a non-responsive and was given no further consideration. Of the remaining three proposals, one proposal offered a program that matched the specifications as outlined in the RFP and the remaining two proposals offered programs that deviated from the specifications by offering higher deductibles, coverage exclusions and among other deviations from the specifications.

It was determined that a process of premium reconciliation between the remaining three proposals would be necessary so that it was better understood what level of risk was being assumed by the City for the level of premium being paid (i.e. a cost/benefit review). For example, if one proposal was proposing a lower premium but with higher deductibles the committee felt it was necessary to understand the true out of pocket cost the City would be assuming by accepting that insurance program. If another proposal was excluding several items from coverage, which then formed the basis of their proposed premium, what new exposure would the City be assuming for the premium being paid and what is the potential cost of that new exposure.

We approached the reconciliation process from two avenues. The first approach was to have each review member list their positive and negative (i.e. pro and con) to the remaining three proposals. The results of that process are attached.

Our second approach was to request additional information from the three remaining proposers that would be situational based with the goal of better understanding the additional exposure the City would be assuming and what that cost could be for the City for the premium being proposed. The result of this request for additional information is attached for your review.

We also contacted the references provided by the proposers to get a feel for the service they have received related to administration, claim adjustor services and risk management education aimed at controlling risk to lower exposure. The results of the survey are attached.

We wanted to share these results of our RFP, including our attempt to reconcile the proposals, with you so we can gain a better feel, from City Council, on the level of risk Council wishes to assume and the resulting cost that exposure brings with it.

RECOMMENDATION:

None

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