



Legislation Text

File #: 0912-2010, **Version:** 1

Background

The Department of Finance and Management Real Estate Management Office (REMO) solicited Request for Proposals (RFP) in April 2009, RFP No. SA00324, to provide insurance brokerage and risk management services for the City's property (casualty), boiler and machinery, and aviation insurance programs. The City selected Arthur J Gallagher Risk Management Services, Inc. to administer the City's insurance programs for a five year period, consisting of an initial one-year term and four automatic consecutive one-year terms, each subject to appropriation of necessary funds by City Council and certification of availability of funds by the City Auditor.

Pursuant to Ordinance No. 0943-2009, passed on 07/8/10, the City entered into a contract with Arthur J. Gallagher Risk Management Services, Inc. for insurance brokerage and engineering services and funded for the initial one (1) year term commencing August 1, 2009 and terminating July 31, 2010 for insurance brokerage and engineering services, property (casualty), boiler and machinery, and aviation insurance premiums.

Per the City's requirements, Arthur J. Gallagher Risk Management Services, Inc. has solicited underwriting for the City's insurance coverage for the renewal term commencing August 1, 2010 and terminating July 31, 2011. After review of the quotations, the City has chosen to remain with its existing insurance carriers thereby providing the broadest and best coverage meeting the City's requirements and at the best price. The selected insurance carriers are: Affiliated FM Insurance Company for property (casualty) insurance; Zurich American Insurance Company for boiler and machinery insurance; and Phoenix Aviation (Old Republic Insurance Company) for aviation insurance. The policies include the following deductibles: \$250,000 for property (casualty) insurance; a \$25,000 deductible for boiler & machinery insurance; a \$100,000 deductible for aviation insurance for loss events with "rotors in motion" and a \$500 deductible for loss events "rotors not in motion". In addition, the aviation policy provides the City liability coverage at \$15,000,000 per loss occurrence. The combined cost of the premiums for the selected insurance coverage is \$346,257. The insurance policies are effective from August 1, 2010 through July 31, 2011.

The cost of the brokerage and risk engineering service fee is \$30,000. The annual cost of all insurance premiums is \$346,257 for the current selected property locations, contents, and the scheduled aircraft (see attached lists). The total cost for brokerage and risk management services, including property (casualty), boiler and machinery, and aviation insurance premiums is \$376,257.

This ordinance authorizes the Director of Finance and Management to pay the cost of the first of four (4) one year renewals of the insurance brokerage and engineering services contract with Arthur J. Gallagher Risk Management Services, Inc. for the term commencing August 1, 2010 and terminating July 31, 2011, to bind coverage for all City 2010-2011 insurance programs, and to expend \$239,377 from the Department of Finance and Management Employee Benefit Budget 2010 and \$136,880 from the Law Enforcement Seizure Fund.

This ordinance also authorizes the Director of Finance and Management to expend up to \$55,623 for additional insurance premiums required due to the City's addition of buildings or changes to coverage limits as may be necessary during the 2010-2011 policy term.

The Contract Compliance Number for Arthur J. Gallagher Risk Management Services, Inc. is 36-2102482 and with an expiration date of 03/10/2012.

Fiscal Impact: The funding for this contract renewal and all insurance premiums was budgeted and the funds are available within the Department of Finance and Management Employee Benefit Fund Budget 2010 and the Law Enforcement Seizure Fund. The financial obligation for this one year renewal and all insurance premiums is \$431,880.00.

To authorize the Director of Finance and Management to expend funds for the contract Arthur J. Gallagher Risk Management Services, Inc. for the first of four (4) automatic one (1) year renewals, to bind the City's insurance for the term commencing August 1,

2010 and terminating July 31, 2011, and to authorize the expenditure of up to \$431,880 for the City's 2010-2011 insurance program from the Employee Benefits Fund and the Law Enforcement Seizure Fund (\$431,880).

WHEREAS, pursuant to Ordinance No. 0943-2009, the City of Columbus entered into an insurance brokerage and risk engineering services contract with Arthur J. Gallagher Risk Management Services, Inc. for a five year period with an initial one (1) year term and four (4) automatic consecutive one-year renewal terms, each subject to agreement by both parties and appropriation of necessary funds by the Columbus City Council and certification of availability of funds by the City Auditor, commencing on August 1, 2009 and terminating on July 31, 2010; and

WHEREAS, it is necessary to authorize the expenditure of funds for insurance brokerage and risk engineering services contract with Arthur J. Gallagher Risk Management Services, Inc. for the first of four (4) consecutive one (1) year terms commencing August 1, 2010 and terminating July 31, 2011; and

WHEREAS, due to the City's addition of buildings or changes to coverage limits to its property and boiler coverage during the 2010-2011 policy term, it may be necessary to pay associated premium costs; and

WHEREAS, it is necessary to authorize the expenditure of \$431,880.00, or as much as may be necessary, for payment of costs for insurance brokerage and engineering services, and property (casualty), boiler and machinery, and aviation insurance premiums; now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Finance and Management be and is hereby authorized and directed to pay contract costs for the renewal of the contract with Arthur J. Gallagher Risk Management Services, Inc. to provide insurance brokerage and risk engineering services, for select City properties, property (casualty), boiler and machinery, and aviation insurance premiums and to pay contract costs caused by additional insurance premiums due to addition of coverage during the 2010-2011 term.

SECTION 2. That the expenditure of \$431,880, or so much thereof that may be necessary in regard to the action authorized in Section 1, be and is hereby authorized and approved as follows:

Department/Division: 45-51
Fund: 502
OCA Code: 450052
Object Level 1: 03
Object Level 3: 3392
Amount: \$295,000

Department/Division: 30-03
Fund: 219
Subfund: 016
OCA Code: 300988
Object Level 1: 03
Object Level 3: 3392
Amount: \$136,880

SECTION 3. That the City Auditor is authorized to make any accounting changes necessary to ensure that this contract is properly accounted for and recorded accurately on the City's financial record. That the City Auditor is authorized to make any changes to revise the funding source for any contract or contract modification associated with this ordinance.

SECTION 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

