



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Administration Committee

DATE: November 5, 2008

FR: Executive Director

W.I.: 1153

RE: Contract: Business Insurance Broker, Consultation and Third-Party Certificate Management Services: ABD/Wells Fargo Insurance Services

MTC issued a Request for Proposal (RFP) for business insurance broker services to secure coverage as required by MTC, MTC SAFE, BATA and RAFC to protect their assets for loss and other exposures, for providing insurance consulting services and for third party insurance certificate management services. MTC's current contract with ARGO Insurance Brokers, expires on December 31, 2008, after a 5-year agreement.

The RFP was mailed to 63 firms, with 5 responding: ABD/Wells Fargo Insurance Services (Redwood City, CA); Alliant Insurance Services, Inc., (San Francisco, CA); Argo Insurance Group (Pleasant Hill, CA); Cumbre Insurance Services (Ontario, CA); and Heffernan Insurance Brokers (San Francisco, CA).

An interview panel, consisting of the Director of Administration and Technical Services, RAFC Building Administrator, MTC Contract Administrator, MTC SAFE Senior Program Coordinator, and BATA Financial Analyst completed the first round of interviews based on the following evaluation criteria: general experience, public sector experience, professional background and service approach. The top three (3) firms were invited to answer additional questions and to demonstrate their recommended web-based certificate management tracking program.

Staff recommends ABD/Wells Fargo Insurance Services based on their extensive insurance industry expertise and 1) highly-recommended experience serving other local transit agencies which include BART, SamTrans and CalTrain; 2) state-of-the-art web-based 3rd party certificate management tracking system; 3) extensive experience providing value added services related to surety and bonding consultation; 4) reader-friendly informational materials for staff on insurance requirements. ABD/Wells also has a commitment to providing services to the small business and DBE community.

ABD/Wells Fargo will provide the following services:

I. Business Insurance Brokerage Services

Commission paid by Insurance Carrier directly to Broker (estimated at 10-12% of premiums) for the following services:

- Review exposure and loss potential. Develop specifications and underwriting information for policy renewals. Market insurance and upon approval by Agency, bind insurance coverage and deliver policy renewal documents, endorsements and invoices to Project Manager.

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- Perform day-to-day accounting and financial activities associated with handling the accounts.
- Perform an annual safety inspection of all facilities.
- Respond to requests to investigate insurance claims, provide analyses and other inquiries.

II. Third Party Certificate Management Services

- Review the insurance provisions included in all third-party contracts issued and ensure contractor compliance with these provisions. (Approximately 275 vendors annually.) Notify staff of non-compliance issues.

III. Consulting Services

- Provide consulting services, as needed, on insurance levels, contract reviews, requests for insurance waivers, surety bonding and letters of credit requirements, specific requirements for unique projects (such as the ATCAS replacement), etc.
- Reviewing and updating boilerplate insurance requirements purchase agreements, professional services, construction and other types of contractual agreements.
- Develop project manager's insurance manual.

Recommendation

Staff recommends that this Committee authorize the Executive Director, or his designated representative to enter into a contract with ABD/Wells Fargo Insurance Services on behalf of MTC, MTC SAFE, BATA and RAFC for a three year period through June 30, 2011, with an option to renew for an additional three-year period through June 30, 2014 as follows:

1. To provide business insurance, consultation and 3rd party certificate management services for a cost not to exceed \$15,000 in FY 2008-09. The cost for subsequent fiscal years is subject to the adoption of the annual operating budget.
2. To issue purchase order(s) to secure the appropriate business insurance policies at the annual renewal period as recommended by the selected broker, up to the amount set aside in the fiscal year operating budget for business insurance renewal expenses.

MTC SAFE, BATA and RAFC will reimburse MTC for their respective shares of the total cost of insurance services.

Steve Heminger

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Consulting Contract

Work Item No.: 1153

Consultant: ABD/Wells Fargo Insurance Services, Redwood City CA

Work Project Title: Business Insurance Broker

Purpose of Project: To provide business insurance broker, consultation and 3rd party certificate management services.

Brief Scope of Work: To provide MTC, MTC SAFE, BATA and RAFC with business insurance services, consultation and 3rd party certificate management services.

Project Cost Not to Exceed: Business Insurance Brokerage Services: Commission Paid by Insurance Carriers: (estimated at 10-12% of premiums)

Third Party Certificate Management and Consulting Services \$15,000

Funding Source: MTC, MTC SAFE, BATA and RAFC FY 2008-09 Operating Budgets

Fiscal Impact: Funds are included in the FY 2008-09 adopted budget. Future costs are subject to the adoption of subsequent annual operating budgets.

Motion by Committee: 1) That the Executive Director or his designee is authorized to negotiate and enter into a contract with ABD/Wells Fargo Insurance Services to provide consulting and 3rd party certificate management services for a three year period, and the Chief Financial Officer is authorized to set aside funds up to \$ 15,000 for such contract in FY 08-09, with future year's funding subject to the annual agency budget approval process.

2) That the Executive Director, or his designee, is authorized, to issue purchase order(s) to secure the appropriate business insurance policies at the annual renewal period as recommended by the selected broker, up to the amount set aside in the fiscal year operating budget for insurance expenses.

Administration Committee: _____

Tom Bates, Chair

Approved: Date: November 12, 2008