



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
Tel: 510.464.7700  
TDD/TTY: 510.464.7769  
Fax: 510.464.7848

## *Memorandum*

TO: Administration Committee  
Executive Director

DATE: June 4, 2014  
W.I.: 1153

RE: Contract: Business Insurance Broker, Consultation and Third-Party Certificate Management Services: Wells Fargo Insurance (\$12,000 per year)

This memorandum requests the Committee's approval to enter into a contract with Wells Fargo Insurance to provide business insurance brokerage, consulting and third party insurance certificate management services.

### **Background:**

In March 2014, MTC issued a Request for Proposal (RFP) for business insurance broker services to secure coverage as required by MTC, BATA, MTC SAFE, and RAFC ("Agencies") 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 ABD Insurance and Financial Services, Inc. (A Wells Fargo Company) began in December 2008 and expires on June 30, 2014.

An RFP notification was sent to more 1000 contacts, with three firms submitting proposals: Wells Fargo Insurance (San Carlos, CA); Arthur J. Gallagher & Co. (Irvine, CA); and Keenan & Associates (Riverside, CA).

A panel evaluated and interviewed all three firms based on the following criteria: experience in relevant insurance brokerage and consulting services, including public agency experience (40%); professional background of staff (30%); service approach and responsiveness to clients (based in part on references) (20%); and cost (10%).

Based on the evaluation panel's results, staff recommends Wells Fargo Insurance for its industry-recognized expertise demonstrated by 1) an extensive experience serving other local transit agencies including BART, Peninsula Corridor Joint Powers Board (CalTrain) and Golden Gate Bridge, Highway and Transportation District; 2) a thorough understanding of the Agencies' risk profiles, including a robust risk transference program for third-party contracting; 3) flexibility in providing a customized, web-based third-party certificate management tracking system; and 4) cost-conscious commission structure inclusive of services from coverage renewals to claims advocacy, risk control with site inspections, and comprehensive, expert consultation on risk management, contracting and risk evaluation (third-party certificate management at an annual flat rate of \$9,750 for FY 2014-15, with nominal increases per vendor over 325 added by the Agencies), subject to a maximum of \$12,000.

**Scope of Work:**

Wells Fargo Insurance will provide the following services:

**I. Business Insurance Brokerage Services**

Commission paid by each insurance carrier directly to Wells Fargo Insurance (estimated at 10-12% of premiums) for the services, including but not limited to evaluating the current insurance programs to ensure adequate insurance protection at optimum costs, underwriting information and marketing strategy for various insurance programs, including the recommended coverage, deductible and self-retention levels; marketing the existing insurance programs for policy period ending April 2015; obtaining quotations and evaluating coverage options; reviewing recommendations for placement of insurance program with staff and binding approved coverages and maintaining policies throughout the coverage period; investigating rights of the insured agencies; and reviewing and processing, as appropriate, business insurance claims, invoices, underwriters' audits and other documents on behalf of the insured agencies.

**II. Third Party Certificate Management Services**

Review the insurance provisions in all third-party contracts issued and ensure contractor compliance (currently, approximately 325 third parties with insurance requirements); and maintain updated database of all third-party contracts and vendor compliance with the required insurance provisions in a web-based electronic format.

**III. Consulting Services**

Provide consulting services, as needed, responding within 24 hours when required, on insurance levels, contract reviews, requests for insurance waivers, surety bonding and letters of credit requirements, specific requirements for unique projects, and assist with implementation of self-insurance programs, including any claims processing and subrogation assistance as necessary.

**Recommendation:**

Staff recommends that this Committee authorize the Executive Director, or his designated representative to negotiate and enter into a contract with Wells Fargo Insurance on behalf of the Agencies for a two-year period through June 30, 2016, with an option to renew for an additional three-year period through June 30, 2019 as follows:

1. To provide business insurance brokerage, risk assessment and management, and consultation on a commission basis (received from insurers in an amount of approximately 10-12%), with an additional amount not to exceed \$12,000 in FY 2014-15 for third-party certificate management services. The cost for subsequent FYs is subject to the adoption of the annual operating budget.
2. To issue payment(s) to secure the appropriate business insurance policies at the annual renewal period as recommended by Wells Fargo Insurance, up to the amount set aside in the applicable FY operating budget for business insurance renewal expenses.

The Agencies will reimburse MTC for their respective shares of the total cost of insurance services.



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Steve Heminger

SH:ML

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract

Work Item No.: 1153

Consultant: Wells Fargo Insurance, San Carlos, CA

Work Project Title: Business Insurance Broker

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

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

Project Cost Not to Exceed: Business Insurance Brokerage Services and Consulting Services: Commission paid by insurance carriers (estimated at 10-12% of premiums)  
Third-Party Certificate Management Services: \$12,000 per year

Funding Source: MTC, MTC SAFE, BATA and RAFC FY 2014-15 Operating Budgets

Fiscal Impact: Funds are included in the FY 2014-15 budget subject to adoption. 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 Wells Fargo Insurance to provide brokerage, consulting and third-party certificate management services for a two-year period as described above and in the Executive Director's memorandum dated June 4, 2014, and the Chief Financial Officer is authorized to set aside funds up to \$12,000 for such contract, subject to adoption of the FY 2014-15 budget, with future years' funding subject to the annual agency budget approval process.  
2) That the Executive Director, or his designee, is authorized, to issue payment(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 FY operating budget for insurance expenses.

Administration Committee:

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Adrienne J. Tissier, Chair

Approved: Date: June 11, 2014