

ADDITIONAL ITEM FROM THE COMMITTEE ON FINANCE, PERSONNEL AND AUDIT (1 Item)

[Supervisors Haas, Schmitt, Romo West, Jursik, Lipscomb, Alexander, Stamper, Cullen (Co-Chair) and Johnson (Co-Chair)]

92. (File No. 12-984)

From the Director of Risk Management, requesting authorization to enter into insurance purchase agreements for Milwaukee County with Ace Insurance, BRIT Insurance, Local Government Property Insurance Fund, Great American Insurance, Chartis/Chubb/Axis and Travelers Insurance for various types of insurance for a period of one year with an option to renew for two additional years.

RECOMMENDATION: Adoption of an AMENDED resolution by adding WHEREAS and BE IT RESOLVED clauses beginning on line 27 through the end of the document (FPA Amendment 1 attached to the file) (VOTE 7-1-1 No: Alexander - Abstention: Johnson)

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(ITEM 92) From the Director of Risk Management, requesting authorization to enter into insurance purchase agreements for Milwaukee County with Ace Insurance, BRIT Insurance, Local Government Property Insurance Fund, Great American Insurance, Chartis/Chubb/Axis and Travelers Insurance for various types of insurance for a period of one year with an option to renew for two additional years, by recommending adoption of the following:

AN AMENDED RESOLUTION

WHEREAS, at its meeting on February 18, 1993, the Milwaukee County Board of Supervisors adopted Resolution File No. 93-168, which specified that the Department of Administrative Services (DAS) shall use RFPs for the solicitation of all insurance services and that County Board approval is required before any coverage is purchased; and

WHEREAS, in accordance with Resolution File No. 93-168 and the modified schedule of insurance purchases, the Risk Manager prepared and solicited RFP's for insurance purchases for Airport Liability Insurance, Public Entity Liability Insurance, Fidelity Insurance, Fiduciary Insurance, Energy Systems Insurance and Property Insurance; and

WHEREAS, requests for markets were received, eight for Airport Liability Insurance, fourteen for Public Entity Liability Insurance, fifteen for Property Insurance, ten for Fidelity Insurance, eight for Energy Systems Insurance and sixteen for Fiduciary Insurance; and

WHEREAS, the responses to the RFP's were evaluated by a review committee; and

WHEREAS, the Committee on Finance, Personnel and Audit, at its meeting on December 13, 2012, raised concerns as to the factors that led to the recommendation to eliminate its 16-year continuous membership in the Wisconsin County Mutual Insurance Company ("County Mutual") for public entity liability insurance; and

WHEREAS, the Committee on Finance, Personnel and Audit referred the matter to the Office of the Comptroller and County Board staff to work with the Risk Manager to examine the process and factors that led to the recommendation, which were not enumerated in the original report dated November 20, 2012, and have historically been in past recommendations by the Risk Management Division; and

WHEREAS, it was determined by the Office of the Comptroller and County Board staff that the Risk Manager desires to take a new approach to both claims management and litigation of claims by handling these functions in-house, as opposed to the County Mutual that performs these services on behalf of Milwaukee County as part of the public liability insurance coverage; and

46 WHEREAS, among other things, it was determined that the evaluation of the request
47 for proposals did not adjust for the fact that the price quoted for public entity liability
48 insurance was not comparable (“apples-to-apples”) for all vendors since service levels
49 differed among proposals; did not adjust for dividend payments, the cost of handling
50 claims management services and enhanced legal oversight of cases; and
51

52 WHEREAS, most claims management services and legal oversight functions are
53 handled by the County Mutual which provides professional private sector expertise,
54 accountability, aggressive cost containment practices and an opportunity to directly
55 participate in the governance of the insurance firm; and
56

57 WHEREAS, the Office of the Comptroller and County Board staff identified
58 significant issues with the scoring process utilized by the Risk Manager for all of the
59 insurance proposals received by the County as they eliminated any ability to differentiate
60 between scores where a product or factor was not entirely the same but received the same
61 score and makes it virtually impossible to determine which bid provides the greatest value
62 to the County; and
63

64 WHEREAS, the County Board finds it in the best interest of the County to extend the
65 current insurance vendors at the proposed prices for 2013 until a new request for proposal
66 process can be developed and issued in 2013 for implementation beginning in 2014 since
67 the Risk Manager left no time for a new process to be initiated prior to the end of the year;
68 now, therefore,
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70 BE IT RESOLVED, that the Milwaukee County Board of Supervisors authorizes and
71 directs the Risk Manager to enter into insurance purchase agreements for a period of one
72 year, as follows:
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<u>Coverage</u>	<u>Broker</u>	<u>Insurance Company</u>	<u>Premium</u>
Airport Liability	HNI	ACE	\$190,963
Public Entity Liability	Aegis	WI. County Mutual	\$917,500
Property Insurance	ASU	Fund	\$563,384
Fidelity Insurance	AON	Great American	\$ 35,937
Fiduciary Insurance	AON	Chartis/Chubb/Axis	\$319,300
Energy Systems	Robertson Ryan Cincinnati		\$ 52,348

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82 BE IT FURTHER RESOLVED, that the Risk Manager shall provide a report to the
83 Committee on Finance, Personnel and Audit for consideration no later than the May 2013
84 cycle as to the process that will be used to evaluate insurance proposals for 2014,
85 including any proposed policy changes on how claims processing and litigation oversight
86 should be handled, including a detailed cost breakdown of estimated new county expenses
87 if these functions were handled in-house.
88

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 11/21/12

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Insurance coverage for 2013, results of RFP, for public entity liability, airport liability, fidelity insurance, property insurance, energy systems insurance.

FISCAL EFFECT:

- No Direct County Fiscal Impact
 - Existing Staff Time Required
- Increase Operating Expenditures (If checked, check one of two boxes below)
 - Absorbed Within Agency's Budget
 - Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- Use of contingent funds

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

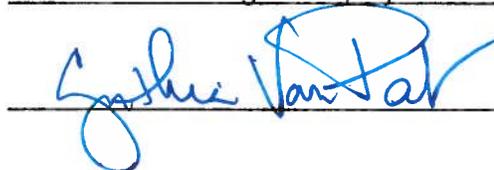
The attached resolution states Milwaukee County's intent and agreement to purchase public entity liability insurance, airport liability insurance, fidelity liability insurance, property insurance and energy systems insurance from the carriers noted.

	<u>2013 expenditure</u>
Public Entity Liability	\$736,450
Airport Liability	\$190,963
Property Insurance	\$563,384
Fidelity (crime) insurance	\$ 35,937
Energy systems insurance	\$ 52,182
TOTAL	\$1,578,916

These premiums have been budgeted for 2013.

Department/Prepared By DAS - Risk Management, Cynthia VanPelt

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.