

DECISION/DIRECTION NOTE

Title: Broker Contract and Insurance Renewal Terms 2017-2018
Date Prepared: 2017/10/12
Report To: His Worship the Mayor and Members of Council
Decision/Direction Required: Seeking Council's approval: Broker Contract/Insurance Renewal

Discussion – Background and Current Status:

I am pleased to advise that very favorable and competitive terms have been received via the Request for Proposals advertised July 17, 2017 closed on October 5, 2017. The City's contract with its Broker Aon expires on November 1, 2017 as well as the City's insurance renewal. Two Insurance Brokerage Firms responded to the RFP, our incumbent broker, Aon and Optimized Insurance. The terms provided from each based on City Assets as of July 17, 2017 are as follows:

Aon Risk Solutions via Amlin, Aviva & other Specialty Insurers

Fee for Insurance Brokerage, Risk Management & other Related Services=\$95,000

Costs for City Auto, Property, Casualty, Umbrella and Travel Insurance=\$1,069,902

Total=\$1,164,902. Note: 15% provincial insurance tax also applies for total of \$1,339,637.30

Optimized Insurance via Travelers, Zurich & other Specialty Insurers

Fee for Insurance Brokerage, Risk Management & other Related Services= \$150,000

Cost for City Auto, Property, Casualty, Excess and Travel Insurance= \$1,336,563

Total \$1,486,563. Note: 15% provincial insurance tax also applies for total of \$1,709,547.45

Broker Contract and Insurance Renewal Terms November 1, 2017 to November 1, 2018.

The evaluation Committee consisting of Linda Bishop, Senior Legal Counsel, Fred Cram, Senior Manager Finance and Administration, Mile One Centre and the undersigned. Upon examining all terms offered, it has been concluded that the best coverage and premium combined is with Aon through Amlin for the Casualty and Umbrella Liability coverage and with Aviva for the Property and Automobile Coverage. The broker fee increased from \$72,000 to \$95,000 an increase of \$23,000. However, there is a decrease in premium and savings over last year of \$169,902. **Therefore the total savings to the City over last year is \$146,902 excluding tax.** The fact that **the City's insurable assets have increased by more than \$96 million over last year verifies further that this savings to the City is indeed substantial.** The total of the entire insurance program includes St. John's Sports & Entertainment Ltd. and the St. John's Transportation Commission.

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Recommendation: It is recommended that the City accept the terms as proposed for the contract of broker services with Aon and also the insurance terms proposed via Amlin and Aviva. Both these Insurers are considered A+ in the insurance market.

It is further recommended that the agreement with the same service, coverage and premium be extended for a three year period. The City has been offered this option with reasonable conditions that will be outlined and agreed to in the contract.

Prepared and Approved by/Signature:

Elizabeth Clarke, Manager of Corporate Risk & Recovery