



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## *Memorandum*

TO: Administration Committee

DATE: December 6, 2017

FR: Executive Director

WI: 1153

RE: Contract – Business Insurance Broker, Consultation and Third Party Insurance Certificate Management Services: USI Insurance Services

This memorandum requests the Committee's approval to enter into a contract with USI Insurance Services to provide business insurance brokerage and consulting services.

### **Background:**

In July 2017, MTC and ABAG issued a Request for Proposal (RFP) for business insurance broker services to secure coverage as required by MTC, MTC SAFE, BATA, BAHA and BAIFA ("Agencies") to protect their assets for loss and other exposures, and to provide insurance consulting services. MTC's current contract with Wells Fargo Insurance began in July 2014 and expires on December 31, 2017.

An RFP notification was sent to more than fifty-six contacts, with three firms submitting proposals:

1. Wells Fargo Insurance (San Francisco, CA) (note: Wells Fargo Insurance was purchased by USI Insurance Services (USI). MTC was informed that the purchase was effective November 30, 2017);
2. Alliant Insurance Services, Inc. (San Francisco, CA); and
3. G.F. Brown Insurance Service, LLC (Albany, CA).

A panel evaluated and interviewed all three firms based on the following criteria:

1. Experience in relevant insurance brokerage and consulting services, including public agency experience (40%);
2. Professional background of staff (30%);
3. Service approach and responsiveness to clients (based in part on references) (20%); and
4. Cost (10%).

Based on the evaluation panel's results, staff recommends USI for its industry-recognized expertise demonstrated by: 1) 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) 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; and 4) prior assistance with third-party contracts and assisting with obtaining vendor compliance with the required insurance provisions.

As noted above, MTC was informed that USI formally acquired Wells Fargo Insurance on November 30, 2017. Since the sale was imminent at the time of the submission deadline, Wells Fargo Insurance submitted its proposal under the name of Wells Fargo Insurance. However the then-pending purchase of Wells Fargo Insurance by USI was documented in detail in the proposal, including affirmation that policies and coverages would not be affected; the staff proposed as the MTC service team would not

change; and the executive management (Chairman/CEO and President) would not change. As the Committee will recall, MTC and its affiliates suspended some of our business relationships with Wells Fargo following revelations about its fraudulent banking practices.

**Scope of Work:**

USI will provide the following services:

**I. Business Insurance Brokerage Services**

Commission paid by each insurance carrier directly to USI (estimated at 10-15% 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; 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 Insurance Certificate Management Services**

Review the insurance provisions included in all third-party contracts issued and support oversight of contractor compliance with these provisions, and provide assistance with maintaining the web-based database of all third-party contracts.

**III. Consulting Services**

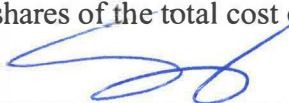
Provide consulting services, as needed, responding within 24 hours when required, on insurance levels, contract reviews, requests for insurance waivers, surety bonding and letters of credit requirements, specific requirements for unique projects, and assist with implementation of self insurance programs, 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 USI on behalf of the Agencies for the period of January 1, 2018 through December 31, 2020, with the option to extend for three (3) additional years, at increments of MTC's choosing, 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 10-15%). 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 USI, 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:DR

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract

Work Item No.: 1153

Consultant: USI Insurance Services, San Francisco, CA

Work Project Title: Business Insurance Broker

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

Brief Scope of Work: To provide MTC, MTC SAFE, BATA, BAHA and BAIFA 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 10-15% of premiums)

Funding Source: MTC, MTC SAFE, BATA, BAHA and BAIFA FY 2017-18 through FY 2020-21 Operating Budgets

Fiscal Impact: Funds are included in the FY 2017-18 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 USI Insurance Services to provide brokerage, consulting and third-party certificate management services for a three-year period, with the option to extend for up to three (3) additional years as described above and in the Executive Director's memorandum dated December 6, 2017.  
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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Federal D. Glover, Chair

Approved: Date: December 13, 2017