



CITY OF CARSON

Legislation Text

File #: 2022-204, Version: 1

Report to Mayor and City Council

Tuesday, April 05, 2022

Consent

SUBJECT:

CONSIDER AN AWARD OF CONTRACT FOR INSURANCE BROKERAGE SERVICES TO ALLIANT INSURANCE SERVICES, INC. FOR THE PERIOD JULY 1, 2022 THROUGH JUNE 30, 2025 (CITY COUNCIL)

I. SUMMARY

Since 2017, Alliant Insurance Services Inc. ("Alliant") has been providing brokerage services for City's insurance policies. As the broker of record, Alliant markets existing insurance to ensure cost effective renewals, identifies uninsured/underinsured exposures and recommends solutions to improve the City's coverages, and assists the City in complex claims situations. The original 3-year agreement and two optional one-year extensions will expire on June 30, 2022.

Staff is now asking City Council to approve a new contract services agreement with Alliant for the initial three-year term of July 1, 2022 through June 30, 2025, with two optional one-year extensions thereafter. The not-to-exceed contract sum for the initial three-year term of the proposed contract is \$154,545. The not-to-exceed amount for the two optional one-year extension periods, if one or both of the options are exercised by the City (which would occur via subsequent approval(s) of the City Council), would be \$54,636 for the first option period and \$56,275 for the second option period.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the Contract Services Agreement with Alliant Insurance Services, Inc. (Exhibit No. 1; the "Contract").

2. AUTHORIZE the Mayor to execute the Contract following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

To protect the assets of the City from accidental loss, the City purchases various lines of insurance including excess liability, auto liability, cyber liability, fiduciary liability, property, crime and excess workers' compensation. Since 2017, Alliant has served as the City's broker of record and is well positioned to provide these services because Alliant: 1) provides access to insurance markets only available to large global brokers which ensures that the City has broad coverage terms at competitive prices, 2) Specializes in public entity insurance and pools, and 3) Provides risk management services to the City, complementing the in-house resources. Alliant's dedicated Public Entity Division serves over 80% of California Cities and has a 98% client retention rate.

Moreover, Alliant is the exclusive broker for PRISM, the City's Excess Liability, Excess Workers Compensation and Cyber Liability carrier. If the City were to terminate its relationship with Alliant, all PRISM policies would then be cancelled and replacement policies would have to be negotiated and placed with other carriers. Staff would need to use another broker to market and place these key coverages. The timing for such a change is not ideal due to hard market conditions and the City's claims experience. Staff has been advised, for example, that the Cyber Liability premium may be double or worse if City were to switch carriers. Excess liability and workers compensation policies will be affected similarly. Another key consideration is the importance of maintaining continuity of coverage due to significant on-going claims activity from recent 2021 events.

Per CMC 2611(i)(4), insurance and insurance-related services are exempt from bidding provisions of the municipal code. Insurance brokerage services fall within this exemption. Staff is asking the City Council to approve the proposed Contract with Alliant for the initial three year term of July 1, 2022 through June 30, 2025 for a not-to-exceed contract sum of \$154,545, with two optional one-year extensions thereafter.

V. FISCAL IMPACT

The cost of the Alliant Contract will be included in the FY 22-23, FY 23-24 and FY 24-25 budgets.

VI. EXHIBITS

1. Contract Services Agreement Between City of Carson and Alliant Insurance Services, Inc. (pgs. 4 - 34)

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