

RE: APPOINTMENT OF MUNICIPAL INSURANCE BROKER
(Item No. 1, Report No. 6, 1985 January 21)

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

* * * * *

TO: MUNICIPAL MANAGER 1985 December 04
FROM: DIRECTOR FINANCE File: I54-1

RE: APPOINTMENT OF MUNICIPAL INSURANCE BROKER
(ITEM 1, REPORT NO. 6, 1985 JANUARY 21)

RECOMMENDATION

1. THAT Reed Stenhouse Ltd. be appointed as the Corporation's insurance broker, effective 1986 January 01.

SUMMARY

Early in 1985 Council received a report which indicated some key staff departures from our existing insurance broker, Block Bros. & Robertson Ltd. The report indicated the need to review the Corporation's position and either reaffirm the existing broker or recommend a new one. We have now completed a lengthy process of selection of a new broker with the assistance of our insurance consultant, the Wyatt Company. This report indicates the process followed and recommends a change of broker.

BACKGROUND

On 1985 January 21 Council received a report outlining key staff departures from our current insurance broker, Block Bros. & Robertson Ltd., and our intent to either reaffirm the existing broker or select a new one. That report stated that a further report would be presented to Council when we were in a position to recommend a broker. Since January, many changes have taken place in the insurance market, making it more difficult to secure insurance. The sudden tightening of the insurance market has brought about a different emphasis in selection of a new broker. It is considered that strong national insurance brokers, rather than locals, are in a better position to obtain insurance coverage for municipalities. This report outlines the process used in the selection of the recommended broker and the reasons for the choice.

ROLE OF CONSULTANT

The previous report to Council also stated that Burnaby would be retaining an insurance consultant to review Burnaby's insurance program and assist in the selection of a broker. The consultant assisted us in developing the Prequalification Specifications, and Request for Proposal specifications, as well as reviewing the proposals. The consultant concurs with our selection.

PROCESS FOLLOWED

On 1985 September 21 and 22 a notice was published in the local daily papers inviting insurance agents and brokers to prequalify for Burnaby's broker. In addition, invitations were sent to all insurance agents and brokers who had indicated an interest through previous contact, and to other brokers who we considered would be interested in such an appointment. In total, eleven candidates responded with the prequalification, including the existing broker.

On the basis of the prequalification responses, requests for proposals were sent to seven potential brokers, including the existing broker. The pre-qualification material and the Request for Proposals stated that the selection of a broker would be on the basis of the broker's current qualifications, capability to provide specified services, and a detailed conceptual insurance arrangement through quality of security, policy limits and scope of insurance coverages within basic requirements, all as evident and forwarded in a detailed written proposal to the municipality. Also considered in the selection criteria was the broker's ability to access insurance markets for municipalities. It was not based on a bidding process. All except one of these seven replied with specific proposals. Copies of the prequalifications and proposal invitations are available for review in the Finance Department.

Of the six finalists sending in proposals, five firms were asked to appear in person to answer questions about their proposals and for Burnaby management to get better acquainted with the candidates. The finalists interviewed were:

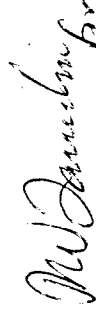
Block Bros. & Robertson Ltd. - Local broker
Johnson Higgins Willis Faber Ltd. - National broker
Leslie Wright & Rolfe Ltd. - Regional broker
Marsh & McLennan Ltd. - National broker
Reed Stenhouse Ltd. - National broker

EVALUATION

All of the finalists had certain strengths. However, Reed Stenhouse Ltd. was the brokerage firm that best met our selection criteria. Reed Stenhouse has extensive experience in the municipal field. They currently service approximately 70 B.C. communities, including the City of Vancouver, Surrey and Richmond.

FUTURE REVIEWS

This is the first formal review to select an insurance broker for the municipality in about 40 years. Block Bros. & Robertson Ltd. of recent, and C. "Tip" Robertson personally prior to his retirement, have, in my opinion, served the municipality well over the years. Circumstances do, however, change, and therefore there should be a process that allows for a periodic review of the brokerage appointment. It is intended that in the future such a review be done every five years.



Howard Karras
DIRECTOR FINANCE