



Interoffice Memorandum

July 31, 2023

To: Mayor Jerry L. Demings
-AND-
County Commissioners

Cm
From:

Carrie Mathes, CFCM, NIGP-CPP, CPPO, C.P.M, Manager II,
Procurement Division

Contact: John Petrelli, Director, Risk Management and Professional Standards
Divisions
407-836-9640

Subject: Approval of Amendment No. 8, Contract Y20-1061, Insurance Broker
Services for Commercial Insurance Program

ACTION REQUESTED:

Approval of Amendment No. 8, Contract Y20-1061, Insurance Broker Services for Commercial Insurance Program, with Authur J. Gallagher Risk Management Services, LLC, in the amount of \$30,000, for a revised estimated contract amount of \$763,560.

PROCUREMENT:

This amendment will allow Risk Management to explore the feasibility of the County forming its own captive insurance program.

FUNDING:

Funding is available in account number 5510-025-0328-3350.

APPROVALS:

The Risk Management Committee and the Risk Management Division concur with this recommendation.

REMARKS:

On November 10, 2020, the Board authorized award of contract Y20-1061, Insurance Broker Services for Commercial Insurance Program to Arthur J. Gallagher Risk Management Services, LLC., in the estimated amount of \$615,000 for a three-year term with two additional one-year renewal terms.

Our current broker, Arthur J. Gallagher Risk Management Services, LLC., in conjunction with one of their subsidiaries, Artex Risk Solutions, has tendered a proposal to conduct a study

outlining long-term strategy considerations, premium and capital estimates, estimated expenses and captive pro-forma. The study will also include a domicile comparison of three domiciles and a domicile recommendation discussion.

Over the past several years, premiums for the County's commercial insurance policies have continued to climb. Some of the increase can be attributed to loss experience but the largest portion of the increase is due to a hardening insurance market, especially the property and casualty markets. Global events have forced the insurance industry to withdraw from markets reducing available capacity and forcing substantial premium increases. In the last five years the County has seen a 77% increase in insurance premiums. This has forced the County to look at alternative risk transfer mechanisms. The study will allow Risk Management to explore the feasibility of the County to form its own captive insurance program.

Previous amendments to the contract are as follows:

Amendment No. 1: Additional terms were added to Exhibit A Scope of Services. Line items added to Exhibit B fee schedule and increased the total contract by \$34,000 for a revised estimated contract amount of \$649,000.

Amendment No. 2: Renewed premiums (Not-to-Exceed \$5,547,750) for the April 1, 2021 through March 31, 2022 service period which were added to Exhibit A Scope of Services. The Contract amount remained unchanged. The Board approved this amendment on March 23, 2021.

Amendment No. 3: Renewed premiums (Not-to-Exceed \$6,016,550) for the April 1, 2022 through March 31, 2023 service period which were added to Exhibit A Scope of Services. The Contract amount remained unchanged. The Board approved this amendment on March 22, 2022.

Amendment No. 4: Renewed premiums (Not-to-Exceed \$8,868,550) for the April 1, 2023 through March 31, 2024 service period which were added to Exhibit A Scope of Services. The Contract amount remained unchanged. The Board approved this amendment on March 21, 2023.

Amendment No. 5: Added funding for Year 2 special project fee costs identified in Amendment No. 1 and additional risk profiles needed for the County's insurance tracking system. Amendment increased the total contract by \$35,000, for a revised estimated contract amount of \$684,000. The Board approved this amendment on April 10, 2023.

Amendment No. 6: Additional funding for Year 3 special project fee costs identified in Amendment No. 1 and Tier 2 Cloud based software line item was modified. Amendment increased the total contract by \$49,560, for a revised estimated contract amount of \$733,560.

Amendment No. 7: Renewed the contract for the period of December 17, 2023 through December 16, 2024. The contract amount remained unchanged.