TO: Committee of the Whole

FROM: Tiffany Moore
Manager, Accounting Services

SUBJECT: Property Insurance Request for Proposal

RECOMMENDATION

That the Regional District of Nanaimo Board approve the award of a contract to provide both property insurance coverage and risk advisory services in an amount up to $264,832 (exclusive of refundable taxes) to the Municipal Insurance Association of British Columbia (MIABC) for the period July 1, 2020 to July 1, 2022, with options to renew for two additional one-year periods.

SUMMARY

A contract for both property insurance coverage and risk and advisory services in the amount of up to $264,832 (exclusive of refundable taxes) with the Municipal Insurance Association of British Columbia (MIABC) with the option to renew for up to two additional years is recommended

BACKGROUND

Pursuant to the Regional District of Nanaimo Delegation of Authority Bylaw No. 1661 and the Authorization to Purchase and Pay Accounts Policy No. A2.9, procurement contracts which exceed a value of $150,000 (exclusive of taxes) require the approval of the Board of Directors.

The Regional District of Nanaimo (RDN) Board is recommended to authorize the award of a contract to MIABC for both property insurance coverage and risk advisory services with an option to renew for an additional two years.

Project Background

The procurement of property insurance is a critical component of ensuring local government assets are protected against loss from a variety of events. Property insurance coverage includes facilities, contents, mobile equipment, equipment breakdown, cyber liability, business interruption and crime. Risk advisory services are also included.

The RDN solicited submissions from the market in January 2015 for Property Insurance and Risk Advisory Services. At that time, Willis Canada Inc. was awarded a three-year agreement, which was subsequently extended for a further two years ending June 30, 2020. The last year of contract was in the amount of $306,200 for the 2019/2020 year.
Project Description

The purpose of the Request for Proposal (RFP) was to solicit submissions from qualified firms to obtain quotations for the RDN’s Property Insurance, including mobile equipment; Equipment Breakdown, Commercial General Liability Insurance for Volunteer Fire Departments and Cyber Liability Insurance. Risk advisory services are also included.

Project Timeline

The RDN’s current insurance policies expire on June 30, 2020 and the coverage associated with this procurement is for July 1, 2020 to June 30, 2021. Thereafter, it is recommended to continue to obtain property insurance coverage and risk advisory services from MIABC for an additional two years. Per the RDN’s Purchasing Policy, the RDN is permitted to renew annually without a new RFP being required because the MIABC is a not for profit organization.

Procurement Process

The RFP was posted on BC Bid and the RDN website on April 21, 2020 with a closing date of May 15, 2020. Four responses were received. After an initial review, the internal evaluation team determined one submission did not meet the minimum requirements as outlined in the RFP and was set aside.

Evaluation and Selection

Proponents were asked to include a brief corporate background, history, and areas of expertise; the roles and responsibilities of key project team members; the methodology followed to obtain quotations and why they are recommending the underwriter; the breadth and depth of coverage; any value added items their firm is prepared to offer to assist with risk management and loss prevention; a brief description of their claims management process, and their comprehensive proposed fee including all insurance premiums and brokerage fees and any terms and conditions.

Proposals were evaluated on the basis of 30% technical and 70% financial.

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<tr>
<th>Ranking</th>
<th>Company Name</th>
<th>Total Price (exclusive of refundable taxes)</th>
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<tbody>
<tr>
<td>1</td>
<td>Municipal Insurance Association of British Columbia</td>
<td>$264,832</td>
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<tr>
<td>2</td>
<td>Willis Towers Watson</td>
<td>$352,731</td>
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<tr>
<td>3</td>
<td>CapriCMW Insurance Services Ltd.</td>
<td>$415,245</td>
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The RDN is currently a subscriber in the MIABC for Commercial General Liability insurance. MIABC is an insurance reciprocal located in Vancouver that also has a brokerage company, Civic Risk Insurance Solutions, to facilitate the placement of insurance services that they do not directly insure or underwrite such as Cyber Security insurance. MIABC operates as a not-for-profit organization made up of a partnership of 166 BC local governments, launched with a mandate to stabilize insurance costs. Unlike other insurance brokers, MIABC services only municipal clients.
Benefits of obtaining property insurance coverage from MIABC include:

a) One-stop shopping for both liability and property insurance
b) Knowledge of and focus on the coverage needs and risk exposures of local governments
c) Owned and operated by local government through membership

Future dividends are returned to the membership as is the current practice with the MIABC liability insurance program.

MIABC Property Insurance includes crime coverage, which we previously paid for separately at a cost of $3,450. MIABC members have access to CyberPro, a cyber insurance program, which is designed to cover risks that are not already covered in the MIABC Liability insurance coverage. For value added services, MIABC offers no brokerage fee service, an in-house risk control specialist available for best practice advice, and a risk management grant program funded from 1% of MIABC equity each year to fund new risk management initiatives including to help offset the cost of an asset appraisal.

The Associate Member program is a very beneficial form of Commercial General Liability (CGL) policy that is available only through MIABC for groups that qualify as our Associate Members.

Before our Volunteer Fire Departments qualified for the Associate Member program, three different policies were required to provide the same coverage included with the Associate Member program. Those three policies were (1) CGL Named Insured Policy for fire fighting duties only, (2) CGL Social Activities policy and (3) a Director’s liability policy that they were required to purchase themselves.

Currently, the Volunteer Fire Department’s Comprehensive General Liability (CGL) Social Activities insurance is a separate policy, which expires June 30, 2020 and costs $4,950. MIABC advises that the Associate Member program [which is part of our current MIABC CGL Named Insured Policy, authorized by the RDN Board in September 2019] includes the Social Activities coverage. Five of the six volunteer fire departments, with the exception of the Errington Volunteer Fire Department, have chosen to be part of the Associate Member program and will no longer require the separate Social Activities policy expiring on June 30, 2020.

The Errington Volunteer Fire Department will be advised their current Social Activities coverage will not be renewed and that they can still participate in the Associate Member program with the other five Volunteer Fire Departments. Errington volunteers are insured with the RDN through the MIABC CGL Named Insured Party for firefighting purposes and their Society Board has their own private insurance.

In summary, the Errington volunteers will be covered under additional insureds on the RDN policy for CGL but when the policy is corrected and renewed as of July 1, 2020, the Society Board will not. We will advise the Errington Society Board to make sure that their private insurance covers CGL.
ALTERNATIVES

1. That the Regional District of Nanaimo Board approve the award of a contract to provide both property insurance coverage and risk advisory services in an amount up to $264,832 (exclusive of refundable taxes) to the Municipal Insurance Association of British Columbia (MIABC) for the period July 1, 2020 to July 1, 2022, with options to renew for two additional one year periods.

2. That the Regional District of Nanaimo Board provide an alternative course of action.

FINANCIAL IMPLICATIONS

RDN insurance premiums and brokerage fees for June 30, 2019 to June 30, 2020 totaled $306,200. Under alternative 1 above the cost for June 20, 3030 to June 30, 2021 will be $264,832, resulting in a savings of $41,369 for insurance premiums and brokerage fees when compared to the prior year. The 2020 financial plan includes $307,097 for property insurance premiums.

STRATEGIC PLAN IMPLICATIONS

Approving the award of a contract to MIABC for Insurance Brokerage and Risk Advisory Services aligns to our Strategic Plan through our values of fiscal responsibility and good governance.

Tiffany Moore
tmoore@rdn.bc.ca
May 20, 2020

Reviewed by:
• K. Felker, Manager, Purchasing
• C. Morrison, Manager, Emergency Services
• J. Bradburne, Director of Finance
• T. Moore, Manager, Accounting Services
• D. Wells, General Manager, Corporate Services
• D. Pearce, General Manager, Transit and Emergency Services
• P. Carlyle, Chief Administrative Officer