



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Issue purchase order to Myers Briggs & Company, Inc., for Furnishing Fiduciary Liability Insurance for the Deferred Compensation Plan and Trust, in an amount not to exceed \$11,048.00, Account 101-25000-612290, Requisition 1385426 and authorization for payment to Myers Briggs & Company, Inc., for Furnishing Fiduciary Liability Insurance for the Retiree Health Care Trust (OPEB), in an amount not to exceed \$11,949.00, Account P802-11000-798200

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|------------|------|------------------------|-------------|--------|
| 10/16/2014 | 1 | Board of Commissioners | Approved | Pass |
| 10/16/2014 | 1 | Committee of the Whole | Recommended | Pass |

TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 16, 2014

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Issue purchase order to Myers Briggs & Company, Inc., for Furnishing Fiduciary Liability Insurance for the Deferred Compensation Plan and Trust, in an amount not to exceed \$11,048.00, Account 101-25000-612290, Requisition 1385426 and authorization for payment to Myers Briggs & Company, Inc., for Furnishing Fiduciary Liability Insurance for the Retiree Health Care Trust (OPEB), in an amount not to exceed \$11,949.00, Account P802-11000-798200

Dear Sir:

At the Board Meeting of June 2, 2011, in accordance with Contract 11-RFP-06, the Board of Commissioners awarded a purchase order to Risk Management Resources, Inc. (the assets of which were subsequently purchased by Myers Briggs & Company, Inc.) to serve as the District's broker-of-record for a three-year period. At the Board Meeting of June 5, 2014, this contract was extended to expire on December 31, 2014. In this capacity, Myers Briggs has responsibility for securing quotes from the insurance market for specified insurance policies, and presenting the quotes from qualified carriers to the Risk Manager for review and recommendation of a selected carrier to the Director of Procurement and Materials Management.

Section 11.4 of the Purchasing Act for the MWRD (70 ILCS 2605/11.4) provides that certain professional services contracts, which by their nature are not adapted to award by competitive bidding, are exempted from the competitive bidding requirements of the Act. The purchase of insurance and related services is considered to be professional services that fit within this description and are therefore not subject to the competitive bidding requirement of the Act. However, periodic marketing and market testing is expected to assure that insurance programs are competitively designed and priced.

On October 2, 2014, the District received certain bid quotations/market responses which Myers Briggs had solicited pursuant to the Detailed Specifications for Fiduciary Liability Insurance for both the Deferred Compensation Plan and Trust and the Retiree Health Care Trust (OPEB) for a one-year period from November 1, 2014 through November 1, 2015. An annual aggregate liability limit of five million dollars subject to a deductible of twenty-five thousand dollars per claim was requested.

This coverage has been heavily marketed in prior years. For the 2014 placement, four carriers were approached. One viable quotation was received from the incumbent, Travelers Casualty and Surety Company of America, at the rate of \$11,048.00 for the Fiduciary Liability Insurance for the Deferred Compensation Plan and Trust and \$11,949.00 for the Fiduciary Liability Insurance for the Retiree Health Care Trust (OPEB), for a combined policy premium of \$22,997.00. The slight increase in policy premium over the prior year is reflective of increased plan assets and plan participants. Two insurance carriers declined to offer a quote, indicating an inability to be competitive, and one did not respond to the request.

The quotation/market responses were evaluated by Myers Briggs and the MWRD Risk Manager and provided to Procurement and Materials Management. Based on a review of the responses, it was determined that the District should place this coverage with Travelers Casualty and Surety Company of America at the rate of \$22,997.00. The company is licensed to do business in Illinois, complied with the terms and conditions of the bid specifications, and has an A.M. Best Company rating of A++ (Superior), XV (\$2.0 billion or greater), with a financial outlook of Stable.

In view of the foregoing, it is recommended that the Director of Procurement and Materials Management be authorized to issue a purchase order to Myers Briggs & Company, Inc. in an amount not to exceed \$11,048.00, for the Fiduciary Liability Insurance for the Deferred Compensation Plan and Trust. Funds are available in Account 101-25000-612290. It is also recommended the Treasurer's office be authorized to pay the \$11,949.00, for the Fiduciary Liability Insurance for the Retiree Health Care Trust (OPEB) to Myers Briggs & Company via direct voucher. Funds are available in Account P802-11000-798200.

Requested, Denice E. Korcal, Director of Human Resources

Requested, Mary Ann Boyle, Treasurer

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 16, 2014.