



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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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 Excess Marine Liability Insurance Coverage for District Marine Vessels in an amount not to exceed \$16,519.00, Account 101-25000-612290, Requisition 1385425

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 for 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 3, 2014, the District received certain bid quotation/market responses which Myers Briggs had solicited pursuant to the Detailed Specifications for Excess Marine Liability Insurance for a one-year period from November 1, 2014 through November 1, 2015 to provide insurance coverage for liability arising out of the MWRD's twelve marine vessels used for pollution control and monitoring water quality along Lake Michigan and the District's Waterways. An excess liability limit of ten million dollars, subject to a deductible of ten thousand dollars per vessel, was requested.

There is generally a limited marketplace for excess marine coverage such as that required by the District. For the 2014 placement, four carriers were approached for quotations. One viable quotation was received from the incumbent, Essex Insurance Company for \$16,519.00 which is the same pricing as per the expiring insurance policy. The other three insurance carriers declined to offer a quote.

The quotation/market responses were evaluated by Myers Briggs and the MWRD Risk Manager and provided to the Procurement and Materials Management Department. Based on a review of the market responses, it was determined that the District should place this coverage with Essex Insurance Company at the rate of \$16,519.00. The company is licensed to do business in Illinois, complied with the terms and conditions of the bid specifications and, although a non-admitted carrier, the Company's A.M. Best Company rating is A (Excellent), XIV (\$1.5 to \$2.0 billion) with a financial outlook of Stable. Coverage for excess marine liability

above a large self-insured retention is typically available through non-admitted carriers, who have greater flexibility in pricing and coverage terms and conditions than admitted carriers.

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 \$16,519.00.

Funds are available in Account 101-25000-612290.

Requested, Denice E. Korcal, Director of Human Resources

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.