

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MAY 6, 2014 AGENDA

Subject:	Type:	Submitted By:
INSURANCE BROKER AGREEMENT	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RITA M. RAMIREZ ASSISTANT CITY ADMINISTRATOR

SYNOPSIS

A resolution has been prepared approving an agreement with Arthur J. Gallagher & Co. to provide broker services for property, casualty, liability and workers compensation insurance coverages.

FISCAL IMPACT

Funding was included in the FY 2014 General Fund budget for insurance consultant/broker fees to facilitate the acquisition and management of insurance coverages as noted above. La Vista's portion of the broker cost will be \$26,615.

RECOMMENDATION

Approval.

BACKGROUND

On September 3, 2013 the Council authorized that a notice of termination be given to the League Association of Risk Management (LARM), the insurance pool that currently provides the City's property, casualty, liability and workers compensation coverages. The City's commitment with LARM expires on September 30, 2014. Giving this notice was necessary to put the City in a position to explore other insurance coverage options.

An interlocal cooperation agreement between the cities of Hastings, Holdrege, Papillion and La Vista was approved by Council on March 4, 2014. This agreement created an Insurance Service Group and authorized the cities to work collectively with an insurance consultant to jointly select an insurance broker who would market and manage insurance coverages for said cities. The goal of the interlocal is to create an opportunity to improve the product quality and cost efficiency of the insurance coverage for all parties.

Through the insurance consultant, the cities collectively issued a Request for Proposals for Insurance Agency/Broker Services dated March 14, 2014. The RFP described the cities' desired scope of work for an insurance broker. Six proposals were submitted and four brokers were interviewed. Total cost (to be prorated among the four cities) ranged from \$99,750 to \$175,000. The consensus of the interview panel was that a contract be awarded to Arthur J. Gallagher & Co. based on their significant public sector experience, which

includes putting together a cooperative purchasing group of cities in Illinois similar to what we are doing with other cities in Nebraska. Their total proposal cost was \$138,500. A copy of the agreement is attached and copies of the RFP and Gallagher's proposal, which are referenced in the agreement, are available for review in the office of the City Clerk and will be available for review at the City Council meeting.

The next step in the process will be for the broker to issue an RFP on behalf of the cities for insurance coverages based on each city's specifications.

K:/apps/cityhall/cnclprt/14 ADM Insurance Broker Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, APPROVING THE EXECUTION OF AN AGREEMENT WITH ARTHUR J. GALLAGHER & CO. FOR INSURANCE BROKER SERVICES THAT INCLUDE MARKETING AND MANAGING INSURANCE COVERAGES FOR THE CITY IN AN AMOUNT NOT TO EXCEED \$26,615.

WHEREAS, Council approved an Interlocal Cooperation Agreement creating an Insurance Service Group with the cities of Hastings, Holdrege, and Papillion on March 4, 2014; and

WHEREAS, said Interlocal Cooperation Agreement called for the cities to work with an insurance consultant to select an insurance broker who would market and manage insurance coverages for said cities; and

WHEREAS, the cities collectively issued an RFP for insurance broker services on March 14 2014; and

WHEREAS, six proposals were received in response to the RFP and four brokers were interviewed; and

WHEREAS, it was the consensus of the interview panel, which consisted of representatives from the four cities, in conjunction with the insurance consultant, that Arthur J. Gallagher & Co. submitted be awarded a contract for broker services.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of La Vista, Nebraska, hereby approves the broker agreement with Arthur J. Gallagher & Co. in an amount not to exceed \$26,615 and authorizes the Mayor to execute said agreement.

PASSED AND APPROVED THIS 6TH DAY OF MAY 2014.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

**AGREEMENT FOR
INSURANCE AGENCY / BROKER SERVICES**

THIS AGREEMENT (hereinafter referred to as "Agreement") is made and entered into this _____ day of _____, 2014 by and between the City of La Vista, a Nebraska municipal corporation (hereinafter referred to as "City") and Arthur J. Gallagher Risk Management Services, Inc. (hereinafter referred to as "Broker") (collectively, hereinafter referred to as the "Parties").

WITNESSETH:

WHEREAS, insurance agency broker services are necessary to gain access to property, workers' compensation, and liability insurers; and

WHEREAS, the City of Papillion, the City of La Vista (hereinafter referred to as "La Vista"), the City of Holdrege (hereinafter referred to as "Holdrege"), the City of Hastings (hereinafter referred to as "Hastings") (collectively, hereinafter referred to as the "Cities of Nebraska") issued a Request for Proposals for Insurance Agency/Broker Services dated March 14, 2014 ("RFP") attached to this Agreement as **Attachment A**, which describes the Cities of Nebraska's desired scope of work for an insurance broker, as specifically stated in the Scope of Work Section 2-1 ("Services") of the RFP; and

WHEREAS, Broker submitted a Proposal dated March 28, 2014 ("Proposal") attached to this Agreement as **Attachment B**, in response to the Cities of Nebraska's RFP; and

WHEREAS, Broker represents that it is capable and prepared to provide such Services.

NOW THEREFORE, in consideration of the foregoing recitals and the terms and conditions hereinafter set forth, the Parties hereto agree as follows:

ARTICLE 1 - TERM

The term of this Agreement shall commence October 1, 2014 and extend through September 30, 2015 unless otherwise terminated as provided in this Agreement. This Agreement may be extended by mutual agreement of the Parties for up to four (4) additional one (1) year terms by executing an Addendum at least twenty-one (21) days prior to expiration of this or any subsequent term.

ARTICLE 2 – AGREEMENT ADMINISTRATION

The Agreement shall be administered by Broker on behalf of City. Broker shall report directly to the Assistant City Administrator or his/her designee.

ARTICLE 3 - SERVICE TO BE PERFORMED BY BROKER

Broker shall perform the Services, as specifically stated in the RFP, and in accordance with provisions of Broker's Proposal, which shall be considered to be approved by City through the award of this Agreement to Broker, such that the insurance coverage for City shall become effective October 1, 2014. Not in limitation of the foregoing sentence, if any provision of Broker's Proposal is contrary to any part of the RFP and not expressly approved by City in this Agreement, said provision shall be deemed rejected by City and not part of this Agreement.

ARTICLE 4 – BROKER'S FEES AND PREMIUM PAYMENTS

City, in consideration of Broker's performance in accordance with this Agreement and the provision of Services outlined in the RFP, agrees to pay Broker a fee of \$26,615, which is City's pro rata share of the total flat annual brokerage fee of \$138,500 as set forth in the Proposal, for all services performed during the initial term of this Agreement. Broker shall bill City for its Services and duties herein quarterly in four (4) equal installments coinciding with City's fiscal year for budget purposes and City shall pay within thirty (30) days of receipt of each quarterly billing. The first bill for Broker's fee and any additional expenses, if any, shall be due no earlier than October 15th of any term as set forth in Article 1. If City should extend the Agreement for an additional term or terms as provided herein, the fee to Broker for terms 2 through 5 shall be the same as for the initial term. Invoicing and payment shall be handled in the same manner for all terms.

Broker shall issue a single invoice to City for the total of City's annual insurance premiums, unless otherwise agreed by the Parties. Payments for the insurance premiums shall be considered to be separate from Broker's fees. All insurance premium invoices shall be billed no later than forty-five (45) days prior to the due date to allow adequate time for City's payment. Thereafter, upon receipt of City's payment, made payable to Broker, Broker shall promptly pay the applicable insurance premium to guarantee that all premium payments remain current with the insurance carrier. Broker shall provide City with a receipt of payment within fifteen (15) days of such payment. The first bill for the insurance premiums shall be due no earlier than October 15th of any coverage year.

ARTICLE 5 - INDEMNIFICATION

Broker shall, in addition to any other obligation, indemnify City and to the fullest extent permitted by law, protect, defend, indemnify and hold harmless City, their agents, elected officials and employees, and each of them, from and against all claims, actions, liabilities, and costs (including without limitation attorney's fees and litigation costs) either in whole or in part arising out of or resulting from any act or omission of Broker, any sub-consultant, or anyone directly or indirectly employed by Broker or for whose acts any of them may be liable in the performance of the Services and the provisions of this Agreement. Any cost or expenses, including attorney's fees, incurred by City to enforce this Agreement shall be borne by Broker.

Upon completion of the Services, obligations and duties provided for in this Agreement, or in the event of termination of this Agreement for any reason, the terms and conditions of this Article shall survive indefinitely.

ARTICLE 6 - INDEPENDENT CONTRACTOR

Broker undertakes performance of the Services and duties as provided herein as an independent contractor and shall be wholly responsible for the methods of performance. Broker is not and shall not be considered an employee of City. Broker is responsible for all federal, state and local taxes, if any, relating to its compensation hereunder.

ARTICLE 7 - COMPLIANCE WITH LAWS

In performance of the Services and duties herein, Broker shall comply with all applicable regulatory requirements, federal, state, and local laws, rules, regulations, orders, codes, criteria and standards.

ARTICLE 8 – BROKER’S INSURANCE

During the performance of this Agreement and thereafter for a period at least equal to the longest applicable statute of limitations period under Nebraska law, Broker at its sole cost shall maintain its own insurance policies, as listed below, and provide City with certificates of insurance confirming the required protection on standard Acord forms prior to commencing work under this Agreement. Any insurance policy required herein that is cancelled or non-renewed shall be replaced with no gap in protection coverage and a current certificate of insurance shall be provided to City. Broker shall provide written notice to City at least thirty (30) days prior to material modification or cancellation of any policy listed on the certificates and Broker shall provide for uninterrupted coverage in accordance with this Agreement by obtaining equal or greater additional or replacement coverage or coverages. The following insurance coverages shall be written by an insurance company or companies authorized to do business in the State of Nebraska.

1. Workers' Compensation Insurance: Broker shall procure and maintain Workers' Compensation Insurance covering all of Broker's employees with limits meeting all applicable state and federal laws. This coverage shall include Employer's Liability in the minimum amount of \$500,000 each occurrence. Broker agrees to require any sub-consultant or subcontractors, if any, to maintain the workers' compensation insurance coverage provided herein.
2. Commercial General Liability: Broker shall procure and maintain Commercial General Liability Insurance. This coverage shall be on an "Occurrence" basis. This policy shall provide coverage for death, personal injury or property damage that could arise directly or indirectly from the performance of this Agreement. The minimum limits of coverage shall be \$1,000,000 per occurrence and \$2,000,000 in the general aggregate.

3. **Business Automobile Liability:** Broker shall procure and maintain Business Automobile Liability Insurance. The minimum limits of coverage shall be \$500,000 for any one accident or loss, combined single limit for bodily injury and property damage. This coverage shall include all owned, hired and non-owned autos.

4. **Professional Liability:** Broker shall procure and maintain Professional Liability Insurance. This insurance shall provide coverage against such liability resulting from this Agreement, including errors and omissions. The minimum limits of coverage shall be \$1,000,000 per occurrence. Any deductibles shall be the responsibility of the insured.

Any deductible amounts shall be the responsibility of Broker.

In the event that Broker's sub-consultants do not have insurance, or do not meet the insurance limits, Broker shall indemnify and hold City harmless for any claim in excess of the sub consultant's insurance coverage, arising out of negligent acts, errors or omissions, or intentional acts of the sub consultants.

ARTICLE 9 - CITY'S RESPONSIBILITIES

City shall work diligently to provide Broker with all necessary information needed by Broker to perform the duties of this Agreement.

ARTICLE 10 - TERMINATION OF AGREEMENT

City, notwithstanding anything in this Agreement or any renewal or extension of this Agreement to the contrary, reserves the right to terminate this Agreement with or without cause by providing thirty (30) days written notice of such termination to Broker. Fees payable to Broker under this Agreement shall be calculated on a pro-rata basis for the number of days to the termination date, with any applicable reimbursement remitted to City on or before the termination date. There is no obligation by City to provide written notice to Broker for the non-renewal of the Agreement or any extension hereof.

ARTICLE 11 - NONDISCLOSURE OF PROPRIETARY INFORMATION

Broker shall consider all information provided by City and all reports, studies, calculations, and other documentation resulting from Broker's performance of the Services and provisions of this Agreement to be proprietary unless such information is available from public sources. Broker shall not publish or disclose proprietary information for any purpose other than the performance of the Services without the prior written authorization of City or in response to legal process.

ARTICLE 12 - INTEGRATION AND MODIFICATION

This Agreement is adopted by the Parties as a complete and exclusive statement of the terms of the Agreement between the Parties. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters or other communications between the Parties pertaining to the Services, whether written or oral.

The Agreement may not be modified unless such modifications are evidenced in writing signed by both the Parties.

The following documents are made an integral part of this Agreement and incorporated herein:

- A. RFP for Broker Services dated March 14, 2014, attached as Attachment A.
- B. Proposal of Arthur J Gallagher & Co. dated March 28, 2014, attached as Attachment B.

ARTICLE 13 – ADDITIONAL COMPENSATION

City acknowledges that Broker may also be eligible to receive certain commissions and incentive compensation including contingency payments and bonuses as a result of being City's insurance broker (collectively, "Additional Compensations"). The Additional Compensations shall solely come from insurance companies, other intermediaries or other third parties and City shall not have any responsibility therefore. Except as otherwise provided in Article 14 of this Agreement, City consents and agrees to Broker's ability to receive such Additional Compensations, provided that all Additional Compensations directly attributable to City are fully disclosed by Broker on an annual basis at least thirty (30) days before the beginning of any term or renewal term to which the Additional Compensations relate.

ARTICLE 14 - COMMISSIONS

Broker shall use its best efforts to make all insurance placements on behalf of City on a net of commission basis. In the event any insurance carrier will not comply with this request, or it is not in City's best interest, any such commissions shall be disclosed to City and deducted from Broker's fees billed to City. City acknowledges and agrees that any contemplated commission deduction, premium credit request or return of commission to a carrier or City shall be done to accomplish and maintain the total agreed-upon compensation to Broker and is not an inducement to purchase or renew coverage through Broker.

ARTICLE 15 - COOPERATION

Broker shall be required to work in harmony with other consultants relative to providing information requested in a timely manner and in the specified form.

ARTICLE 16 – PERSONNEL / PRIMARY BROKER

Part of the consideration for this Agreement is the understanding that Richard J. Stokluska and/or Jessica Govic shall be the broker primarily responsible for the services provided to City. Designation of Richard J. Stokluska and/or Jessica Govic as the primary broker for City may be changed only with the prior written approval of City. The departure of Richard J. Stokluska and/or Jessica Govic from Broker shall be considered a substantial failure by Broker to perform in accordance with the terms of this Agreement and shall constitute cause for City's immediate termination of this Agreement. This Agreement is not exclusive and this provision does not preclude City from utilizing the services of any other broker or consultant for risk management or insurance service or advice during the term of this Agreement.

ARTICLE 17 – AUDIT

City shall be entitled to audit the books and records of Broker or any sub-consultant to the extent such book and records relate to the performance of this Agreement or any sub-contract to this Agreement.

Such books and records shall be maintained by Broker for a period of three (3) years from the date of the final payment under this Agreement and by sub-consultant for a period of three (3) years from the date of the final payment under the sub-contract unless a shorter period is otherwise authorized in writing.

ARTICLE 18 – MISCELLANEOUS

1. Governing Law and Venue. This Agreement is entered into, under and pursuant to, and is to be construed and enforceable solely in accordance with the laws of the State of Nebraska.

2. Severability. Should any provision of this Agreement be determined to be void, invalid, unenforceable or illegal for any reason, such provision shall be null and void and severed from the Agreement. In such case, the other provisions shall be unaffected and shall continue to be valid and enforceable.

3. Assignment. Except as provided herein, the Parties hereto agree not to assign, sublet or transfer their interest in this Agreement without the written consent of the other and such consent shall not be unreasonably withheld. The Parties further agree that this Agreement binds the Parties, their successors, trustees, assignees and legal representatives.

4. Titles and Subheadings. Title and subheadings as used herein are provided only as a matter of convenience and shall have no legal bearing on the interpretation of any provision of this Agreement. Some terms are capitalized throughout this Agreement but the use of or failure to use capitals shall have no legal bearing on the interpretation of such terms.

5. Notice. Any notice, demand, communication, or request required or permitted hereunder shall be in writing and delivered in person or sent by certified mail, postage prepaid as follows:

As to CITY:

City of La Vista
c/o City Clerk
8116 Park View Blvd.
La Vista, NE 68128
(402) 331-4343

As to BROKER:

Arthur J Gallagher Risk Management Services, Inc.
c/o Richard J Stokluska
The Gallagher Centre
Two Pierce Place
Itasca, IL 60143
(630) 285-4012

Notices shall be effective when received at the address specified above. Changes in the respective addresses to which such notice may be directed may be made from time to time by any Party by written notice to the other Party. Facsimile is acceptable notice effective when received, however, facsimiles received (i.e. printed) after 5:00 p.m. or on weekends or holidays, shall be deemed received on the next business day. The original of the notice also must be mailed as required herein.

Nothing contained in this Article shall be construed to restrict the transmission of routine communications between representatives of Broker and City.

6. Binding Authority. Broker represents and warrants that the undersigned has authority to execute this Agreement and bind Broker to all terms and conditions therein.

[End of Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate the day and year first above written.

City:

**CITY OF LA VISTA,
A Municipal Corporation**

Douglas D. Kindig, Mayor

Attest:

Pamela A. Buethe, City Clerk

BROKER:

By: _____

Its:

STATE OF NEBRASKA)
COUNTY OF _____)
)ss)

On _____, 2014 before me, Notary, personally appeared _____ personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity on behalf of Arthur J. Gallagher Risk Management Services, Inc. and that by his/her signature on the instrument executed the instrument.

WITNESS my hand and official seal.

Notary Public