

Request for Proposal

Prepared for:



Prepared by:

Mike Reilly



INSURANCE - RISK MANAGEMENT - EMPLOYEE BENEFITS



INSURANCE - RISK MANAGEMENT - EMPLOYEE BENEFITS

October 3rd, 2024

Tish Sims
City of Lansing, Kansas
800 First Terrace, Lansing KS 66043

Dear Tish,

Re: Insurance Agency/Brokerage Services Proposal

Dear Tish:

We are pleased to provide you with the enclosed proposal for Insurance Agency/Brokerage Services for The City of Lansing. As a local company, we are very excited about the possibility of continuing to be the Broker of Record for The City of Lansing property & casualty insurance programs.

The Reilly Company is absolutely the best choice to represent The City of Lansing in the marketplace for their property & casualty insurance programs. For over 99 years, our unique approach to doing business and insurance brokerage has served our clients well. At The Reilly Company, your consultants are business owners. As such, we fully understand and can sympathize with the service needs and goals of our clients.

As a local business, The Reilly Company will have a unique perspective for The City of Lansing account. The City of Lansing is not just another account to our firm. You are our friends and neighbors. As a result, it would be impossible for a non-local firm to have the same passion for The City of Lansing account.

We have read the Request-For-Proposal in and are very confident that we have provided all the information that was requested. Having met the Broker of Record qualifications, we are excited about the possibility of continuing a relationship with The City of Lansing for your property & casualty insurance programs.

The following are our responses to the questions outlined in the RFP. After your review, please let me know if you have any questions! Thank you again for the opportunity! We look forward to taking the next step.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Reilly".

Mike Reilly, AAI, CIC

City of Lansing, Kansas Proposal

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Section A – Executive Summary

The Reilly Company was founded in Leavenworth, Kansas in 1925 by Edward F. Reilly Sr. (a former Mayor of the City of Leavenworth) and Humphrey V. Reilly (a former Leavenworth County Treasurer). The firm started as a two-man, father-son operation and has grown into one of the largest family-owned businesses in northeast Kansas. The sole purpose of the firm back in 1925 was to design and implement insurance programs in Leavenworth County. Over the course of those 99 years, The Reilly Company has expanded the geographic area that we serve along with expanding our list of services. The Reilly Company has mostly been known for administering Property & Casualty Insurance programs. In 1993, The Reilly Company expanded the firms offering to include an Employee Benefit department where we consult with our clients on their health, life and dental insurance programs.

The entrepreneurial spirit of The Reilly Company puts our firm in a unique position. Our size gives us the ability of being able to bring all the tools to the table, without the bureaucracy of a large organization. We are large enough to bring all options, but small enough to give you the personal attention and care that your account needs.

Our Mission Statement

Our mission statement is simple: To work with our clients to develop a successful risk management strategy, to provide clients with our local services, complemented by our carrier's national strength and expertise and to use technology to enhance and streamline the delivery of these services.

The most important point we make with clients about their risk management program is – strategy is everything. The insurance programs you invest in affect multiple facets of your organization...from administrative efficiency, morale and your overall bottom line.

We provide the service you deserve and the experience you expect. With our extensive background in the insurance industry, we maintain an impeccable reputation for developing and servicing highly credible property/casualty & employee and executive benefit programs for our clients.

We understand that an important portion of your budget is committed to your risk management programs. It is our goal to help you manage your risk while controlling the costs.

At The Reilly Company, we strive to exceed, rather than just meet our clients' expectations. With our experience and expertise, we work with you to identify your goals and objectives. Often, with our involvement and guidance, we can help you reduce costs, while improving your insurance plans.

Our agency is capable and prepared to help you evaluate your needs, survey the marketplace, prepare side by side plan and price comparisons for your review, and then help you implement the plan(s) that you determine best meet your objectives.

Our Service Philosophy

“Our team becomes your team - your goals become our goals.”

We have been in the business of enhancing insurance value since 1925. We are committed to our clients and our community and to creatively serving both. We take pride in the relationships we build and in the partnerships we develop.

In working with public entity accounts, we have found it extremely beneficial to begin our relationship by setting up a goal setting session. In this session, our entire service team participates with the client’s entire team (HR Department, Insurance Committee, etc...) to layout goals, expectations, wishes/wants and timelines for success. Once the goal setting session is complete, we can all move forward knowing what is expected of each other, what the goals are we want to accomplish and in what time frame we want them accomplished.

Our experience has shown us that it is not The Reilly Company service plan but rather the service commitment that we make to each other that produces winning results for our clients.

It is the belief of everyone at The Reilly Company that the three most important responsibilities of any business are honesty, integrity and hard work. Although these are typically described as values, at The Reilly Company we view them as responsibilities. As business owners in today’s world, we can’t promise or guarantee anything except that we will always do the right thing and be honest with our clients, we will always act with a high level of integrity, and we will work harder than any of our competition to ensure your satisfaction.

RECOGNITION AND AWARDS

For a brokerage our size, our reputation and leverage within the property & casualty marketplace is unparalleled. We would invite you to call the highest local executive with each carrier in the marketplace and ask them about how we do things. While we are not the largest agency in town in terms of number of employees (BY DESIGN), we clearly have the premium volume to command the respect and attention of the players in the market. It is not uncommon for us to hear from the carriers how difficult we can be in the negotiation process but if they owned their own business, they would hire us immediately to handle their insurance programs for them because they know we will not back down to fulfilling our clients’ best interests.

Carrier Recognition:

- Travelers Insurance Gold Club
- Cincinnati Insurance Platinum Broker
- EMC Insurance Leaders Club
- Acuity Century Club

Section B – Background & Qualifications

- 1. Describe your statewide and local service capabilities, and, with more specificity, your experience with Kansas Municipalities. Provide a description of your general capabilities including information relating to company size, revenues and staffing.**

The Reilly Company has a long history of handling the risk management insurance programs for Public Entities. This history goes back over 45 years and remains a large portion of overall book of business today with over 120 accounts and roughly \$16M of total annual premium.

Due to the size of this segment of our business, we have dedicated service personnel that specialize in public entity risk management sales, service and claims. We provide the same level of service to all public entity clients and those services are extensive.

Our basic scope of services approach and activities described below are all included in the Core Services that we provide for every public entity account.

Core Services that our Firm will offer The City of Lansing

- Strategic Planning focused on Annual Objectives and performance of the existing program
- Participation with any internal Insurance/Safety Committee
- Benchmarking Analysis
- Analyze & Compare insurer carrier rates and trends
- Renewal Management and Marketing to include the preparation of any RFPs to the marketplace
- Budgeting with an emphasis on monitoring financial objectives, funding options and cost analysis
- Regulatory & Compliance Support
- Day-to-Day Account Management & Assistance Support to include billing and Claims advocacy
- Access and Management to our Agency Portal for delivery of policies, auto ID cards and certificates of insurance.

PROGRAM DESIGN SERVICES

- Establish your property/casualty plan objectives

- Evaluate, audit and review your existing coverage and claims experience
- Plan design, rate negotiation and marketplace review

PROGRAM IMPLEMENTATION SERVICES

- Implement a plan for maximum benefit and premium efficiency
- Schedule regular meetings to discuss future objectives and issues

ON-GOING PROGRAM SERVICES

- Performance of statistical analysis and claim reserve studies on the claims experience of the program.
- Consult with The City on all regulatory compliance issues and assist in the preparation of any reporting requirements.
- Provide projection of trends and identify areas of potential problems.

Marketing

Our marketing philosophy is determined on a case-by-case basis and is typically determined during a goal setting session that we have with every client on an annual basis. In certain circumstances we market an account every year to the insurance marketplace and in other circumstances we only market an account on an as needed basis. There are several key factors that determine whether we market a particular account to the insurance marketplace including but not limited to claims experience, loss ratio, service issues and the overall position of the marketplace.

Funding

One method that can improve effectiveness and efficiency with a property/casualty insurance program is how a plan is funded. We have more than several examples of clients where we took over their property/casualty program and changed the way it was funded. At times, we took a group that was previously fully insured and moved them to a partially self-insured plan. Other times, we did the opposite. Obviously, all of this was done after a thorough analysis and discussion with the client. Clearly, what may be the best funding method with one client may not be the best for the next.

As well, there are funding options that can bridge the gap between fully insured and self-insured. In many cases, you can gain the comfort and stability of a fully insured plan with the potential rewards of a self-insured plan. We often find this an attractive option for employers thinking of making that move for the first time as an effective transition.

Employee Education and Safety Programs

Another area we use to improve effectiveness is taking advantage of programs available through our company partners. Many of the companies we represent have programs available to their insured's. These value-added programs can lead to decreased claims experience while not costing our clients much time or money upfront.

Technology

We are firm believers in using technology to enhance the effectiveness and overall experience of your insurance program. Our full-service website will provide you and your employees with resources to view the program and policies online, download forms, view policies, order insurance auto ID cards and certificates of insurance. Our clients receive 24/7 access to our online portal for use of resource tools, publications and webinars.

Claims Experience Reporting

We strive to provide reporting and analysis that is based on the goals of our clients. We provide detailed analysis on claim experience, benchmarking and funding on any timetable that our clients wish. Once again, our goal is to serve our client's needs. To some clients that means bi-weekly reports and to others that means annual reports. We also can shape our reports to the wishes and desires of our clients so that you see exactly the information that you desire to see.

Competitive & Benchmark Analysis

Finally, and perhaps most importantly, we constantly find that it is imperative to always be aware of competitive options for our clients. We can then use these options to leverage contract negotiations and renewal terms. If we can demonstrate to our incumbent carriers that there are other viable, attractive options in the market, it can assist us in keeping our clients' costs and benefits as competitive as possible. We can provide benchmarking results from several different peer groups depending again on our client's wishes. Some initial peer groups that we compare with our clients' experience include the insurance carrier's book of business, Leavenworth County businesses and public entity specific analysis.

Negotiating renewals

We use multiple strategies, but the foundation of all of it is our reputation and historical record. The carriers know that we are not going to use meaningless data or false threats; we are going to bring them the facts. We will analyze the claims data not just on the surface, but we will dig deeper to uncover how those numbers could be skewed by an isolated incident and not a true picture of the group's tendencies. We will take a further historical approach so that too short of a period with negative experience does

not unfairly penalize a client. We will know all options our clients have in the market and use competition to our advantage. We advocate speaking directly to underwriters to explain our position and are granted that audience. In short, we will speak directly to those who have the power to make the decision armed with facts and research, not just talk.

2. **Describe any similar services provided to other municipalities in Kansas and Missouri and provide the name, years of service, and a reference for each.**

We provide our standard level of services explained above to all our clients, public or private. I have listed a page of references under Section G with name and years of service.

3. **Provide a concise description of qualifications, names, relevant experience, and office location of the individuals who will provide services to the City.**

OUR TEAM

The following team that will be providing consulting services to The City of Lansing under this contract are as follows:

Mike Reilly:	Agency Principal – Primary Broker
Sean Dunham:	Marketing Manager
Susan Putman:	Account Manager
Bobbie Jones:	Claims Manager

All team members working on the City of Lansing account will be in our Leavenworth, KS location at 608 Delaware.

Mike Reilly – Agency Principal – Primary Broker

Mike is one of the agency principals of The Reilly Company, Inc. He has over 33 years of experience in designing, underwriting, marketing and servicing business and executive property/casualty and employee benefit insurance plans.

Mike began his career in 1991 as an Insurance Producer for Woodsmall Risk Services in Kansas City, Missouri. In 1993, Mike joined his father and brother in the family business, The Reilly Company, Inc. As a business owner, Mike understands and sympathizes with the service needs and goals of his clients. His training in both the financial and operations areas of the insurance industry transfer well when designing property and casualty and employee benefit insurance programs for his clients. Mike places emphasis on the areas of "hands-on" services and responsiveness.

Mike is a firm believer in professional education. He has earned the Professional Designations of Certified Insurance Counselor (CIC) along with the Accredited Advisor of Insurance (AAI) Professional Designation. Each of these Professional Designations requires a substantial amount of classroom time, exams and annual continuing education.

Mike is a member of the Board of Directors for the following organizations: The Leavenworth Public School Education Foundation and The Leavenworth County Development Corporation. He is active in Economic Development within Leavenworth County, is a Coach of Youth Sports and enjoys golf. He holds a Bachelor of Arts in Business Communications from the University of Kansas.

Duties for The City of Lansing:

Mike will be the Principal Consultant on the account. He will meet with City staff to establish goals, objectives and restrictions in designing and implementing the best and most cost- effective insurance program. All major client concerns, carrier negotiations, and plan implementation will be handled by Mike. He will also coordinate and run meetings with City staff to address ongoing concerns.

Sean Dunham, Marketing Manager

Sean Dunham has over 23 years of experience in the insurance brokerage business and has been a team member of The Reilly Company for the past 12 years. Having started on the insurance carrier side of the business, Sean brings extensive knowledge of the insurance marketplace and relationships that help our clients achieve their ultimate goals. Sean researches all carriers licensed to do business in each State where we have clients to understand their risk tolerance, the accounts they specialize writing and their service/pricing structures.

Duties for the City of Lansing

Sean works directly with all our insurance company partners when marketing new business and renewal business. As a result, Sean knows exactly the best options for different risks depending on size, scope and experience.

Susan Putman, Account Manager

Susan has been a team member at The Reilly Company for 20 years. During that time, Susan has become a specialist in working with public entity accounts. She understands their needs, the coverage points and the ins and outs of the tort law system. Susan works daily with our public entity insurance companies to structure and negotiate insurance program issues with our public entity clients.

Duties for The City of Lansing

Susan will be the day-to-day contact on the account. Typical duties include working with City Staff on all daily questions, auto/equipment changes, certificates of insurance and review of contracts for correct insurance language.

Bobbie Jones, Claims Manager

Bobbie is in her 10th year at The Reilly Company. During that time, Bobbie has transitioned to become the Manager of our Claims Department.

Duties for the City of Lansing

Bobbie will be the primary contact for all claims associated with The City of Lansing's account. Bobbie will work with City staff to report all claims on a timely basis to the respective carrier. Bobbie will maintain communication on each claim and stay in contact with The City of Lansing regarding the status of each claim. Bobbie will prepare and analyze the claims reports for the account on a quarterly basis.

4. Identify the primary broker and any other staff who will participate in the daily administration of the City's account.

Mike Reilly:	Agency Principal – Primary Broker
Sean Dunham:	Marketing Manager
Susan Putman:	Account Manager
Bobbie Jones:	Claims Manager

5. Indicate whether or not you meet each of the eligibility criteria listed in Section 4.

Yes...The Reilly Company meets all the eligibility criteria listed in Section 4 and as outlined below:

MINIMUM QUALIFICATIONS

The Reilly Company is an established legal entity, licensed by the Insurance Commissioner in the State of Kansas and is in good standing with the State of Kansas and the Insurance Department.

The Reilly Company has been in the insurance business for 99 years. We have actively been handling the insurance programs for public entity accounts for over 45 years. Our staff that will be handling the City of Lansing's account has a combined total of over 70 years of employee benefit insurance industry experience. Mike Reilly will be the primary broker on the City's account. Mike has maintained a property & casualty insurance license in the State of Kansas for the past 33 years.

The Reilly Company maintains a fully staffed office with over 30 staff people dedicated to our property/casualty department. All staff working on the City of Lansing's account will be working out of our Leavenworth, KS location at 608 Delaware Street.

We maintain the following insurance coverage to protect ourselves and our clients: Our combined Errors & Omissions Insurance is written through two carriers - Utica National and Westport Insurance. Our combined limits are \$10,000,000 each loss and \$15,000,000 annual aggregate. Utica National and Westport are rated A+ by A.M. Best.

Errors and omissions:	\$10,000,000 each occurrence limit \$15,000,000 aggregate limit
General Liability Insurance:	\$1,000,000 each occurrence limit \$2,000,000 aggregate limit

We have never filed a claim or had a lawsuit filed against us for our services.

One of the many benefits about working with The Reilly Company...is that your service team will be made up of agency owners. As such, the probability of turnover in the management of your account will be virtually non-existent. Aside from turnover, Mike Reilly's "team approach" ensures an interrupted level of service for The City of Lansing.

The Reilly Company specializes in insuring public entity property & casualty insurance programs. As a result, we have direct contracts with Public Entity Insurance carriers to include the following:

- Travelers Insurance
- EMC Insurance

OneBeacon Government Risk (INTACT Specialty)
Berkshire Hathaway
The Hartford
Liberty Mutual
Great American Insurance Group
Berkley Insurance
Philadelphia Insurance
Tokio Marine Insurance Group
Chubb Insurance
RPS Insurance Services

- 6. In the last five (5) years, have you had a contract for services with a public entity in Kansas or Missouri terminated for cause? If so, state the date of termination, the name of the public entity, and describe the circumstances surrounding the termination.**

No. No contract for services with a public entity client has terminated with our brokerage in the past five years.

- 7. In the last three (3) years, have you had a contract for services with a public entity in Kansas or Missouri not renewed? If so, state the date of termination, the name of the public entity, and, if known, describe the circumstances surrounding the non-renewal.**

No. No contract for services with a public entity client has non-renewed with our brokerage in the past five years.

- 8. If you intend to use the services of any other insurance broker or agencies, then you must submit this information for each such entity and clearly identify their role.**

We do not intend to use the services of any other insurance brokerage or agency to service or work on your behalf.

Section C – Insurance Marketplace

1. List all insurance companies you would anticipate approaching to seek first dollar alternatives to the City's current insurance program, with your top three (3) listed first. For each insurance company listed, include the following:
 - a. Will be the company be accessed directly or via a broker or wholesaler
 - b. Do you currently have any governmental accounts with the carrier? If so, identify the number of accounts and average size of the governmental entity.
 - c. Does the carrier offer a multi-line package program? If so, note the applicable lines of coverage.

We would obviously seek renewal from Travelers Insurance as an option for The City to consider for the 2025/2026 renewal. However, the following are the other insurance companies that we would seek alternatives from for the City's current insurance program.

TRAVELERS Insurance

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 32 accounts with this company with an average premium size of \$325,000
- c: Yes, this carrier offers a multi-line program for City's.

EMC Insurance

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 17 accounts with this company with an average premium size of \$145,000
- c: Yes, this carrier offers a multi-line program for City's.

Berkshire Hathaway

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 3 accounts with this company with an average premium size of \$100,000
- c: Yes...this carrier offers a multi-line program for City's however we have found that they are more competitive writing specific lines of coverage as opposed to an entire program

The Hartford

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 11 accounts with this company with an average premium size of \$80,000.
- c: Yes...this carrier offers a multi-line program for City's

Liberty Mutual

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 9 accounts with this company with an average premium size of \$65,000
- c: Yes...this carrier offers a multi-line program however we have found that they are more competitive writing specific lines of coverage as opposed to an entire program

Great American Insurance Group

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 6 accounts with this company with an average premium size of \$60,000.
- c: Yes...this carrier offers a multi-line program

Berkley Insurance

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 11 accounts with this company with an average premium size of \$50,000.
- c: Yes...the carrier offers a multi-line program however we have found that they are more competitive writing specific lines of coverage as opposed to an entire program

Philadelphia Insurance

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 14 accounts with this company with an average size of \$45,000.
- c: No...this carrier only offers specific coverage sections

Tokio Marine Insurance Group

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 7 accounts with this company with an average size of \$45,000.
- c: No...this carrier only offers specific coverage sections

Chubb Insurance

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 9 accounts with this company with an average size of \$120,000.
- c: No...this carrier only offers specific coverage sections – mainly property

RPS Insurance Services

- a: This company would be accessed directly by our firm.
- b: Yes, we currently have government entity accounts with this carrier. At present time we have 2 accounts with this company with an average size of \$40,000.
- c: Yes...the carrier offers a multi-line program however we have found that they are more competitive writing specific lines of coverage as opposed to an entire program

- 2. Identify the percentage of private vs. public sector lines of coverage you have written. Also provide the total property and casualty premiums placed annually for each of the last five years.**

Private vs. Public sector percentage breakdowns would be 72% private with 28% public.

P&C Premiums by year:

2023: \$59M

2022: \$57M

2021: \$53M

2020: \$48M

2019: \$46M

- 3. For each of the last five (5) years, list the top five (5) insurers, both by number of policies and total premiums, with whom your firm places business.**

Carriers ranked by total premiums with our firm:

2023 – Travelers, Cincinnati, CNA, EMC, Secura

2022 – Travelers, Cincinnati, EMC, CNA, Acuity

2021 – Travelers, Cincinnati, EMC, CNA, Acuity

2020 – Cincinnati, Travelers, Nationwide, EMC, CNA

2019 - Travelers, Cincinnati, Nationwide, EMC, CNA

Carriers ranked by number of policies with our firm:

2023 – Travelers, Cincinnati, CNA, EMC, Secura

2022 – Travelers, Cincinnati, EMC, CNA, Acuity

2021 – Travelers, Cincinnati, EMC, CNA, Acuity

2020 – Cincinnati, Travelers, Nationwide, EMC, CNA

2019 - Travelers, Cincinnati, Nationwide, EMC, CNA

- 4. For each of the last five (5) years, list the top five (5) insurers, both by number of policies and total premiums, with whom your firm places its public entity business.**

Carriers ranked by total premiums with our firm:

2023 – Travelers, EMC, Hartford, Berkshire Hathaway, Chubb

2022 – Travelers, EMC, Hartford, Philadelphia, Berkshire Hathaway

2021 – Travelers, EMC, Hartford, Philadelphia, Berkshire Hathaway

2020 – Travelers, EMC, Chubb, Berkshire Hathaway, Philadelphia

2019 - Travelers, EMC, Chubb, Philadelphia, Berkshire Hathaway

Carriers ranked by number of policies with our firm:

2023 – Travelers, EMC, Hartford, Berkshire Hathaway, Chubb

2022 – Travelers, EMC, Hartford, Philadelphia, Berkshire Hathaway

2021 – Travelers, EMC, Hartford, Philadelphia, Berkshire Hathaway

2020 – Travelers, EMC, Chubb, Berkshire Hathaway, Philadelphia

2019 - Travelers, EMC, Chubb, Philadelphia, Berkshire Hathaway

5. How would you approach a key market or proprietary program if you do not have a contract with that market and they typically do not utilize a broker?

This is something that our firm does many times throughout the year for our commercial clients. It is not uncommon, that after our research for coverage/terms and pricing is concluded, that we might recommend a proprietary program with a specific carrier or market that either does not utilize broker, or where we do not have a direct contract.

In these instances, almost all these programs/carriers/markets will work through us as the Broker of Record...they simply won't offer us compensation if we place your account with them. If it is determined that the best coverage choice turns out to be one of these programs, we typically still underwrite with the program, negotiate with the program and advise our client on the pros and cons of the program. From a compensation standpoint, we can then simply perform these functions on a fee-based approach directly with our client.

6. How would handle requests from the City to negotiate endorsements, riders, limits, and policy amendments? Specifically, within the last five (5) years have you negotiated and secured for a public entity any of the following? If yes, indicate the name of the client or clients and carrier or carriers:

- a. Kansas Tort Claims Act Endorsement
- b. Right to select Counsel
- c. Consent to settle
- d. Aggregate deductible limit

On behalf of our clients, we often find ourselves in situations where we must negotiate and leverage our relationships with a carrier to meet the needs or specific requests of our clients.

When we are faced with these situations, we strategize with our client as to the request, discuss the pros and cons, and finally make a recommendation for us to proceed with the negotiation process with the carrier.

For instance, adding the Kansas Tort Claims Act Endorsement for most of our public entity accounts, is critical. Negotiating endorsements, increasing limits and/or adding amendments to the policy is part of our basic level of service.

The key to a success in these situations, is that we strategize with our clients as to the requests because sometimes they are not actually in the best interests of the client. For instance, we have received requests in the past from a client for them to have the Right to Select their own counsel. In certain situations, this can be advantageous to the client, but in other situations, it can be detrimental. Over the past 3 years, we have had two such incidents. In one case, the client asked to have the Right to select Counsel across the board on their account for all liability claims. This client had an in-house attorney, and they believed that it would be the best fit for their in-house counsel to represent them in liability claims. After talking through the issue with the client, we discouraged this as we felt that this could hurt the experience of the account. A separate example of this, was for Leavenworth School District #453. They too had a School Board attorney that specialized in E&O claims. In this instance, we negotiated with Travelers Insurance for LV USD 453 to have the right to have their in-house counsel handle all E&O claims...a situation that has proven to be positive for all parties.

Section D – Insurance Program

1. **What changes, if any, in carriers, lines of coverage, limits, and/or deductibles, would you recommend the City make to its current insurance program?**

The commercial insurance marketplace is in the middle of one of the hardest marketplaces the industry has seen in over 50 years. From a hard market standpoint, that means that carriers are in a rate rising environment...typically due to marketplace losses...while at the same time increasing their underwriting standards, leaving certain marketplaces, restricting coverage and in some cases pulling out of markets all together.

In these periods, we often find it difficult to “buck the trend” that is occurring as most insurance companies operate with a sheep like mentality...in that they all tend to move in the same direction at the same time.

So, while I would recommend many changes...such as going back to no wind/hail deductibles for your property coverage...those kinds of changes are not a reality at the present time.

For carriers...we have always recommended to our clients that “if possible”, try to build a relationship with an insurance carrier. We believe this serves the client and the carrier in the best way. We need to face reality that of all the carriers that I listed as options in Section C...there are only 2, or perhaps 3, that would great options for The City of Lansing. The other carriers, while fine, are mainly for high-risk accounts in situations where they can't get coverage in the standard marketplace. With that in mind...if we constantly switch carriers, there is no doubt that it will hurt the reputation of your account in the long term. So, we try put our clients in situations where they can build a relationship with carriers over many years. At the same time, it's not always possible to remain with the same carrier. While we strive for longer relationships, we don't recommend that at the detriment to our client.

My recommendation this coming year, for the 2025/2026 policy term, would be to do an extensive market search. The last time our firm did this for The City of Lansing was 2022. With the direction that the marketplace is headed, I believe now is the right time to see what options are on the table. Again, Travelers, EMC & Hartford will be the best options. All others would be secondary, and I would be extremely doubtful if any could compete with those three on coverage, price and terms.

As far as optional coverages, limits and deductibles are concerned...these need to constantly be reviewed and analyzed for accuracy. I believe we have done that job for the City of Lansing over the past several years...providing options for coverage such as

Cyber Liability and increasing limits on your property due to the overall cost of construction. We will continue this practice. I would love to see an option where we could absolutely reduce the wind/hail deductible on the property policy. While this might be option, it would no doubt come with a premium that would be shocking to The City of Lansing. These types of options in today's world, must be analyzed for the best risk/reward possibility.

2. If the City elected to explore switching to a self-funded retention program, describe how you would approach constructing such a program and describe the program's structure (coverage lines, limits, etc.) and anticipated retention levels.

Providing services to our clients where a self-funded retention program is of interest, is certainly in our scope of our service capabilities. In those instances, we analyze claims history and risk tolerance levels to include financial wherewithal and responsibilities... while at the same time structuring coverage, limits and terms that meet the clients need.

We currently have over 30+ commercial clients that have some form of self-funded, large loss retention element tied to their insurance program. I would however note...that not one of those accounts are a public entity.

For the City of Lansing's property/casualty insurance program, the idea of a self-funded retention program for any line of coverage or for the entire program, would not be recommended by our firm at the present time. As mentioned above, we have public entity accounts that are in the \$1M annual premium range...and even they do not elect to consider self-funded options for the property/casualty insurance programs. The reasons for this are numerous...but uncertainty, contingent liability and the risk of the unknown are just a few of the reasons. We have found that public entity accounts, need structure and reliability with 99% certainty...as opposed to the potential wild swings that self-funded insurance programs tend to experience.

These types of programs boil down to a math equation...and that math equation for The City of Lansing isn't remotely in the ballpark at the present time to consider a self-funded retention element to your insurance program. With total annual premiums in the \$170,000 range, there is simply not enough size to the account at this stage to consider taking the risk...for the small reward that such a program might offer. Plus, of the \$170,000 in total premiums, roughly 40% of that amount or \$65,000 is in property coverage...which is never considered to be a part of such a program at your level. The only pieces of coverage that would even be potentially eligible would be the liability sections and the physical damage portion of the auto coverage...and there simply is not enough premium in those lines to take the risk.

These types of programs become valuable to clients where an eligible line of coverage gets in the range of \$250,000 or more...and where that same coverage line has exceptional loss ratios. The unknown, contingent and tail liability associated with such programs make them just too far out of reach for most public entity accounts.

3. Does your firm offer any actuarial or other services that can be used to evaluate the feasibility of a self-insured retention program?

Yes...we perform actuarial analysis in house for those commercial clients that are entertaining self-insured retention programs, captives and pools.

4. What do you perceive will be the greatest risk management challenge the City faces over the next 12 to 24 months? In the next five (5) years?

For the next 12-24 months...The City of Lansing is going to see continued challenges in the Property line of coverage....as all public entities have and will. Currently, The City of Lansing has a \$.17 property rate with Travelers. While we have seen that rate increase from \$.12 several years back to the current \$.17 rate...the marketplace is trending closer to a \$.20-\$.25 property rate. That would be a potential 20-45% increase in property rates which also translates to premiums. In fact, EMC Insurance Company made an announcement at the beginning of 2024 that they were immediately moving all public entity property rates to \$.25. That shook the marketplace in Kansas....as it meant an over 200% increase in certain areas. So, EMC backed off for 2024...and instead has implemented a plan for the next 2-3 years to get to that rate. So, property premiums, limits due to increases in cost of construction along with wind/hail deductibles...will be at the forefront of the City of Lansing's challenges over the next few years....as they are with every large property risk.

Over the next five years, I believe the greatest risk management challenge will simply be the unknown of large claims. For instance, your Law Enforcement/Public Entity Management Liability & Employment Practices liability coverage (all 3 in total) currently carries a premium of \$31,000. While that is a lot of money...we recently received a claim asking for \$500,000. If a claim or two like that were to be paid...you can quickly see how your loss ratio would skyrocket and as a result either the availability of coverage or annual premiums would be affected. While many of these claims are out of your control, I believe recognition of that and any training and education that can be accomplished to help prevent these situations would be of great benefit.

5. How would you address a request to join or consideration of an associational program or risk pool? Do you have any conflicts of interest with an associational program or risk pool?

We would and have addressed these types of situations the same way that we would work on your account with any potential risk management or risk transfer option. We would dive in, analyze the option, make recommendations and then provide ongoing services as needed.

The challenge with associational programs or risk pools, is that most of the time...these come in the form of self/group-funded pools. If you refer to my answer in #2 of this section, when accounts are too small to consider self-funded options on their own...sometimes they think that by grouping or pooling their funds with other accounts...will qualify them for these types of options. While that is sometimes true...it many times comes with contingencies, terms and conditions that many times out-weigh the benefits.

For instance, there is a pool in the State of Kansas that at first glance appears to be an attractive option. Their rates are in line with the marketplace...and they tell their prospects that this puts them more in control. What they don't tell their prospects is:

- a. that the pool is made up mostly of accounts that have horrific claims experience and therefore can't find coverage on the open marketplace...resulting in the pool having more claims
- b. that to fund those large claims, the pool assesses the members
- c. that the pool only carries a fraction of the amount of total insured property values...so again...if a large storm takes out 2 or 3 accounts...there will not be enough coverage.
- d. That the pool has a 12-month notification period to get out and terminate
- e. That the pool has a 7-year contingent liability tail that needs to be funded by the entity leaving. So, if you leave the pool, they can continue to assess you for 7 years.
- f. that the pool has over \$4M dollars in brokerage and service fees attached to it every year...so the pool administrator really doesn't care how it performs...because their pay is guaranteed.

So yes, we have a lot of knowledge when it comes to analyzing pools or associational programs. I don't want this to sound like they are all bad...but they are typically options for those accounts unable to secure coverage in the standard marketplace.

Section E – Services

The intent of this RFP is to solicit proposals from qualified respondents to provide insurance agency/brokerage services. Describe how you would provide the following services:

- a. Give the City access to the insurance marketplace
- b. Provide administrative support
- c. Work with the City to manage risk and control costs
- d. Claims management and inquiry response time

A. Our firm has the capability to give the City of Lansing access to the entire marketplace that entertains public entity risks in the State of Kansas. Whether that is fully insured programs, self-funded insurance options, captives or risk pool alternatives.

B. We will provide a dedicated administrative support team to service the needs of The City of Lansing as outlined in this proposal. Our administrative support team has over 70 combined years of experience in the insurance business and prides itself on Class A service to our clients. We believe that our continued, stable service team provides unmatched service to our clients.

C. To help our clients manage risks and control costs, we like to have multi-pronged approach. The first is to provide a strategy to transfer as much risk to the insurance marketplace as possible for the most affordable premium options. The second is to provide ongoing loss control services, education and safety services to help minimize claims and therefore control costs.

D. Finally, our firm prides itself on providing unmatched client inquiry response times for all aspects of the account...to include daily/weekly service, answering questions or reporting of claims.

PROJECT APPROACH - TIMELINE

If chosen to be the Broker of Record for the 2025/2026 policy period, the following would be our strategy and timeline for implementation.

November 8th, 2024 – Immediately request all necessary renewal information from The City of Lansing to send out RFP's (Request for Proposals) to the market.

November 8th, 2024–January 15th - receive and negotiate proposals from the marketplace.

January 15th-January 28th – meetings with The City to discuss carrier proposals

Select renewal carrier and provide City with Certificates of Insurance and Auto ID cards prior to renewal.

February 1st-January 31st - provide ongoing services

Section F – Pricing

- 1. List all costs associated with your proposed services. No additional charges (such as sales tax, transportation, travel, out-of-pocket expenses, etc.) will be allowed unless specified on the proposal. All brokerage commissions or ancillary fees collected by the respondent shall be fully disclosed and credited to the City against the annual broker fee.**

All premiums and fees associated with any insurance company program will be outlined in our Insurance Summary proposal at the time of renewal. We will include all pay plan options and any finance costs as well. There will be no surprises from a cost standpoint on every option presented.

REILLY FEE STRUCTURE

The Reilly Company offers to perform all the services & activities outlined in the Request for Proposal and the scope of work for one of the following fee structures below. This fee structure includes all charges that The Reilly Company will require and is all inclusive:

Option #1 – Commission Based Services:

7% for all lines of property & casualty paid directly by the insurance carrier

Under this scenario, The Reilly Company will not expect nor require any compensation to be paid directly by The City of Lansing. We will operate on a commission basis with all commissions being paid by insurance carriers/re-insurance carriers and third-party administrators at a set rate of **7%**.

Or

Option #2 – Fee Based Services:

\$12,000 per year total fee

Under this scenario, The Reilly Company will perform all activities and services as outlined in the RFP for a flat fee. This fee can be billed monthly or quarterly. Under this scenario, we will instruct all insurance carriers to provide premiums net of commission.

2. Include costs for individual years two (2) and three (3).

The same fee structure as outlined above would be offered for years 2, 3 and/or any subsequent renewal period.

3. Indicate whether recurring costs are flat rate or hourly.

There are no recurring costs associated with your proposal other than outlined in question #1 above.

4. Indicate whether you will agree to flat annual renewal. If not, indicate the limit of rate increase.

Yes, we will agree to a flat annual renewal for our fee. We cannot obviously commit to the renewal premium for the account...but our fee can be flat.

5. Include a proposed billing cycle/schedule.

For our fee, if the Commission option is chosen there will be no bill to The City of Lansing. If the Fee Based Service option is chosen, we can bill that monthly, quarterly or annually.

The billing cycle for insurance company premiums are usually very straightforward but vary by carrier and policy. We will outline all premium payment option plans on the renewal proposal.

Section G – References

1. **Provide the name, addresses, and contact person of ten (10) public and/or private groups or companies, including three (3) governmental entities, in which respondent have provided the same or similar services in the last two (2) years. Respondent should try to provide names of governmental entities in which the primary broker served as the primary broker for that entity.**

The Reilly Company has become known as one of the premier insurance brokerages in northeast Kansas that works on Public Entity risks. These accounts include County's, City's School Districts and quasi-governmental organizations such as water districts, electric co-op's, Chambers of Commerce and Economic Development corporations.

This is a unique skill set that includes understanding the risks associated with Public Entity accounts, representing insurance companies that are in that same space and leveraging those relationships to provide our clients with the best outcomes.

A partial list of current accounts that are most relevant references are as follows:

Leavenworth County, KS

23 years as a client and current client
Janet Klasinski, County Clerk
913-684-0421

City of Leavenworth, KS

25 years as a client and current client
Sarah Bodensteiner, City Clerk
913-684-0335

City of Lansing, KS

17 years as a client and current client
Tim Vandall, City Administrator
913-727-3036

City of Basehor, KS

12 years as a client and current client
Leslee Rivarola, City Administrator
913-724-1370

City of Atchison, KS

3 years as a client and current client
Reagan Falk, Finance Director
913-367-5500

City of Edgerton, KS

5 years as a client and current client
Beth Linn, City Administrator
913-893-6231

Leavenworth Unified School District

27 years as a client and current client
Dr. Kellen Adams, Super
Beth Mattox – Chief Financial Officer
913-684-1400

Lansing Unified School District

27 years as a client and current client
Marty Kobza, Superintendent
913-727-1100

Ft. Leavenworth Unified School District

28 years as a client and current client
Rich Holen, Chief Financial Officer
913-651-7373

Basehor-Linwood Unified School District #458

18 years as a client and current client
Sheery Reeves
913-724-1396

The Guidance Center

21 years as a client and current client
Jerry McDonald, Chief Financial Officer
913-682-5118

Leavenworth County Development Corporation

30 years as a client and current client
Lisa Haack, Executive Director
913-727-6111

Leavenworth County Port Authority

30 years as a client and current client
David Schroeder, Vice Chairman
913-727-6111

Leavenworth Water

28 years as a client and current client
Joel Mahnken, Director
913-682-1513

Lan-Del Water

25 years as a client and current client

David Van Parys, Chief Counsel

913-684-0415