



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 07/13/2021

REQUESTER: Clint Mercer

PRESENTER: Anthony Francisco, Finance Director

ITEM TITLE: Award RFP #2122-08 for Insurance Broker Services

BACKGROUND:

The City of Norman self-insures against most risks (i.e., workers compensation, vehicle/equipment damage, employee health benefit claims, tort claims, etc.) but historically has purchased insurance to cover casualty losses to City buildings and contents (including electronic information technology/computer equipment).

In the past, the City of Norman bid out its buildings and contents insurance. However, several brokers expressed their frustration with this method as insurance underwriters will only work with the first insurance broker to contact them and the incumbent broker had already left “place markers” with most of the underwriters. In 2014 the City decided to pick a broker via a Request for Proposal process that would then bid and select the best buildings and contents insurance for the City. This is the method other cities in the metro use to select underwritten insurance products, including the City of Oklahoma City.

DISCUSSION:

The City of Norman sent out Request for Proposal number 2122-08 on May 14, 2021 for insurance broker services. Three brokers responded, Arthur J. Gallagher & Co. (Gallagher), Alliant Insurance Services, Inc. (Alliant) and BancFirst Insurance Services, Inc. (BancFirst).

Gallagher is the incumbent broker the City has used for several years and has provided quality bids and rates in the past. Management has been pleased with their services. Gallagher is a larger broker and has access to most all the larger insurance underwriters. Some of their current clients include City of Tulsa, Oklahoma City Public Schools and the University of Oklahoma. Gallagher has proposed a fee of 15% of premiums.

Alliant is a larger broker and has access to most all the larger insurance underwriters. Some of their current clients include City of Oklahoma City, City & County of San Francisco, City of Detroit and the State of Washington. The City’s contact for services from Alliant offices out of California. Alliant has proposed a fee of 10 – 15% of premiums.

BancFirst is a smaller broker compared to the two mentioned above but does have access to most all the larger insurance underwriters. Some of their current clients include the City of Claremore and Rodgers County here in Oklahoma. BancFirst has proposed a fee of a flat

\$15,000 for their services.

For fiscal year 2021, the City of Norman paid Gallagher approximately \$62,000 in commissions. This represented a commission fee of approximately 18% of premiums. Commissions are paid with premiums at the time insurance is purchased. The City budgets funds for insurance premiums in the Risk Fund using account Liability and Property (Org 43330104, Object 44403).

RECOMMENDATION:

Staff recommends awarding RFP #2122-08 to Gallagher.