

COUNCIL ACTION FORM

SUBJECT: PROPERTY BROKERAGE AGREEMENT RENEWAL FOR FY 2017/18

BACKGROUND:

The City contracts with Willis of Illinois, Inc., to provide property insurance brokerage services for the City's property insurance program. This contract stems from a three-year agreement with Willis initiated in 2012. After the initial three-year term, both parties agreed to extend the agreement for each of the optional one-year extensions. The final extension concludes in April. The cost for brokerage services throughout the City's relationship with Willis has been \$45,000 per year.

The City is currently in search of a permanent Risk Manager to administer the City's property brokerage and insurance program. In the absence of a Risk Manager to analyze proposals from other companies, Willis has offered to extend the brokerage services agreement for an additional year at the current rate of \$45,000. Next year, the City will be in a better position to test the brokerage market.

Under Willis's guidance, the City's property program has been divided into a municipal property insurance program (underwritten by Chubb) and a power property program (underwritten by AEGIS). The City seeks Willis' advice on a regular basis regarding risk mitigation efforts, insurance coverage strategies, and in completing claim documentation in the event of losses.

It should be noted that Willis has transferred its brokerage servicing for the City's account from its Chicago office to its Kansas City area office. Therefore, although the current brokerage agreement is with Willis of Illinois, Inc., the renewal brokerage agreement will be with Willis of Greater Kansas, Inc.

ALTERNATIVES:

1. Approve an extension of the property brokerage agreement with Willis of Greater Kansas, Inc. in the amount of \$45,000 for a one-year period beginning April 28, 2017.
2. Do not approve an extension of the property brokerage agreement and seek proposals from other companies.

MANAGER'S RECOMMENDED ACTION:

The City utilizes the services of a property insurance broker to provide access to the property insurance market and to provide assistance in managing the property insurance portfolio. Without these services, a great deal of the administration of the City's property insurance program would revert to City staff. Willis has provided excellent service in brokering the City's property insurance policies.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving an extension of the property brokerage agreement with Willis of Greater Kansas, Inc. in the amount of \$45,000 for a one-year period beginning April 28, 2017.