



**STAFF REPORT  
ACTION REQUIRED**

**Request for Proposal 9105-11-7026 - Group Personal Lines Insurance for Interested City Employees and Council Members**

<b>Date:</b>	May 12, 2011
<b>To:</b>	Government Management Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2011\Internal Services\Cf\Gm11016cf (AFS #13495)

**SUMMARY**

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The purpose of this report is to provide information on the results of a Request for Proposals (RFP) No. 9105-11-7026 for the provision of a Group Personal Lines Insurance Program to interested City Employees and Council Members and to request authority to enter into an agreement with the recommended proponent, The Personal Insurance Company (The Personal). The agreement will provide for revenues for the City.

**RECOMMENDATIONS**

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**The Deputy City Manager and Chief Financial Officer recommends that:**

1. City Council grant authority for the City to enter into an agreement with The Personal Insurance Company, being the highest ranked proponent, for the provision of personal lines insurance to interested City employees, Council Members and employees of the City's Agencies, Boards and Commissions, for a three year term, from the effective date of the agreement, with two individual optional annual renewals.

**Financial Impact**

There is no direct cost to the City associated with the award in this report.

The RFP included a request that proponents submit a financial plan for returning a portion of company profits arising from the underwriting of the City's group.

The financial plan includes a proposal by The Personal of a 3% fee on new business gross written premium and a 1% fee on renewal gross written premium, which will generate an estimated annual revenue of \$150,000 to the City. The estimate is based on the number of insurance policies currently in force with the Personal (The Personal provided the Group Personal Lines Insurance Program to the City from August 1, 2005 to March 30, 2011). Based on the growth of the program over the recommended 5-year agreement term, total revenue may reach \$1,000,000. The annual revenue will be booked in the Non-Program – Other Corporate Revenues account NP8060, cost element 8510.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

City Council on July 19, 20, 21 and 26, 2005 adopted Administration Committee Report No. 6, Clause 6, thereby approving the results of Request for Proposal 9105-05-7066 and authorized the City to enter into an agreement with The Personal as the provider of a personal lines insurance to employees and Council Members for a three year period, with two individual annual extensions which expired July 31, 2010. Following is a link to the report and decision document:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/adm6rpt/cl006.pdf>

On August 25, 26 and 27, 2010 City Council authorized the extension of the agreement with The Personal for a further eight month period, expiring on March 31, 2011, to allow sufficient time for staff to conduct a formal Request for Proposals and report the results to Council. Following is a link to the report and decision document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM33.28>

## **ISSUE BACKGROUND**

The Group Personal Lines Insurance Program provides interested City and Agencies' employees and Council Members with the opportunity to voluntarily obtain confidential quotations for many types of personal insurance policies, such as automobile, homeowners, condominium owners, tenant packages, seasonal residences, boats, etc. The program provides better rates and broader coverage than usually available to individuals in the marketplace.

There is no direct cost to the City to offer the program to its employees and Council Members. The City does provide administrative support to the program through qualifying and recommending the vendor as well as accommodating the vendor's communication strategies to raise awareness of the program's availability. In exchange for City Council authorizing the recommended proponent as the exclusive provider of the Group Personal Lines Insurance Program, revenues will be provided to the City.

## **COMMENTS**

### **Selection Process**

A Request for Proposal was issued by the Purchasing and Materials Management Division (PMMD), on March 18, 2011, for Group Personal Lines Insurance for Interested City Employees and Council Members. A total of three submissions (The Personal Insurance Company; Allstate and The Co-Operators Group Insurance) were received by PMMD. All three firms met the criteria of the RFP and their proposals were evaluated by a selection committee that was staffed by representatives from Insurance & Risk Management and Corporate Financial Strategies of Corporate Finance. The RFP included the selection criteria to be used for evaluation, as noted below:

#### **Stage 1: Mandatory Qualification**

The insurer must be licensed in the Province of Ontario.

#### **Stage 2: General Requirements**

- a. Proponent Company Profile
- b. Experience and Qualifications of the Proponent
- c. Proposed Staff Team and Resources
- d. Work Plan and Deliverables
- e. Financial Plan
- f. Cost of Services (Quotations)

Proponents were expected to demonstrate the capability to accommodate personal insurance needs of City and agency employees and Council Members, provide suitable communication strategies, offer a revenue option for the City and provide favourable insurance rates. The firms were required to meet a minimum threshold of 60% of 80 points available (48 out of 80 available points) for criteria (a) to (e), listed above in order to be evaluated for the Cost of Services (Quotations) (f). The Cost of Services component was awarded 20 points.

Three firms met the General Requirement 50% threshold and all and were evaluated based on (f) above, Cost of Services (Quotations).

The Personal received the highest overall score of the three proposals evaluated.

The Fair Wage office has reported that the recommended firm, The Personal, has indicated it reviewed and understands the fair wage Policy and Labour Trade requirement and has agreed to comply fully.

Proponent's scores, the financial comparison and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if so requested by the Committee.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
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