



## STAFF REPORT ACTION REQUIRED

### Request for Proposal No. 9105-16-7219 - Group Home and Auto Insurance for Interested City Employees and Council Members

<b>Date:</b>	October 27, 2016
<b>To:</b>	Government Management Committee
<b>From:</b>	Deputy City Manager & Chief Financial Officer Director, Purchasing and Materials Management
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2016\Internal Services\Cf\Gm16022Cf (AFS #22666)

### SUMMARY

---

The purpose of this report is to provide information on the results of a Request for Proposals (RFP) No. 9105-16-7219 for the provision of a Group Home and Auto Insurance program to interested City employees, Council Members and employees of City Programs and Agencies on a voluntary basis and requesting authority to enter into an agreement with the recommended proponent, The Personal Insurance Company (The Personal).

### RECOMMENDATIONS

---

**The Deputy City Manager & Chief Financial Officer and the Director, Purchasing and Materials Management recommend that:**

1. City Council grant authority to the Deputy City Manager & Chief Financial Officer to negotiate and enter into an agreement with The Personal being the highest ranked proponent, for the provision of a Group Home and Auto Insurance program to interested City employees, Council Members and employees of the City Programs and Agencies, for a three (3) year term, with the option to renew for two (2) additional separate one (1) year terms.

### Financial Impact

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

The RFP included a requirement that proponents propose a financial plan which provides a minimum guaranteed annual revenue for the term of the contract to offset the City's cost to administer and monitor the program.

The financial plan includes a proposal by The Personal. Table 1 shows the financial commitment and breakdown of revenues to the City by year. The annual revenue will be booked in the City's Insurance Non-Program account NP2530.

**Table 1 – Financial Plan**

<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4 (Option Year)</b>	<b>Year 5 (Option Year)</b>
\$335,000	\$350,000	\$365,000	\$380,000	\$395,000
Total for Year 1 and 2 and 3: \$1,050,000 (evaluated amount)				

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

## **DECISION HISTORY**

City Council on June 14, 2011 adopted Government Management Committee Report number GM4.7, thereby approving the results of a Request for Proposal 9105-11-7026. City Council authorized the City to enter into an agreement with The Personal as the provider of a Group Personal Lines Insurance program to interested City employees and Council Members for a three year period, with two individual annual extensions which expired on September 30, 2016. Following is a link to the report and decision document: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM4.7>

## **ISSUE BACKGROUND**

The Group Home and Auto Insurance Program provides employees of the City, Council Members, City Programs and Agencies, with the opportunity to voluntarily obtain confidential quotations for various types of personal insurance policies. Some examples of these policies are: homeowners, condominium owners, tenant packages, seasonal residences, automobiles, recreational vehicles, boats, etc. The group program provides lower rates and broader coverage than what is usually available to individuals in the marketplace. Individuals are always welcome to compare group insurance rates from alternative providers.

There is no direct cost to the City to offer this program. The City provides administrative support to the program through qualifying and recommending the vendor as well as reviewing and approving the vendor's communication strategies to raise awareness of the program's availability ensuring it is in compliance with the City's corporate policies. In exchange for City Council authorizing the recommended proponent as the exclusive

provider of the Group Home and Auto Insurance Program, revenues are provided to the City, in part, to offset its administrative expenses.

## **COMMENTS**

### **RFP Process and Results**

Request for Proposal (RFP) 9105-16-7219 was issued by the Purchasing and Materials Management Division (PMMD), on October 7, 2016, and was available for download in PDF format on the City's Internet website. In accordance with the RFP, the submissions were expected to include a detailed proposal and a separate sealed envelope with a financial plan.

When the RFP closed on October 21, 2016 three (3) submissions were received from the following firms:

1. Aon Risk Solutions
2. The Personal Insurance Company
3. Johnson Inc.

Out of the three (3) submissions received, only two (2) firms; Aon Risk Solutions and The Personal Insurance Company met the RFP mandatory submission compliance requirements. Their proposals were evaluated by an Evaluation Committee staffed by four (4) members comprised of representatives from the Corporate Finance Division and Insurance & Risk Management group.

The objective of the RFP process is for the City to enter into an agreement with an insurance company or broker that specializes in providing group insurance and demonstrates:

- best premium rates for the group;
- superior claims handling;
- excellent customer service; and
- financial capacity to underwrite the group.

The City's group home and auto insurance program is available to interested City employees and Council Members on a completely voluntary basis. Individuals are welcome to compare insurance quotations through the group provider that they might otherwise obtain through an insurance broker or another provider. However, there are many advantages group insurance offers:

- a guarantee that all interested City employees, Council Members and employees of the City's Agencies, Boards Commissions and Corporations will be accommodated;
- no charge for "on duty" accidents (i.e. an at fault accident while on duty operating a City vehicle will not blemish the employee's personal insurance record);

- retirees are included – employees that retire keep the insurance at a discounted rate;
- City can assess insurer's financial status and solvency to ensure consistency and sustainability for the duration of the agreement;
- premium discount is consistent among the entire group; and
- insurer can optimize discounts because they have exclusive access to the City's employee base.

Once compliance with the RFP mandatory submission requirements was confirmed, the RFP included the selection criteria to be used for evaluation, as noted below:

### **Stage 1: Mandatory Technical Requirement**

The Vendor must be licensed by The Financial Services Commission of Ontario (FSCO); and/or licensed by The Registered Insurance Brokers of Ontario (RIBO)

### **Stage 2: Technical Evaluation Criteria**

The RFP included the selection criteria as follows:

- a. Proponent Company Profile
- b. Experience and Qualifications of the Proponent
- c. Proposed Staff Team and Resources
- d. Work Plan and Deliverables
- e. Premium Quotations

### **Stage 3: Financial Plan**

Once the Vendor met the required thresholds in Stage 1 and 2 their Financial Plan envelope was opened and scored based on the revenues offered.

Proponents were expected to demonstrate the capability to accommodate personal insurance needs of City employees, Council Members and employees of City Programs and Agencies, provide suitable communication strategies, offer a financial plan and provide favourable insurance rates. The proponents were required to meet a minimum threshold of 70% (or 49 points of the 70 points available) for the technical evaluation criteria (a) to (e) listed above in order to be further evaluated for the financial plan. The technical evaluation component was worth 70 points and the financial plan component was worth 30 points. The proposals were scored out of 100 points and the award made to the overall highest scoring Proponent.

Only "The Personal Insurance Company" met or exceeded ("passed") the specified minimum evaluation thresholds noted above, and was the only remaining eligible Proponent.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

Proponent's scores, Financial Plan, and a staff analysis of the evaluation results can be provided by an in-camera presentation if requested by Committee members.

## **CONTACT**

Joe Farag, Executive Director, Corporate Finance; Tel: (416) 392-8108  
E-mail: [joe.farag@toronto.ca](mailto:joe.farag@toronto.ca)

Jeff Madeley, Director, Insurance & Risk Management, Corporate Finance  
Tel: (416) 392-6301; E-mail: [jeff.madeley@toronto.ca](mailto:jeff.madeley@toronto.ca)

Joanne Kehoe, Manager, Professional Services, Purchasing & Materials Management  
Tel: (416) 392-7323; E-mail: [joanne.kehoe@toronto.ca](mailto:joanne.kehoe@toronto.ca)

## **SIGNATURE**

---

Roberto Rossini  
Deputy City Manager & Chief  
Financial Officer

---

Michael Pacholok  
Director  
Purchasing & Materials Management