

Tender - Insurance Broking Services

File No: X018237

Tender No: 1874

Summary

This report provides details of the tenders received for an insurance broker to provide insurance advice, administration of claims above policy excesses and placement of Council's annual insurance policies for the period 31 March 2019 to 31 March 2025.

The City's insurance broking and risk services contract will expire on 31 March 2019. A major component of this contract is the placement of the City's insurance program. Other services include claims management for above excess insurance claims, as well as general insurance and risk management advice.

The City's insurance program is designed to coincide with the term of the contract and each of the City's insurance policies will expire on 31 March 2019. As part of the tender process, tenderers were required to build and propose an insurance program and the successful tenderer will be required to place the insurance cover upon appointment.

This report recommends that Council accept the tender offer of Tenderer A for Insurance Broking Services and placement of the City's insurances for the initial period 31 March 2019 to 31 March 2023, and ongoing provision of insurance broking and risk services for the period 31 March 2023 to 31 March 2025.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer A for insurance broking services which includes the placement of Council's insurance contracts for a period of four years, with the option of two 12 month extensions;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the option referred to in clause (A), on the best possible terms.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. An expression of interest process was undertaken in June 2018 to seek Australian based insurance brokers which had demonstrated experience and capability to service the City's needs and which could provide the City with access to both local and overseas insurance markets. From this process, two tenderers were selected to participate in a select tender process.
2. The City invited the two shortlisted tenderers to provide a detailed proposal for the supply of insurance broking services, including placement of Council's insurance portfolio every four years. The last insurance broking services tender was awarded for the period 31 March 2015 to 31 March 2019.
3. Section 382 of the Local Government Act 1993 requires Councils to obtain appropriate insurances against public liability and professional indemnity. This covers the City's liability to pay compensation for injury and financial loss due to negligence of the City.
4. As well as those required under section 382, the City also holds the following insurance types within its portfolio as part of its risk management strategy:
 - (a) Industrial Special Risks (Property) - covers loss or damage to the City's declared assets such as buildings, including loss of income;
 - (b) Councillors and Officers - covers the City's Councillors and City Officers for wrongs impacting on other parties;
 - (c) Motor Vehicle Fleet - covers damage to the City's vehicles and damage caused by City vehicles;
 - (d) Excess Workers Compensation - covers the City's liability to pay workers compensation claims in excess of \$600,000;
 - (e) Comprehensive Crime (Fidelity Guarantee) - covers theft of the City's assets;
 - (f) Contract Works - covers the City and our contractors for damage to works during construction and demolition;
 - (g) Personal Accident and Travel - covers employees for business-related travel in Australia and overseas;
 - (h) Community Engagement Public Liability - covers the legal liability of buskers, hirers of City facilities, entertainers and shared grant recipients; and
 - (i) Marine Transit - covers goods owned by the City in transit in Australia and overseas.

Invitation to Tender

5. The City issued the request for select tender to the two shortlisted tenderers on Tenderlink on Tuesday 30 October 2018, with a closing date for submissions of Thursday 10 January 2019.

Tender Submissions

6. Two submissions were received from the following organisations:
 - Aon Risk Services Australia Pty Limited; and
 - Jardine Lloyd Thompson Australia Pty Limited.
7. No late submissions were received.

Tender Evaluation

8. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
9. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
10. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) the long term security and the relevance and breadth of cover available with the proposed insurance program;
 - (b) demonstrated capacity to provide services across the markets and capability and resources to service the City and the insurance program;
 - (c) suitably skilled and qualified staff to provide timely and accurate risk and insurance advice;
 - (d) demonstrated ability to provide an innovative service, including placement options, advice to solve problems and any value adds;
 - (e) demonstrated ability to offer a cost effective and suitable motor vehicle claims management service;
 - (f) organisational structure; and
 - (g) the lump sum price.

Performance Measurement

11. The performance measures were specified in the request for tender as follows:
 - (a) demonstrated experience and technical ability to provide a suitable insurance program placement;
 - (b) quality insurance and risk management advice; and
 - (c) proven ability to provide a high level of responsiveness and claims management.

Financial Implications

12. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.

Relevant Legislation

13. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
14. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
15. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
16. Dollar amounts stated in this report are inclusive of GST.

Critical Dates / Time Frames

17. The insurance contracts in Council's portfolio expire on 31 March 2019. The City is required to issue instructions to a broker to place the insurance cover on all insurance policies by 30 March 2019 for the period 31 March 2019 to 31 March 2020.

Options

18. If Council determines to reject the recommendation, the City's current policies will expire at 4.00pm on 31 March 2019. Extensions of cover may be available, however this is dependent on claims and market conditions. If no extensions are available then Council would become uninsured.

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Director Legal and Governance

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