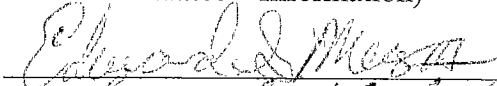
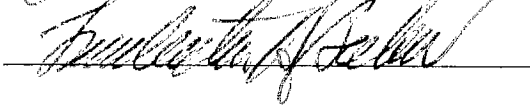




May 20, 1997

To: Board of Directors (Budget and Finance Committee---Information)

From: *for* General Manager 

Submitted by: Lambertus H. Becker
Chief Financial Officer 

Subject: Process Used in Request for Qualifications 240 - Insurance Brokerage and Risk Management Services

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

This report will detail the process by which the respondents to Request for Qualifications (RFQ) 240 for Insurance Brokerage and Risk Management Services were evaluated and the selection of brokers who were asked to respond to Request for Proposal (RFP) 254.

DETAILED REPORT

At the May 12, 1997 meeting of the Budget and Finance Committee, it was requested that staff provide information to the Committee about the entire process of selection for insurance brokerage and risk management services. Pursuant to the fiscal year 1996-97 workplan for the Office of the Chief Financial Officer, during the months of September and October of 1996, an RFQ to select an insurance broker and obtain risk management services was developed with the assistance of Metropolitan staff and an independent risk management consultant. In addition, staff in the risk management branch and the Business Outreach Office developed an RFQ mailing list of brokers, attached as Exhibit A. This list was prepared utilizing the Risk Management and Insurance Society (RIMS) Friends directory as well as inquiries from interested brokers. The independent risk management consultant reviewed and approved the mailing list.

A Broker Selection Evaluation Committee (BSEC) was formed to evaluate the responses to the RFQ, prequalify brokers to receive the Request for Proposal (RFP), evaluate the responses to the RFP, and make a final recommendation for selection of a broker to Metropolitan.

The committee consisted of an independent risk management consultant, the risk manager for the City of Los Angeles, Metropolitan's risk manager, and staff from the General Counsel's Department, the Office of Diversity, and the Environmental Compliance, Engineering, and Finance and Business Services divisions. Metropolitan's risk manager and the independent risk management consultant were non-voting members of the evaluation committee.

On November 7, 1996, the RFQ was mailed to 17 brokers and was advertised in the L.A. Daily Journal and Small Business Exchange Publications. The closing date for responses to the RFQ was December 3, 1996.

As of December 3, 1996, four brokers had responded to the RFQ: Marsh & McLennan, Inc.; Near North Insurance Brokerage, Inc.; Robert F. Driver Company, Inc.; and Sedgwick James of California, Inc. The BSEC committee met the following day to discuss the responses to the RFQ and expressed concern that the number of responses was low (4 out of 17 mailed). The non-responding brokers were contacted to determine whether they had received the RFQ and their reason for not responding. It was determined that some brokers had not received the RFQ. The BSEC agreed that the RFQ should be redistributed via Federal Express with an extended closing date of December 19, 1996. The Office of Diversity added a broker to the list for this mailing.

The closing date for the RFQ was later extended to December 30, 1996. On the closing date, two additional responses from Aon Risk Services (Los Angeles office) and Willis Corroon Corporation were received.

All responses to the RFQ were sent to the BSEC on January 2, 1997 for their evaluation. The BSEC met on January 8, 1997 to discuss their evaluations and determine the overall score for each respondent. The responses were scored on a scale of 1 (unsatisfactory) to 5 (outstanding) in the areas of marketing power, servicing strategy, and the availability of specialist resources.

The BSEC interviewed all six respondents on January 28 and 29, 1997. The interviews were also scored on a scale of 1 to 5 in the areas of overall marketing and servicing strategy.

The written responses to the RFQ and the interview scores were assessed with a predetermined weighting of 65-percent and 35-percent, respectively, and the two high scoring brokers (Marsh & McLennan, and Sedgwick James of California, Inc.) were selected to receive and respond to RFP 254.

Exhibit A

RFQ Broker Mailing List

November 7, 1996 - Sent by U.S. Mail

December 4, 1996 - Sent by Federal Express

	<u>Broker</u>	<u>Responsible Party</u>
1.	Akasaka, Ortiz & Varela Insurance Associates 333 City Boulevard, Suite 200 Orange, CA 92668	William J. Ortiz
2.	Alexander & Alexander 801 South Figueroa Street, Suite 700 Los Angeles, CA 90017	Richard Windebank
3.	Aon Risk Services (formerly Rollins Hudig Hall) ¹ P.O.Box 54670 Los Angeles, CA 90054-0670	George K. Morrison, Sr. Vice President (Los Angeles Office sent original to William Malone, Sr. Vice President, San Francisco in December)
4.	Arthur J. Gallagher & Company 21650 Oxnard Street, Suite 400 Woodland Hills, CA 91367	Andrew Josephson, Area President
5.	Becher & Carlson 21700 Oxnard Street, Suite 1800 Woodland Hills, CA 91367	Pam Brooskin
6.	Jardine Insurance Brokers 801 Figueroa Street, Suite 700 Los Angeles, CA 90024-3902	Dan Biles/Betsey Brewer
7.	Johnson & Higgins 2029 Century Park East, 24th Floor Los Angeles, CA 90067	Alex Glickman, Vice President
8.	LFC Insurance Brokers & Agents 113 North San Vicente Boulevard, Suite 301 Beverly Hills, CA 90211	Mary Anne Chalker, President
9.	Lockton Insurance Brokers, Inc. 655 South Hope Street, Suite 800 Los Angeles, CA 90017	M. Dan Andrain, President

¹ Based on a letter from Anon's Los Angeles Office dated October 29, 1997, the RFQ was NOT sent to Aon - San Francisco. It was sent to Aon Risk Services, Los Angeles, Ca 90054-0670

Exhibit A
(continued)

RFQ Broker Mailing List

	<u>Broker</u>	<u>Responsible Party</u>
10.	Marsh & McLennan, Inc. 777 South Figueroa Street, 21st Floor Los Angeles, CA 90017	David A. Thoke, CPCU, Managing Director
11.	Minet Financial Services 633 West Fifth Street, Suite 3700 Los Angeles, CA 90071	Tony Benedetto, Sr. Vice President
12.	Near North Insurance Brokerage 1840 Century Park East, Suite 1100 Los Angeles, CA 90067	Sue Rye, Vice President
13.	Poms & Associates 21051 Warner Center Lane, Suite 107 Woodland Hills, CA 91367	David Poms, President
14.	RFP Insurance Agency 5601 West Slauson Avenue, Suite 250 Culver City, CA 90230	Stephanie Patterson, President
15.	Robert Driver 4041 McArthur Boulevard, Suite 300 Newport Beach, CA 92660	Tom Corbett, CEO
16.	Sedgwick James of California 600 Montgomery Street, 5th Floor San Francisco, CA 94111	Dennis Mulqueeny
17.	Willis Corroon Corporation 801 North Brand Boulevard, Suite 400 Glendale, CA 91203	Michael Szot
18.	Dickerson Insurance Services ² 350 South Bixel Street, Suite 290 Los Angeles, CA 90017	Carl Dickerson

² This firm was added to the mailing list on November 4, 1996 based upon a telephone request for the RFQ.