

## City Commission Policy 216 - Insurance Procurement Policy

DEPARTMENT: Treasurer-Clerk

DATE ADOPTED: July 12, 1992

DATE OF LAST REVISION: February 24, 2010

**216.01 Authority:** This policy authorized and adopted by the Tallahassee City Commission on July 12, 1992 and becomes effective immediately upon such adoption.

**216.02 Purpose:** To establish a method to be used by the City of Tallahassee for the procurement of all commercial property and casualty insurance coverages. Such procurement is an integral part of the City's overall loss financing/funding process to protect its assets from unexpected negative loss.

**216.03 Scope and Applicability:** This policy, and all procedures implemented to accomplish its objective, shall be applicable to the procurement of all commercial property and casualty insurance coverages by the City of Tallahassee.

**216.04 Policy Statement:** It shall be the policy of the City of Tallahassee to procure commercial property and casualty insurance for all loss exposures not specifically financed within the self-insured Workers' Compensation and Liability Program. Loss exposures which are potentially catastrophic in nature, such as Property & Boiler Machinery and Airport Liability, as well as specific specialty coverages including Fidelity Bonds, Fire/Police Death Benefits and Excess Worker's' Compensation, are currently financed through commercial insurance.

### **216.05 Definitions:**

**Commercial Property and Casualty Insurance:** shall mean specific lines of commercial insurance such as Property & Boiler/Machinery insurance coverage that transfer the loss exposure to the commercial insurer for a premium and specific coverage period.

**Insurance Broker:** the firm or company which markets and places a particular insurance coverage.

**Insurance Company:** the company which actually underwrites and bears financial responsibility for a particular insurance coverage.

### **216.06 Procedures:**

The City of Tallahassee shall procure all commercial insurance coverages through the Request for Proposal (RFP) process. The Risk Management Division Office, at the direction of the City Treasurer-Clerk, shall be responsible for the development, release and evaluation of an RFP designed to elicit responses from the commercial insurance marketplace for coverage options and premium quotations. Quotations shall be sought for all loss exposure areas determined to be appropriately financed through the commercial insurance markets by the City's Risk Manager.

An RFP shall be developed and released to all interested commercial insurance agents, brokers and underwriters via the Procurement department's usual procedures.. Responses will be evaluated r by the Risk Management staff to determine the best coverage options and premium quotes to meet the City's insurance needs. This RFP process shall be directed through the City Treasurer-Clerk's Office.

A recommendation for the selection and award of coverages shall be agendaed by the Risk Management staff for City Commission consideration and approval .

In the event a specific coverage problem should arise (such as policy cancellation during the awarded policy period) prior to the next scheduled insurance RFP renewal period, an interim insurance carrier (the insurance company) shall be selected by the insurance broker (the City's insurance agent) who was awarded placement of the particular coverage. This replacement coverage shall be subject to the approval of the City's Risk Manager and the City Treasurer-Clerk.

All funds necessary to finance premium costs for all commercial insurance coverages are determined on an annual basis by the Risk Management Office for consideration and inclusion in each fiscal year budget. These funds are a part of the overall City insurance financing costs included in the internal service insurance fund.

**216.07 Administration:** The City Treasurer-Clerk, through the Risk Management Office, shall be responsible for the administration, update and revision of this policy. Any substantial changes, additions or deletions shall be approved by the City Commission.

**216.08 Effective Date:**

This policy shall become effective immediately after City Commission approval on February 24, 2010.

**Revisions:**

July 2, 1997

February 24, 2010