

**Attached is Additional Information for
Agenda Item #9**

Authorization to Award Insurance Renewals for FY 10/11

Meeting of Tuesday, September 21, 2010

This document distributed September 20, 2010



Board of County Commissioners
Leon County, Florida
www.leoncountyfl.gov

Agenda Item
Executive Summary

September 21, 2010

Title:

Authorization to Award Insurance Renewals for FY 10/11 – Additional Information

Staff:

Parwez Alam, County Administrator *PA*
Alan Rosenzweig, Assistant County Administrator *AR*
Scott Ross, Director, Office of Management and Budget
Karen Harrell, Risk Manager

Leon County received the attached e-mail from the Florida League of Cities (Florida Municipal Trust) withdrawing their quote for property insurance for next year (Attachment #1).

Staff has been in discussions with representatives from the Florida League of Cities (Mike Sittig, Jeanie Garner and Tom Connelly). In addition, staff has had conversations with Sanjay Godhwani from Lexington the reinsurer for both Brown and Brown and the Florida League of Cities (Attachment #2).

At the request of Brown and Brown, additional e-mail correspondence is attached (Attachment #3).

Staff will be prepared to discuss these matters with the Board during the meeting.

Attachments:

1. E-mail from Florida League of Cities
2. E-mail to Sanjay Godhwani, Lexington
3. E-mails related to Brown and Brown

From: Tom Conley <TConley@flicities.com>
To: "alamp@leoncountyfl.gov" <alamp@leoncountyfl.gov>
Date: 9/20/2010 9:53 AM
Subject: FW: FMIT property insurance proposal to Leon County

Attachment # 2
Page 3 of 9

Mr. Rosenzweig,

This is to inform you that Florida Municipal Insurance Trust must withdraw from consideration its quote for property insurance for Leon County for the 2010/2011 policy year.

Tom Conley

Florida League of Cities

(850) 342-1737

Alan Rosenzweig - Leon County Insurance

From: Alan Rosenzweig
To: sanjay.godhwani@chartisinsurance.com
Date: 9/21/2010 9:59 AM
Subject: Leon County Insurance
CC: Alam, Parwez
Attachments: img-9210838-0001.pdf

Mr. Gudhwani,

This e-mail is intended to memorialize the content of our conversations yesterday afternoon between Mr. Alam, you and myself (September 20, 2010).

The Florida League of Cities (Florida Municipal Trust, FMIT) requested you contact us to discuss the property insurance for Leon County for next fiscal year (beginning Oct. 1, 2010). We asked why FMIT (the Florida League of Cities) was unable to provide a quote to Leon County. You explained that Lexington had told both entities (Brown and Brown and FMIT) that if they were competing on an account, only the Broker of Record would be able to provide a quote. You went on to state that FMIT (the Florida League of Cities) had been made aware of this rule and they did not follow it and therefore Lexington would not be able to honor FMIT's (the Florida League of Cities) quote.

We asked that during last year's process the same situation had occurred; however, at that time FMIT (the Florida League of Cities) was the provider of property insurance to the County. Brown and Brown and FMIT (the Florida League of Cities) both provided quotes, however, your firm honored both quotes without a broker of record letter from the County. Brown and Brown was awarded the property insurance without a broker of record letter at the time of the quote. FMIT (the Florida League of Cities) was the broker of record at this time.

We clearly stated that our agenda item (attached to this e-mail) had been published and for a number of reasons unrelated to the actual quote, we were recommending to our Board that the County award the property insurance to FMIT. You stated that you could not support that quote.

Understanding the rules laid out by your firm, we then suggested that we would recommend to our Board to reject all the quotes thus putting the process back into proper form. We would then recommend that the Board authorize us to directly negotiate with FMIT (the Florida League of Cities), assign them as the broker of record and thereby negating any perceived issues raised by your firm. As the FMIT (the Florida League of Cities) quote was higher than Brown and Brown there was not any attempt on our behalf to manipulate the outcome as it relates to price. However, you reiterated that Lexington would not honor this effort and would not allow FMIT (the Florida League of Cities) to provide Leon County's property insurance.

We understand that your rule related to broker of record agreements only applies to accounts with property values in excess of \$200 million. One option suggested was to reduce our total value below \$200 million and thereby again coming into compliance with the rules established. Again, we were told that Lexington would still not honor FMIT (the Florida League of Cities) writing Leon County's property insurance.

We made it clear that Lexington was dictating which provider would be writing Leon County's insurance next year by Lexington blocking FMIT (the Florida League of Cities) from participating even if all of Lexington's rules were followed.

We find it unfortunate that as a staff we are unable to provide a recommendation that is in the best interest of the County to our Board as the result of Lexington's influence of the process.

Alan

Attachment # 2
Page 5 of 9

Alan Rosenzweig
Assistant County Administrator
Leon County Florida
301 S. Monroe St.
Tallahassee, FL 32301
OFFICE: (850) 606-5100
FAX: (850) 606-5101
rosenzweiga@leoncountyfl.gov

From: "Steve Farmer" <SFarmer@BBDAYTONA.com>
To: "Alan Rosenzweig" <RosenzweigA@leoncountyfl.gov>, "Karen Harrell" <HARRE...
CC: <alamp@leoncountyfl.gov>
Date: 9/17/2010 2:36 PM
Subject: 9/21 Agenda Item
Attachments: Document (6).pdf

Attachment # 2
Page 6 of 9

Alan and Karen,

I hope all is well. I was reviewing the Insurance Renewal agenda item for Tuesday, 9/21 and didn't see the attached e-mail correspondence included. Attachments 6 and 7 contained all of the letter and e-mail exchanges between Brown & Brown and Leon County but the attached document appears to be missing. I just wanted to make you aware of the situation. Thanks for your consideration and please let me know if you have any questions.

Steve Farmer
Vice President
Brown & Brown of Florida, Inc.
Direct line: 386-239-7233
Fax line: 386-239-5705
sfarmer@bbdaytona.com

Steve Farmer

From: Alan Rosenzweig [RosenzweigA@leoncountyfl.gov]
Sent: Friday, September 03, 2010 4:14 PM
To: Steve Farmer; Karen Harrell
Cc: Tony Grippa
Subject: Re: FW: property insurance: URGENT

Steve,

I appreciate Brown and Browns continued interest in wanting to provide Leon County the best product at the best price. In response to your request, we are extending the deadline until 10:00 AM on Tuesday Sept. 7th. The County agenda items are copied and distributed on Tuesday and this will allow us the time to meet our deadlines. In response to your questions, I have responded to them below in bold.

I look forward to your response.

Sincerely,
Alan

Alan Rosenzweig
Assistant County Administrator
Leon County Florida
301 S. Monroe St.
Tallahassee, FL 32301
OFFICE: (850) 606-5100
FAX: (850) 606-5101
rosenzweiga@leoncountyfl.gov

>>> "Steve Farmer" <SFarmer@BBDAYTONA.com> 9/3/2010 1:57 PM >>>
Alan and Karen,

I just wanted to follow up on my e-mail below. The deadline is fast approaching for us and I haven't received a response on my questions below. In light of this, has the deadline for our response been extended until Tuesday, September 7th?

Thanks and I await your reply.

Steve Farmer
Vice President
Brown & Brown of Florida, Inc.
Direct line: 386-239-7233
Fax line: 386-239-5705
sfarmer@bbdaytona.com

-----Original Message-----

From: Steve Farmer
Sent: Friday, September 03, 2010 11:31 AM

9/17/2010

To: 'Karen Harrell'; 'Alan Rosenzweig'
Cc: Tony Grippa
Subject: RE: property insurance

Alan and Karen,

I have reviewed the e-mail correspondence you provided from FMIT related to their revised property quote and "return of premium" program. It is clear that this offer came after the sealed bid deadline of 2:00pm on July 22, 2010 as the e-mail is dated 8/30/2010. This premium offer of \$634,000 and the "return of premium" program were not part of the original FMIT response delivered to the County in response to the bid letter dated 6/2/2010.

On Wednesday, September 1st we were asked by County staff to "make a proposal that would match or exceed the FMIT program in terms of rebate" and were given a deadline of 5:00pm on Friday, September 3rd. I am confident that PGIT (Leon County's current property insurance carrier) can offer a competitive response but I am still unclear as to what we are trying to match. The e-mail from FMIT raises several questions about their "return of premium" program. I want to make sure we respond accordingly and meet the deadline but I still require answers to the following questions:

1. Is the "return of premium" guaranteed to be paid by FMIT? **No**
2. Is Leon County required to buy property insurance from FMIT for two
(2) consecutive policy periods and then renew for a third policy period
to be eligible for the "return of premium"? **Yes**
3. Is FMIT providing a multi year rate guarantee or will they underwrite
each year and adjust the premium level as they see fit? **There is no rate guarantee.**
4. How does the FMIT Board determine if the "return of premium" will be
paid? **My understanding is it is based on hurricane activity and the amount of claims paid.**
5. A specific figure of \$228,000 is referenced as an amount that would
have been paid to Leon County. How was that figure calculated? **This was based on the County's premium as a percentage of total premium paid times \$10,000,000.**

This information will give PGIT the ability to respond accordingly and deliver a proposal that will match or exceed the FMIT offering as the County has requested. I look forward to your response today so that we can respond and meet the deadline of 5:00pm this afternoon.

Thanks,

Steve Farmer
Sr. Vice President
Brown & Brown of Florida, Inc.
Direct line: 386-239-7233
Fax line: 386-239-5705
sfarmer@bbdaytona.com

9/17/2010

-----Original Message-----

From: Karen Harrell [mailto:HARRELLK@leoncountyfl.gov]

Sent: Thursday, September 02, 2010 3:11 PM

To: Steve Farmer

Subject: Fwd: property insurance

Steve:

In response to your request, please see the attached information provided to Leon County from FMIT. Thanks.

Karen Harrell, Risk Manager
Leon County Board of County Commissioners
850-606-5120
850-606-5103 (Fax)
harrellk@leoncountyfl.gov

9/17/2010