

REQUEST FOR LEGISLATIVE ACTION

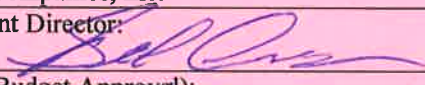
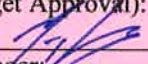

Completed by County Counselor's Office:

Res/~~Ord~~ No.: 20071

Sponsor(s): Dan Tarwater III

Date: December 10, 2018

SUBJECT	<p>Action Requested <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance</p> <p>Project/Title: <u>Awarding a one year term and supply contract with four one year options to extend for the furnishing of Broker Services for Excess Workers' Compensation and Excess Liability Insurance for use by the Human Resources Department to Lockton Companies, Inc. of Kansas City, MO under the terms and conditions of Request for Proposal 62-18.</u></p>																																
<p>BUDGET INFORMATION</p> <p><i>To be completed By Requesting Department and Finance</i></p>	<table border="1"> <tr> <td>Amount authorized by this legislation this fiscal year:</td><td></td></tr> <tr> <td>Amount previously authorized this fiscal year:</td><td></td></tr> <tr> <td>Total amount authorized after this legislative action:</td><td></td></tr> <tr> <td>Amount budgeted for this item * (including transfers):</td><td></td></tr> <tr> <td>Source of funding (name of fund) and account code number:</td><td></td></tr> </table> <p>* If account includes additional funds for other expenses, total budgeted in the account is: \$</p> <p>OTHER FINANCIAL INFORMATION:</p> <p><input type="checkbox"/> No budget impact (no fiscal note required) <input checked="" type="checkbox"/> Term and Supply Contract (funds approved in the annual budget); estimated value and use of contract: Department: Human Resources Estimated Use: \$45,000.00</p> <p>Prior Year Budget (if applicable): Prior Year Actual Amount Spent (if applicable):</p>	Amount authorized by this legislation this fiscal year:		Amount previously authorized this fiscal year:		Total amount authorized after this legislative action:		Amount budgeted for this item * (including transfers):		Source of funding (name of fund) and account code number:																							
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PRIOR LEGISLATION	<p>Prior ordinances and (date): Prior resolutions and (date):</p>																																
CONTACT INFORMATION	<p>RLA drafted by (name, title, & phone): Katie Bartle, Senior Buyer, 816-881-3465</p>																																
REQUEST SUMMARY	<p>The Human Resources Department requires a contract for Broker Services for Workers' Compensation and Excess Liability Insurance due to the current contract expiring. The Purchasing Department issued Request for Proposal 62-18 in response to those requirements.</p> <p>Thirty-six notifications were distributed, and three responses were received. The responses were evaluated by a committee of Jackson County personnel as follows:</p> <table border="1"> <thead> <tr> <th>No.</th><th>Respondent</th><th>Responsiveness to RFP (10 pts)</th><th>Ability to Perform Services (30 pts)</th><th>Staff Assigned to Contract (20 pts)</th><th>Qualifications (20 pts)</th><th>Pricing (20 pts)</th><th>Total (100 pts)</th></tr> </thead> <tbody> <tr> <td>1.0</td><td>Lockton Kansas City, MO</td><td>8</td><td>25.6</td><td>19.2</td><td>18.0</td><td>18.4</td><td>89.2</td></tr> <tr> <td>2.0</td><td>CIS Overland Park, KS</td><td>10</td><td>26.4</td><td>16.4</td><td>18.4</td><td>17.2</td><td>88.4</td></tr> <tr> <td>3.0</td><td>IMA Overland Park, KS</td><td>1</td><td>14.2</td><td>11.0</td><td>12.6</td><td>10.0</td><td>48.8</td></tr> </tbody> </table>	No.	Respondent	Responsiveness to RFP (10 pts)	Ability to Perform Services (30 pts)	Staff Assigned to Contract (20 pts)	Qualifications (20 pts)	Pricing (20 pts)	Total (100 pts)	1.0	Lockton Kansas City, MO	8	25.6	19.2	18.0	18.4	89.2	2.0	CIS Overland Park, KS	10	26.4	16.4	18.4	17.2	88.4	3.0	IMA Overland Park, KS	1	14.2	11.0	12.6	10.0	48.8
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	<p>Pursuant to Section 1054.6 of the Jackson County Code, the Director of Finance and Purchasing recommends the award of Workers' Compensation and Excess Liability Insurance to Lockton Companies, Inc of Kansas City, MO as the best proposal received.</p> <p>The award is made on an as needed basis and does not obligate Jackson County to pay any specific amount. The availability of funds for specific purchases is subject to annual appropriations.</p>	
CLEARANCE	<input checked="" type="checkbox"/> Tax Clearance Completed (Purchasing & Department) <input checked="" type="checkbox"/> Business License Verified (Purchasing & Department) <input checked="" type="checkbox"/> Chapter 6 Compliance - Affirmative Action/Prevailing Wage (County Auditor's Office)	
COMPLIANCE	<input type="checkbox"/> MBE Goals <input type="checkbox"/> WBE Goals No Goals Assigned <input type="checkbox"/> VBE Goals	
ATTACHMENTS	<p>Recommendation Memo from Using Department, Evaluation Forms, Pertinent pages of the proposal from Lockton Companies, Inc.</p>	
REVIEW	Department Director: 	Date: 11-29-18
	Finance (Budget Approval): If applicable 	Date: 11/29/18
	Division Manager: 	Date:
	County Counselor's Office:	Date:

Fiscal Information (to be verified by Budget Office in Finance Department)

- ☐ This expenditure was included in the annual budget.
- ☐ Funds for this were encumbered from the _____ Fund in ____.
- ☐ There is a balance otherwise unencumbered to the credit of the appropriation to which the expenditure is chargeable and there is a cash balance otherwise unencumbered in the treasury to the credit of the fund from which payment is to be made each sufficient to provide for the obligation herein authorized.
- ☐ Funds sufficient for this expenditure will be/were appropriated by Ordinance #
- ☐ Funds sufficient for this appropriation are available from the source indicated below.

Account Number:	Account Title:	Amount Not to Exceed:

- ☒ This award is made on a need basis and does not obligate Jackson County to pay any specific amount. The availability of funds for specific purchases will, of necessity, be determined as each using agency places its order.
- ☐ This legislative action does not impact the County financially and does not require Finance/Budget approval.



JACKSON COUNTY
Human Resources Department

415 East 12th Street, First Floor
Kansas City, Missouri 64106
www.jacksongov.org

(816) 881-3135
Fax: (816) 881-3474

Date: November 29, 2018

To: Katie Bartle
Purchasing Department

From: Dennis Dumovich, Director of Human Resources
Bob Crutsinger, Finance Director

A handwritten signature in dark ink, appearing to read "DD", is written over the name "Dennis Dumovich".

Subject: Excess Workers Compensation RFP 62-18

It is the recommendation of the Excess Workers Compensation review committee to award the bid for RFP 62-18 to Lockton Companies. Three proposals were received, and Lockton was selected by the committee as the best proposal.

Please let us know if you have any questions.

RFP 62-18 Evaluation Scoring - Broker for Worker's Compensation and Excess Liability

	<u>Lockton</u>	<u>CIS</u>	<u>IMA</u>	<u> </u>
Responsiveness To RFP (10 Max.)				
Brandon	8.00	10.00	1.00	☐
Dennis	8.00	10.00	1.00	☐
Michelle	8.00	10.00	1.00	☐
Sarah	8.00	10.00	1.00	☐
Bob	8.00	10.00	1.00	☐
Average	8.00	10.00	1.00	☐
Ability to Provide Services (30 Max.)				
Brandon	23.00	23.00	21.00	☐
Dennis	22.00	27.00	15.00	☐
Michelle	25.00	28.00	15.00	☐
Sarah	30.00	30.00	10.00	☐
Bob	28.00	24.00	10.00	☐
Average	25.60	26.40	14.20	☐
Staff to be Assigned to Contract (20 Max.)				
Brandon	18.00	17.00	10.00	☐
Dennis	18.00	16.00	10.00	☐
Michelle	20.00	19.00	10.00	☐
Sarah	20.00	15.00	15.00	☐
Bob	20.00	15.00	10.00	☐
Average	19.20	16.40	11.00	☐
Qualifications (20 Max.)				
Brandon	17.00	18.00	12.00	☐
Dennis	18.00	18.00	15.00	☐
Michelle	15.00	18.00	10.00	☐
Sarah	20.00	20.00	15.00	☐
Bob	20.00	18.00	11.00	☐
Average	18.00	18.40	12.60	☐
Pricing (20 Max.)				
Brandon	17.00	18.00		☐
Dennis	18.00	19.00	10.00	☐
Michelle	18.00	19.00		☐
Sarah	20.00	15.00	10.00	☐
Bob	19.00	15.00	10.00	☐
Average	18.40	17.20	10.00	☐
	<u>89.20</u>	<u>88.40</u>	<u>48.80</u>	<u> </u>



October 16, 2018

Jackson County Purchasing Department
Jackson County Courthouse
415 East 12th Street Room G-1
Kansas City, MO 64106

RE: Request for Proposal No. 62-18

4.6.1 Pricing

4.6.1.1 Broker Commission, with explanation as necessary

We propose commission at a standard rate of 10% of premium charged.

4.6.1.2 Submit a schedule of administrative fees

No other fees apply.

4.6.1.3 Submit fees for any additional items offered in the Proposal Package.

We anticipate 50 hours of risk control (safety) support.

Q: 4.5.3.1 Provide a brief description and history of the agency/firm (national, regional or local; size and ownership structure; corporate philosophies)

Firm background

1. Name of firm
2. Contact name & title
3. Address
4. Contact's e-mail address
5. Work phone number
6. Work fax number
7. Website address
8. Hours of operations

**Kansas City Series of
Lockton Companies, LLC**

ADDRESS:

444 West 47th Street, Suite 900
Kansas City, MO 64112

CONTACT: Jim Collins, Senior Vice President,
Enterprise Team Leader

EMAIL: jcollins@lockton.com

WORK PHONE: 816.960.9970

WORK FAX: 816.783.9970

WEBSITE ADDRESS: lockton.com

HOURS OF OPERATIONS: 8 a.m.-5 p.m.

Firm structure and experience

1. Brief history of the firm
2. Number of employees (locally, national, & international)
3. Employee turnover percentage for last five (5) calendar years
4. Number of years in existence

Lockton Companies was founded in 1966 by Jack Lockton (1942-2004) in Kansas City, Missouri. Jack's entrepreneurial spirit attracted clients and talented insurance professionals, transforming Lockton into one of the world's largest privately owned, independent insurance brokerage firms. David Lockton, Jack's brother, is our chairman today. And after more than 50 years, one thing never changes: We are driven to help make our clients' businesses better. As one of the largest single-location brokerage offices in the United States, we offer Jackson County an ability to provide a wide array of risk management and risk finance services all under one roof.

Lockton recruits and retains highly talented, motivated people and then arms them with the tools and resources to serve your business. This philosophy has made us the industry leader in client loyalty: 96 percent annually. For two years in a row, 2016 and 2017, J.D. Power has ranked Lockton highest in client satisfaction in its Large Commercial Insurance Study. Our clients enthusiastically refer us to new opportunities, fueling our success. We consider that the highest compliment.

TOTAL EMPLOYEES BREAKDOWN

Kansas City Series + Mylo and Affinity = 1,148
Kansas City Series only = 820+
US = 4,030+
Worldwide = 7,000+

OUR US ASSOCIATE TURNOVER RATE

2018: 14.77 percent
2017: 14.88 percent
2016: 14.59 percent
2015: 14.00 percent
2014: 13.10 percent
2013: 13.50 percent

Local and overall organizational structure

Jackson County's team at Lockton

The County can turn to Lockton for a full array of global risk management and insurance brokerage services. Our teams are organized around your needs.

Our offices are organized into "units" basis. This design builds a core team of Lockton Associates that, in your case, is led by Jim Collins. Using a client-centric model, our services and resources revolve around your day-to-day service and marketing team.

Your team includes some of the industry's most talented professionals. The key to Lockton's growth and success has been attracting some of the industry's top talent. They have joined Lockton because they can focus on what they do best: solve problems for clients.



Service fundamentals • Client advocacy
Global services • Risk practices • Risk control services

Q: 4.5.3.2 Please describe your agency's format quality systems.

We are organized by "units" at Lockton, usually five to ten individuals with specialty knowledge in a certain industry vertical, such as healthcare, energy, construction and public entity to name a few. We have over 50 units in Kansas City - including five that touch public entities.

The unit that services your day to day needs also markets your business.

We matrix in specialty resources such as risk control, claims, risk finance and actuarial services.

Q: 4.5.3.3 Please describe your Agency's approach to risk management.

We believe the County deserves a partner that can provide resources to aid your efforts in improving safety, returning the injured worker to the workplace after receipt of optimal care, assist with training and safety assessment and procure the excess insurance optimally.

In addition, we will assist with:

- Claims reviews with TPA.
- Exposure Identification.
- Frequency/Severity loss assessments.
- Loss mitigation strategies.
- High Hazard Claim Assistance.

Q: 4.5.4.1 Respondent's experience performing insurance placements and offering cost-effective coverage for governmental agencies.

Our Kansas City office is approximately three times the size of our closest competitors in the State of Missouri. In Kansas City, we believe our market share is close to ten times the size of our closest competitor.

More than 50 Associates work with our public entity clients. No other broker has the depth, breadth, and availability of specialty resources that can be accessed locally (Kansas City).

We handle over 75 public entity clients in our Kansas City office.

We handle more qualified self-insureds in Missouri than any other broker, to our knowledge



Q: 4.5.4.2 Programs and actions taken to ensure adequate continuing professional education of staff and commitment to professional standards.

Training opportunities

Lockton has an abundance of training opportunities available to the County. These outsourced training and education services are aimed to enhance the technical knowledge, skills and credentials of the County's safety managers and employees.

All training seminars and educational services are included as part of our brokerage fees, **We do not have separate profit centers and do not follow a fee-for-service model. Our services are all-inclusive and come with being a Lockton client.** Below is a list of our 2018 training and education series.

Risk Control Services Training Institute

- Risk Control Services.
- Conflict Management (1/2 day) — Oct. 4.
- Improving Culture and Morale Workshop — June 6.
- SUPERvisor Training — March 27.
- Workplace Violence/Intruder Response — June 26.

Loss Control

- Construction Safety Boot Camp — June 13.
- DOT Compliance Training and Fleet Safety Program Basics — Jan. 25.
- Fall Protection — Feb. 14 and 15 and Sept. 19 and 20.
- Fleet Safety: Strategies for Improved Risk Management — Feb. 13.
- Electrical Worker — Qualified Versus Nonqualified, Know the Difference and Learn How to Qualify Your Electrical Workers — Oct. 9.
- OSHA 10-Hour Construction Outreach Safety Course — March 6 and 7 and Nov. 14 and 15.
- OSHA 10-Hour General Industry Course — Nov. 6 and 7.
- Property Loss Control Training (2 days) — Feb. 6 and 7.
- Safety and Risk 101: How to Think Like a Safety Manager — Jan. 24.

Claims

- Advanced Issues in Workers' Compensation — Sept. 26.
- Learning to Think Like a Claim Manager: SIR/Deductible Clients — April 12 and Oct. 25.
- Property Claims Seminar: The Life of a Property Claim — March 13.
- Understanding Liability Claims — April 24.

Claims Cost Control

- Injury Counselor Training — April 17-19 and Sept. 11-13.
- Postinjury Management Seminar — May 15 and Oct. 24.

Client-specific customized training (as requested)

- Brainstorming Roundtables.
- Internal Training Consultation.
- Public Speaking Coaching.
- Team Building and Efficiency Workshop.
- Theory 2 Practice Workshop.

OHSA

- While not a subject for all valuable financing and often the benchmark

ISO 31000 for public entity risk management suggests the following core principles that we endorse and subscribe to: (We submit this as the “gold standard” professional standard to subscribe to.

A RISK MANAGEMENT PLAN SHOULD:

1. Create and protect value.
2. Be an integral part of all organizational processes.
3. Be a part of decision-making.
4. Explicitly address uncertainty.
5. Be systematically structured and timely.
6. Be based on the best available information.
7. Be aligned with the organization’s external and internal context and risk profile.
8. Take human and cultural factors into account.
9. Be transparent and inclusive.
10. Be dynamic, iterative and responsive to change.
11. Facilitate continual improvement of the organization.



Q: 4.5.4.3 The results of recent external quality control reviews, if any.

Lockton received the coveted JD Power award at RIMS 2018, for the second straight year.

The study measures customer satisfaction among large insurance professionals.

It measures satisfaction in nine categories: quality of advice and guidance provided, reasonableness of fees, ease of renewal process, effectiveness of risk control services, variety of programs offered, effectiveness of program review, price for services rendered, billing process, claims process.

Internally, our Associates voted us a "Best Place to Work in Insurance" for the tenth year in a row.

We covet both recognitions.

Q: 4.5.4.4 Any additional information that may distinguish your agency from other agencies responding to this RFP?

Our public entity team is active in PRIMA and the Missouri self-insured association. We are frequent speakers at both forums. To our knowledge, we are the only broker to have received a vendor service award for excellence from Missouri PRIMA.

We believe our business model, which is unlike that of any other large broker, is crucial to retaining and attracting new clients. We aim to deliver uncommon results in a very common business. Our success is measured in our client retention rate of 96% - reflecting our expertise and approach to service.

Q: 4.5.6.1 Describe in detail the brokerage services that would be provided to the County, taking into account the requested services.

Review the program, design alternative options, get alternative quotes from various insurance carriers, provide loss control, provide claim services, provide data analytics, review loss runs, and monitor larger claims. More detail is provided in the following sections.

Q: 4.5.6.1.1 Do you provide claims administration services? If so, how would you keep the County informed of the claims settlement process?

No, Lockton does not provide claims administration services, however, we will work with you to determine the best fit for a TPA based on service and cost.

Our on site claims staff will assist you in your selection of TPA.

Q: 4.5.6.1.2 How often will you review claims and reserves?

Quarterly or as the County deems appropriate.

Q: 4.5.6.1.3 Describe your safety and loss prevention risk control services.

We see our role as helping you evaluate your safety program and improve given resources available. We serve as a consultant to support your program.

LOSS CONTROL SERVICES



What we do

- Safety and risk management program improvement.
- OSHA consultation while not subject to.
- Safety, health, security and environmental audits.

Benefits to you

- Lockton's team of engineers and safety specialists know exactly where in your workplace to look for hazards and other potential risks.



What we do

- Organizational efficiency and behavioral-modification consulting.
- Supervisor safety training.
- Process safety management.

Benefits to you

- Awareness is critical to ensuring workplace safety. Our loss control team understands the best approaches to influence the employees who impact the safety process.



What we do

- Industry-specific best practices development and implementation process.

Benefits to you

- Count on our loss control team to share with you our examples of making facilities around the world some of the safest places to work.



What we do

- Local, state and federal regulatory compliance.

Benefits to you

- Depend on Lockton's decades of industry experience to ensure your safety programs are compliant.

Q: 4.5.6.1.4 Describe how you would stay informed about the County's loss exposure.

We would handle in the same fashion as we do with your property insurance. We rely on you to inform us and try to stay dialed in to the news and legislature actions.

Frankly, this is a challenge for all of our public-sector clients, given the nature of your business dynamics.

Q: 4.5.6.1.5 Describe how you would assist in identifying potential exposures to accidental loss.

We try to keep abreast of your exposures by staying close to you. We also look for emerging issues among our other public/private clients and share trends with you.

ISO 31000 for public entity risk management suggests the following core principles that we endorse and subscribe to: (We submit this as the "gold standard" professional standard to subscribe to.

A RISK MANAGEMENT PLAN SHOULD:

1. Create and protect value.
2. Be an integral part of all organizational processes.
3. Be a part of decision-making.
4. Explicitly address uncertainty.
5. Be systematically structured and timely.
6. Be based on the best available information.
7. Be aligned with the organization's external and internal context and risk profile.
8. Take human and cultural factors into account.
9. Be transparent and inclusive.
10. Be dynamic, iterative and responsive to change.
11. Facilitate continual improvement of the organization.

Q: 4.5.6.1.6 Describe any additional risk management services your agency/firm can provide.

We have a dynamic, interactive claims tool to show each department a deep dive on their claims and loss experience.

It was just rolled out the past few months and the City of Independence has participated and found it extremely useful.

We also have actuaries on staff to assist in analytics to help you make a more informed decision on your retention and risk financing methodology.

Q: 4.5.6.1.7 Describe brokerage services that are not included in the package of services described in the response or that are not provided by the broker, particularly if such services are requested by the county or are only available upon additional compensation.

Lockton does not have profit centers. All of our resources are available, with no hourly charge, to make you successful in managing risk. We hope this is your experience with our service as your property broker. Our compensation does hope that we are profitable, but we take a long view and try to provide resources that help our clients be successful in managing risk – we don't have an hour clock.

For instance, our fee does not include a full time safety professional, but we foresee a good (reasonable) amount of support in this area.