

**CITY OF NAPLES  
PURCHASING DIVISION  
CITY HALL, 735 8<sup>TH</sup> STREET SOUTH  
NAPLES, FLORIDA 34102  
PH: 239-213-7100 FX: 239-213-7105**

**ADDENDUM NUMBER 1**

NOTIFICATION DATE:	BID TITLE:	BID NUMBER:	BID OPENING DATE & TIME:
04/04/13	Property and Casualty Insurance Brokerage Services	026-13	04/15/13 2:00PM

**THE FOLLOWING INFORMATION IS HEREBY INCORPORATED INTO,  
AND MADE AN OFFICIAL PART OF THE ABOVE REFERENCED BID.**

Below are questions received for clarification of the bid document. Please note, questions regarding this proposer packet must be received in writing in the Purchasing Division, **NO LATER THAN TEN CALENDAR DAYS PRIOR (April 4<sup>th</sup>) TO THE PROPOSAL CLOSING DATE (April 15<sup>th</sup>) TO ENSURE AN ANSWER IS PROVIDED PRIOR TO CLOSING.**

1) What is the reason for the RFP? i.e. due diligence; service issues with current broker, etc.?

**Answer: The reason for the RFP is due diligence and expiration of current contract.**

2) How long has the current brokerage firm provided services to the City?

**Answer: The current brokerage firm has been providing brokerage services to the City since October 1, 2003.**

3) What is the Physical location of the current broker?

**Answer: The current broker is located at 220 S. Ridgewood Avenue, Daytona Beach, FL.**

4) What Wholesale broker does the current retail broker utilize?

**Answer: The wholesale insurance brokerage utilized in the placement of property insurance was Peachtree Special Risk Brokers. The wholesale insurance brokerage utilized in the placement of professional liability coverage was Apex Insurance Services.**

5) What Commission rate is currently charge by the Wholesaler?

**Answer: The Commission rate varies.**

6) What is the current fee or commission rate the City is paying for brokerage services?

**Answer: The City is currently paying a flat annual fee, in lieu of commission, of \$65,000.**

7) What is the estimated number of Broker/Client meetings with the City?

**Answer: It is estimated that there are 4 – 6 Broker/Client meetings in person. Conference calls are more frequent.**

8) Are there any Risk Control services provided by the current broker or contemplated in the RFP?

**Answer:** Safety and loss control services are not provided by the broker.

9) Does the City have any significant expansion plans or additional services contemplated?

**Answer:** No.

10) Please provide the current premiums and carriers by line of coverage currently purchased by the City.

**See chart directly below.**

<b>CITY OF NAPLES</b>	
<b>SCHEDULE OF INSURANCE</b>	
<b>OCTOBER 1, 2012 - SEPTEMBER 30, 2013</b>	
<u>Coverage - Carrier</u>	<u>Annual Premium</u>
Preferred Governmental Insurance Trust	
<i>Property/Inland Marine/Equipment Breakdown</i>	\$855,131
<i>Crime/Employee Dishonesty</i>	\$1,000
<i>General Liability</i>	\$83,777
<i>Law Enforcement Liability</i>	\$42,030
<i>Public Officials/Employment Practices Liability</i>	\$29,136
<i>Excess Workers' Compensation</i>	\$174,499
<i>Stop Loss Aggregate</i>	\$7,500
Crime - Travelers	\$2,160
Cyber Liability - Chartis	\$9,620
Watercraft Hull & Machinery - Great American	\$5,460
Storage Tank Pollution Liability - Zurich	\$7,085
Commerce & Industry	\$633
Flood - American Bankers	
<i>Public Safety Building</i>	\$17,315
<i>Norris Community Center</i>	\$1,298
<i>Equipment Maintenance Facility</i>	\$6,745
<i>Fire Administration Station</i>	\$5,011
<i>Fire Station #1</i>	\$2,532
<i>Utility Warehouse</i>	\$1,534
<i>Community Service Admn Building</i>	\$1,651
<i>River Park Bathhouse</i>	\$2,572
<i>River Park Pump House</i>	\$3,458
<i>Waste Water Treatment Plant</i>	\$3,209
<i>City Hall Complex</i>	\$1,298
<i>Parking Garage</i>	\$2,993
<i>Utilities Administration Bldg</i>	\$2,834

11) Please advise if a Payment and Performance Bond is required for this RFP. Document]

**Answer: No. A Payment and Performance Bond is not required for this service.**

12) Can you please advise what the current annual compensation amount is that the City is paying to Public Risk Insurance Agency for all current insurance placements?

**Answer: \$65,000 annual flat fee in lieu of commissions.**

13) We understand that the City participates in the Preferred Governmental Insurance Trust (PGIT), which is brokered by Public Risk Insurance Agency (PRIA). We also understand that the City requires all premiums to be written net of commission, and that if a carrier does not or cannot work on a net of commission arrangement, the City requires the brokerage firm to disclose this fact and deduct the commission from the annual fee (page 20 of RFP document). In addition the City encourages the use of wholesalers, but any commissions that a wholesaler earns must be disclosed and deducted from the annual fee as well (page 21 of the RFP). Please note that:

- a. Public Risk Insurance Agency (PRIA, a division of Brown & Brown) is also the insurance broker who places the excess insurance for the Preferred Governmental Insurance Trust (PGIT).
- b. PRIA further utilizes Peachtree Special Risk Brokers (a wholesaler, and a division of Brown & Brown), to place the property insurance for PGIT.
- c. Public Risk Underwriters (a division of Brown & Brown) is the managing general agency for PGIT.

Please advise how the commissions earned by the various Brown & Brown divisions mentioned above, that result from the City's participation in PGIT, are disclosed to the City, and if they are deducted from the annual fee charged by the current broker to the City.

**Answer: See attached copy of commission disclosure (Attachment E). Commissions earned by Brown & Brown divisions, if any, that result from the City's participation in PGIT are not deducted from the annual flat fee.**

14) Does the City currently purchase Flood Insurance policies from the National Flood Insurance Program? If so, is commission included in these placements, and is this commission currently being deducted from the annual fee being charged by the current broker to the City?

**Answer: Yes. The City currently purchases flood insurance from NFIP. Commissions earned by the broker on the NFIP placements are not deducted from the annual fee. Rather, commissions earned by the broker are returned to the City.**

15) Can the City please provide us with:

- a. All premiums being paid for all current policies, including NFIP Flood policies.

**Answer: Refer to Attachment A - Copy of Insurance Premiums ADDENDUM - v1**

- b. 6-year currently valued loss runs for all lines of coverage, in an Excel format. Or, 6-year loss summaries, and descriptions of all losses greater than \$50,000, for all lines of coverage?

**Answer: Loss reports currently not available in Excel format. Loss reports will be provided in PDF format. Refer to Attachment B - Part 1- Loss Reports part 1; Part 2 - Loss Reports part 2.**

- c. Complete Statement of Values with all locations, including each individual location's address, reported values, construction information, etc.

**Answer: Refer to Attachment C - Naples Property Schd.**

- d. Copy of the most recent annual report provided by the City's current broker, as referenced in letter K of the Scope of Services.

**Answer: Refer to Attachment D - BB AR2012low v2.**

- e. Copy of the most recent annual disclosure that no carriers are paying commissions to the current broker.

**Answer: Refer to Attachment E - Commission Disclosure Stmts.**

**ATTACHMENTS OF THIS ADDENDUM 1 TO BE FOUND IN SEPARATE DOCUMENTS INCLUDE:**

- Attachment A: Copy of Insurance Premiums ADDENDUM - v1**
- Attachment B: Part 1- Loss Reports part 1**
- Attachment B: Part 2 - Loss Reports part 2**
- Attachment C: Naples Property Schd**
- Attachment D: BB AR2012low v2**
- Attachment E: Commission Disclosure Stmts**