



CITY COMMISSION POLICY MANUAL

Insurance Procurement Policy

Department:

City Treasurer-Clerk's Office

Date Adopted:

July 12, 1992

Last Revised Date:

July 13, 2022

216.01 AUTHORITY

City Commission

216.02 PURPOSE

To establish a method to be used for the procurement of all commercial property and casualty insurance coverages by the City of Tallahassee's Risk Management division. Such procurement is an integral part of the City's overall loss financing/funding process to protect its assets from 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 through a Broker of Record process for all loss exposures not specifically financed within the Self-insurance Program (Commission Policy 214). Loss exposures which may be financially significant in nature such as Property, Boiler & Machinery, as well as specialty casualty coverages including Airport Liability, Fire/Police Death Benefits, Excess Worker's' Compensation, Statutory Cancer Benefits, Cyber Liability, Commercial Crime, Appointed Official's Auto Liability are currently financed through the purchase of commercial insurance. At the discretion of the City the Broker of Record may also place commercial coverages for the Consolidated Dispatch Agency and Community Redevelopment Agency, subject to their approval.

216.05 DEFINITIONS:

1. **Commercial Property Insurance**: First-party insurance that indemnifies the owner or user of property for its loss, or the loss of its income-producing ability, when the loss or damage to its buildings and their contents is caused by a covered peril, such as fire or explosion.
2. **Commercial Casualty Insurance**: Insurance that is primarily concerned with the losses caused by injuries to persons and legal liability imposed on the insured for such injury or for damage to property of others.
3. **Broker of Record**: An agent that represents an insured and manages a policy on their behalf. This agent acts as the authorized representative between the insurance company and policyholder. They are responsible for all communications pertaining to the policy

and receives quotes and notices from the insurance company on behalf of the policyholder. Sometimes, a broker of record advises the policyholder of changes that should be affected on a policy.

4. **Insurance Company**: The entity which underwrites and offers insurance products or policies and bears financial responsibility for loss in exchange for payment of premiums by the insured.

216.06 PROCEDURES:

The City of Tallahassee shall procure a Broker of Record to place all commercial insurance coverages through the Request for Proposal (RFP) process. The Risk Management Division, at the direction of the City Treasurer-Clerk, shall be responsible for the development, release and evaluation of an RFP designed to elicit responses for brokerage services via Procurement Services' usual procedures. The length of the Broker of Record agreement will be noted in the RFP.

The Broker of Record will solicit and obtain quotations for all loss exposure areas determined by the City's Risk Manager to be appropriately financed through commercial insurance.

In the event a specific coverage problem should arise (such as policy cancellation during the awarded policy period), an interim insurance company shall be recommended by the Broker of Record to the City's Risk Manager and the City Treasurer-Clerk for selection and approval.

Funding for the broker services are budgeted and included in the Risk Management annual operating budget. These funds are a part of the overall City insurance financing costs included in the internal service 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 SUNSET REVIEW:

This policy is subject to sunset review by the City Commission no later than five (5) years from the date of adoption. Subsequent reviews by the City Commission are to occur no later than five (5) years from the date of the prior review. Revisions will become effective immediately upon City Commission approval.

216.09 EFFECTIVE DATE:

This policy shall become effective immediately after City Commission approval on July 13, 2022.

REVISIONS:

July 2, 1997

February 24, 2010
October 25, 2017
July 13, 2022