

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Appointment of Insurance Broker of RecordRECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents appoint Parker, Smith & Feek, Inc. as Insurance Broker of Record for a five year period effective December 1, 2011, with an option to extend for an additional five year period subject to satisfactory performance.

BACKGROUND

The University uses insurance brokers to obtain the best possible insurance coverage from worldwide insurance carriers and to consult on risk management and insurance matters. The Board of Regents has previously appointed Parker, Smith & Feek for all lines of coverage, including construction-related, property, casualty, and student health insurance. The firm's services and expertise has fully satisfied the University's requirements. The current appointment will expire on December 1, 2011.

On July 1, 2011, the Risk Management Office issued a Request for Proposal for firms interested in providing insurance brokerage service and related consulting services. Five firms responded and three of those firms were invited to be interviewed by a panel with representatives from the Office of Risk Management, Health Sciences Risk Management, the Benefits Office and the Real Estate Office. The interviews evaluated the firms' respective qualifications to provide insurance brokerage service and related consulting services as well as corporate integrity, compensation, and, in the case of the incumbent, Parker, Smith & Feek, opportunities to optimize services

The panel found that Parker, Smith & Feek has demonstrated its commitment to the University by its excellent service delivery, attention to quality and market-responsive compensation arrangements. Its regional depth and breadth of expertise is enhanced by its membership in Assurex, an international insurance brokerage consortium which has been useful in placing coverage for the University's global activities. It has worked diligently to develop new products and approaches for the student health plans and has provided uncompensated consulting services for the Real Estate Office, Oceanography, the Capital Projects Office, the UW Bothell and UW Tacoma student affairs offices, the Center for Commercialization, and the Benefits Office. It pays special attention to the emerging regulatory issues affecting the student health plans so that the

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University will remain in full compliance with all relevant laws. Its total compensation for the past fiscal year was \$1,052,660 on a premium volume of \$31M. For the property/casualty placements, this equates to an 8.8% rate, compared to the property/casualty industry average of 11.3%, and for the student benefits placements, a 1.7% rate compared to the benefits industry average of 2-3%.

It is the panel's recommendation that Parker, Smith & Feek be reappointed.