

February 18, 2016

16-084

AUTHORIZE EXTENSION TO EXISTING PROFESSIONAL SERVICES AGREEMENT WITH BROWN & BROWN NORTHWEST AS AGENT OF RECORD FOR PROPERTY AND LIABILITY INSURANCE

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FINANCIAL RESPONSIBILITY: Jim Langstraat, Vice President, Finance and Administration

APPROVED BY: Jim Langstraat, Vice President, Finance and Administration  
Sylvia Kelley, Interim President

REPORT: On March 17, 2011 (BA 11-083), the Board of Directors approved an award of a contract for the Agent of Record (AOR) for Property and Liability Insurance to Brown & Brown Northwest (formerly Beecher Carlson Insurance Agency) for a not-to-exceed amount of \$217,400.

While the existing contract is in its fifth and final year, Brown & Brown Northwest has been the College's AOR for Property and Liability Insurance since 2007. The contractor is the only agent in Oregon with access to the Public Entity Property Insurance Program (PEPIP), which is the single largest property insurance placement in the world. With more than 8,700 members and \$350 billion in total insured values, it is the broadest coverage available at a very competitive price. The College is currently purchasing \$100 million of earthquake coverage from PEPIP. Other programs are unable to provide this level of coverage and to find equivalent coverage outside of PEPIP, PCC's annual property insurance premium would likely cost upwards of 20% or more; approximately \$100,000. PCC has been in the PEPIP program since July of 2007.

Additionally, Brown & Brown Northwest is the largest Property and Casualty Coverage for Education (PACE) agent in Oregon, giving them leverage and negotiating strength that other agents cannot rival; has more self-insured public entity clients than any other agent in the State; has thorough knowledge of the College's operations and history, which gives them an advantage when consulting with PCC on risk and claim issues; and are well versed on all claim

issues the College has and could encounter. Their expertise in these areas brings significant savings to the College.

The five year cost to extend the existing contract with Brown & Brown Northwest at a continued 3% escalation rate is listed below, for a total of \$240,035.

<b>Fiscal Year</b>	<b>Resolution Costs</b>	<b>Escalation</b>
2016-2017	\$45,212	
2017-2018	\$46,568	3%
2018-2019	\$47,965	3%
2019-2020	\$49,404	3%
2020-2021	\$50,886	3%

**RECOMMENDATION:** That the Board of Directors approve additional funding to continue contracting with Brown & Brown Northwest for a not-to-exceed amount of \$240,035. The extension will be valid for three (3) years with two (2) one year renewals, not to exceed a five (5) year term. Expenditures for this contract will come from the General Fund.