

## VII. STANDING COMMITTEES

## B. Finance, Audit &amp; 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 as Insurance Broker of Record for the student insurance plans, effective Sept. 17, 2009 until Dec. 1, 2011, subject to satisfactory performance.

BACKGROUND:

The University uses insurance brokers to obtain the optimal insurance coverage from worldwide insurance carriers and to consult on risk management and insurance matters. The firm of Parker, Smith and Feek has gradually earned the majority of the University's insurance brokerage business, being appointed in 1991 for builders' risk coverage, in 1996 for property coverage and in 2005 for casualty coverage. The services and expertise of the firm have fully satisfied the University's diverse requirements.

Brokerage of the voluntary student health insurance program and the University-funded Graduate Assistant Insurance Plan was handled by Johnson & Higgins, which was acquired by Marsh in 1998. Marsh's sister company Mercer holds the current appointment for the student plans. That appointment is scheduled to expire December 1, 2011.

Diane Skeels, the University's lead consultant at Johnson & Higgins, and later Mercer, for over 20 years, left Mercer in December 2008 and joined Parker, Smith & Feek as a Vice President. Mercer assigned lead consultant duties to a student benefits specialist in Los Angeles. Soon thereafter, Dianne King, our account manager at Mercer for six years, joined Parker, Smith & Feek as well. For these reasons, a competitive search was conducted for student benefits brokerage services this summer.

Four firms responded to the Request for Proposals: Parker, Smith & Feek, Mercer, AON and Willis. All were invited to interviews with a University panel including the Executive Director, Risk Management; the Director of Risk Financing, Risk Management; the Executive Director of Benefits and WorkLife, Human Resources; and the Director of Administrative Services, Student Life. The interview panel focused not only on student benefit insurance brokerage expertise but also on corporate integrity, alignment of interests, compensation flexibility and corporate ownership and governance.

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Appointment of Insurance Broker of Record (continued p. 2)

Parker, Smith & Feek is the most qualified firm. It is a privately owned, regional brokerage firm with offices in Bellevue and Anchorage. Founded in 1937, it currently employs 179 staff. Long recognized for its expertise in construction insurance, it has strategically expanded into the real estate, high tech and healthcare insurance areas. Benefits brokerage currently represents 15% of its revenue and it has all the analytical and communications capacities, in-house or contracted, required to serve the student plans. Given the University's lengthy experience with the firm, and Ms. Skeels' and Ms. King's recent association, the administration is confident that this appointment is both appropriate and timely.