M I N U T E S

Committee on Surety Bonds and Insurance

July 30, 2024

Special Meeting of the Committee on Surety Bonds and Insurance was held via Microsoft Teams. This meeting was called to review the 24-25 Statewide Vehicle Insurance policy proposal and new contract before it lapsed on 08/01/2024.

In attendance were:

Philip Michael Department of Insurance

 Lisa Mendoza Attorney General’s Office

 John Hedges State Treasurer’s Office

 Tracy Diel Department of Administration

Lily Lundy Department of Administration

The meeting was called to order at 11:30 AM.

**July 30, 2024, Special Meeting Business:**

- Philip Michael opened with roll call.

- The Committee reviewed the contract proposal and 2024-2025 Policy for Statewide Vehicle Liability Insurance. Lily Lundy explained the contract for this policy expired in 2024 and was therefore rebid. The sole bidder was the prior incumbent. The new contract term was for 2024-2027. The policy proposal contained four different options, based on the needs of the State:

* $500,000 deductible fixed for three years
* $1,000,000 deductible fixed for three years
* $500,000 deductible with a chance of % increase in years two and three
* $1,000,000 deductible with a chance of % increase in years two and three

- The Committee questioned whether the proposal was for the full three years or an annual proposal, as the proposed amount was double the amount of the last contract period. Since the Procurement Officer in charge of the bid was unable to attend this meeting, Lily Lundy and Tracy Diel combed through past and present contract dialogue to determine, as the Committee was not comfortable approving without determination. The contract language did not fully specify, so Tracy Diel reached out to the incumbent for further clarification.

- While waiting on the incumbent, the Committee inquired how the premium total was ascertained. Lily Lundy informed the Committee it is based on the numbers previously given in 2021, and that the premium was subject to change based on the amount of vehicles the agency reports. Once the policy is approved, the incumbent sends The Office of Procurement and Contracts the vehicle rates, the insurance coverage cards and Auto Loss notice–OPC then sends those and the vehicle worksheet to each agency. Each agency fills out the worksheet with the types and amounts of vehicles they currently possess to determine the rate, and then they attach the worksheet to a Purchase Order drafted off of the SMART contract. The Purchase Order gets paid directly to the incumbent.

- The incumbent informed Tracy, who in turn informed the Committee that all four proposal options were on an annual basis, not for the full three-year contract term.

- John Hedges inquired if it’s typical for the incumbent to be the only bidder. Tracy Diel responded that in the years he worked as Deputy Director for the Office of Procurement and Contracts, he found it was normal. There would be interest from other companies but ultimately they wouldn’t bid, so the incumbent has been the sole proprietor of this insurance for the State of Kansas.

- Philip Michael entertained discussion about the selection of proposals. John Hedges noted that the $500,000 deductible had been the standard and wondered if there was a need to increase to $1,000,000. Philip Michael did not want to increase the amount any more than necessary since the policy had already doubled compared to last year, and the Committee agreed. The Committee decided the $500,000 deductible fixed for three years was the best option to go with. John Hedges encouraged future competition amongst the vendors for this policy in future.

- Philip Michael entertained the motion to approve the incumbent’s bid and proposed policy. John Hedges made the motion to approve; Lisa Mendoza seconded.

- There were all ayes, and the motion carried unanimously to approve the new contract and proposed policy.

- Philip Michael encouraged OPC to provide as much documentation as possible in future for the Committee to make the most educated decision.

- Next Regular Meeting will take place on August 12th, 2024, the next after will be September 9th, 2024.

The meeting adjourned at 12:17 PM.

 Lily Lundy

 Secretary

cc: Philip Michael

 Lisa Mendoza

 John Hedges

 Tracy Diel