

The Office of Inspector General (OIG) conducted a follow-up to its April 2012 report, “Evaluation of City Property and Casualty Insurance Program.” The original report identified the following findings:

- The statement of values (i.e., the list of insured properties) for the City’s master property insurance policy was out of date and contained errors and deficiencies.
- The City purchased separate property insurance policies for the Mahalia Jackson Theater and a vacant parcel of land without justification.
- The City did not manage the producer of record contract to maximize the value of the producer’s services or provide sufficient oversight to ensure that work was commensurate with the fees.<sup>1</sup>
- The selection process for a producer of record did not generate price competition.
- Members of the selection committee did not explain the reasons for their proposal ratings.

Evaluators made five recommendations to improve management of the property and casualty program and procurement of producer of record services.

The objective of this follow-up report was to determine the extent to which the City implemented OIG recommendations. The scope of the follow-up included the City’s property and casualty and flood insurance coverage in effect for all or any portion of 2014 and 2015. Evaluators also reviewed requests for proposals (RFPs) issued by the City for producer of record services since 2011.

Evaluators conducting the follow-up found that the City made improvements to its property and casualty insurance program since hiring a Risk Manager in June 2014. Specifically, the City:

- secured recertification of the Insurance Commissioner’s Certification (ICC) for property and flood insurance coverage, consistent with the requirement of the Stafford Act;
- corrected formatting problems and completed missing information on the statement of values identified in the original report;

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<sup>1</sup> The term “producer of record” refers to a licensed insurance agent or company authorized by the City to represent, place, and service insurance coverage on behalf of the City.

- issued two RFPs for producer of record services that included cost as a selection criterion; and
- refined its RFPs to improve the selection committee's ability to evaluate and compare proposer qualifications and performance history.

However, evaluators found that the City did not develop a complete and accurate statement of values or obtain appraisals on any insured properties. The accuracy of property values and building construction information play an important role in marketing the City's property to the insurance markets. Successful completion of these tasks could allow the City to achieve additional savings on insurance premiums.

In addition, evaluators found that the City did not add objective, measurable, and appropriate performance standards and effective reporting mechanisms to improve oversight of the producer of record contract.