

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: CEO-Risk Management Division

BOARD AGENDA # *B-3

Urgent

Routine

AGENDA DATE July 24, 2012

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval of Assignment of the Agreement for Professional Services with Sidles Duncan & Associates Insurance Services, Inc. to HUB International Insurance Services Inc.

STAFF RECOMMENDATIONS:

1. Approve the assignment and transfer of County's rights, titles and interests in the Agreement for Professional Services with Sidles Duncan & Associates Insurance Services, Inc. to HUB International Insurance Services Inc.
2. Authorize the County's Risk Manager to sign the attached Consent to Assignment document.

FISCAL IMPACT:

The term of the current agreement is from January 1, 2012 through December 31, 2014. The compensation included in the agreement is \$165,000 per year, which is appropriated in the 2012-2013 Chief Executive Office - Risk Management Division's General Fund budget.

BOARD ACTION AS FOLLOWS:

No. 2012-381

On motion of Supervisor Chiesa, Seconded by Supervisor De Martini

and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST:


CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval of Assignment of the Agreement for Professional Services with Sidles Duncan & Associates Insurance Services, Inc. to HUB International Insurance Services Inc.

DISCUSSION:

In 2011, the County contracted for health insurance consulting services with Sidles Duncan and Associates (SDA). The initial agreement with SDA was structured into three phases:

- Phase I - Assessment of financial and clinical performance of the current medical insurance benefit program.
- Phase II - Development of a strategic plan with specific goals and objectives, designing an alternative benefit plan and provider network to align with the plan, creating a financial structure including the assessment of a self-insured versus fully-insured strategy, and initiating contracts with providers and health systems.
- Phase III - Final development of an alternative non-profit benefit plan option and all associated activities required for implementation of the County's self-insured medical benefits program effective January 1, 2012.

This contract provided \$50,000 for the completion of each phase of the agreement, for a total of \$150,000.

On January 1, 2012, the County entered into a new three-year agreement with SDA to provide ongoing consulting services to administer the new self-insured medical benefits program within applicable federal and state guidelines and to coordinate overall performance reporting, assessment and management of all aspects of the new program. The agreement compensates SDA \$13,750 per month, up to \$165,000 per year for all consulting and support staff necessary to maintain the ongoing management and regulatory compliance of the County's self-insured medical benefits components. This funding is included in the Chief Executive Office - Risk Management Divisions' 2012-2013 Proposed Budget.

In June 2012, the County was informed that Sidles Duncan & Associates was going through a corporate acquisition process which would have the effect of selling its business to HUB International Insurance Services Inc. Although ownership interest in SDA will transfer upon completion of the sale, the existing partners and consultants currently working for SDA will remain in place and continue to do business as Sidles Duncan & Associates. The County does not anticipate any disruption in ongoing consulting services and the operation of the County's medical plan as a result of this transfer. HUB International is a multi-national insurance broker ranked in the top-10 list of brokers world-wide. SDA's affiliation with this new organization will bring additional resources to the County's consulting engagement with SDA but will not change any of the terms provided in the original agreement, including the compensation paid to SDA and the right for either party to cancel the agreement with 30-days' notice to the other party. SDA is required to obtain the County's permission to transfer its rights, titles and interests in the current Agreement for Professional Services to HUB International in order to complete their pending corporate acquisition.

Approval of Assignment of the Agreement for Professional Services with Sidles Duncan & Associates Insurance Services, Inc. to HUB International Insurance Services Inc.

POLICY ISSUE:

Approving the assignment of this agreement allows the Risk Management Division to effectively implement its self-insured medical plan, and supports the Board of Supervisors' priority of maintaining Efficient Delivery of Public Services.

STAFFING IMPACT:

There is no staffing impact associated with the recommended actions. This contract is managed and monitored by the Chief Executive Office - Risk Management Division.

CONTACT PERSON:

Jody Hayes, Deputy Executive Officer. Telephone: 525-5714

SIDLES DUNCAN & ASSOCIATES
CONSULTING & INSURANCE SERVICES

June 21, 2012

Stanislaus County Purchasing Agent
1010 10th Street, Suite 5400
Modesto, CA 95354

Re: Consent to Assignment

Dear Sir or Madam:

Reference is hereby made to that certain Agreement for Professional Services, dated as of January 1, 2012 (the "Agreement"), by and between the County of Stanislaus (the "County") and Sidles Duncan & Associates Insurance Services, Inc. ("Sidles").

Sidles plans to sell, assign and transfer to Hub International Insurance Services Inc. ("Hub") certain assets and rights relating to its business, including the Agreement, pursuant to an Asset Purchase Agreement (the "Purchase Agreement") to be entered into among Hub, Sidles and the shareholders of Sidles. At the closing of the transactions contemplated by the Purchase Agreement (the "Closing"), Sidles will assign and transfer to Hub all of its right, title and interest in and to the Agreement, and Hub will assume Sidles' obligations under the Agreement relating to the period from and after the Closing (the "Assignment and Assumption").

By executing this letter in the space provided below, effective upon the Closing, you hereby:

1. acknowledge that there is no default that is continuing under the Agreement;
2. consent to the Assignment and Assumption;
3. agree that the Assignment and Assumption will not be deemed a breach of or default under the Agreement; and
4. agree that the Agreement will continue in full force and effect notwithstanding the Assignment and Assumption.

If you agree with the foregoing, please execute this letter in the space provided below and return a copy to me by fax at 714-389-7600 or by "pdf" at eric@sidlesduncan.com.

Very truly yours,

Sidles Duncan & Associates, Insurance Services, Inc.

By: 

Name: Eric Barthel

Title: Partner

Acknowledged and agreed as of the 21st day of June, 2012

COUNTY OF STANISLAUS

By: 

Name: Jody L. Hayes

Title: Deputy Executive Officer

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