

RFP # BROKER SERVICES 2018
Insurance Broker Services
Proposal Due Date: October 20, 2017 10:00 AM CST
Amendment No. 1 – Response to Questions

1. Under Tab 2 on p. 8 and 9, should all references be to Attachment V rather than Attachments III and IV?

Yes, under Tab 2 on page 8 and page 9, all references should refer to Attachment V. Please see the attached revised pages for the Request for Proposal below.

2. Under Tab 3 on p. 10 describing the service office, what is meant by data processing services?

Under Tab 3 on page 10 describing the service office:

“The proposer should explain the risk management services (including statistical and quantitative capabilities, risk identification and evaluation methods and data processing services) available at that office.”

While data processing services are not a requirement, the proposer should identify what level of data processing services and data analysis is available through the service office.

3. Section 1.10 requires an electronic copy of a redacted version of the proposal. If we do not plan to redact anything in our response, how should we address the requirement for a redacted version of the proposal?

Proposer should simply state that the proposal has no redactions.

4. Please detail the fee/commission structure.

Please refer to Attachment II: Total Cost Proposal Form which states:

“1) Fixed annual fee for broker services inclusive of travel, all consulting expenses, and costs for use of a domestic wholesaler, if applicable, for the Statewide property program:”

“2) Fixed annual fee for broker services inclusive of travel, all consulting expenses, and costs for use of a domestic wholesaler, if applicable, for the Statewide casualty program:”

Please note that Attachment I: Scope of Services further clarifies in section 1.2 subsection G.:

“G. For insurance coverage placement, a maximum 10% commission rate will be allowed for those placements utilizing a foreign wholesale/intermediary broker. All foreign wholesale/intermediary compensation must be pre-agreed by ORM and fully disclosed. For all premiums placed through domestic brokers that have a commission component, this commission must be identified and refunded to ORM.”

The fixed annual fee applies to the retail broker and domestic wholesale broker, if applicable, for coverage placement services and all other risk management services requested as part of Attachment I, Scope of Services. In addition, on the placement of coverage, the maximum commission for foreign wholesale or intermediary brokers is 10%. That commission will be paid when the coverage is placed and invoiced. ORM must approve all placements, including the use of foreign wholesale brokers and thus, the payment of the commission.

Please see the attached pages addressing corrections made to Attachment I: Scope of Services. Changes are underlined.

Under Section 1.2 Task and Services –

EE. Coordinate or perform all required jurisdictional inspections of boilers and pressure vessels. Provide other services that conform to best practices, such as, but not limited to, Transformer Oil Gas Analysis, infrared scanning, and emergency planning assistance.

Under 1.3 Deliverables, A. Key Deliverables –

3. All certificates of insurance and endorsements shall be received within 48 hours on a normal schedule and within 12 hours on a rush schedule.

- The proposer must have professional liability (error and omissions) coverage with a limit of at least \$10,000,000 per occurrence. Proof of such coverage must be submitted with the proposal.
- The proposer must have experience in structuring, placing, binding, and servicing complex commercial property and casualty insurance programs. At least one (1) example of such experience must be a public entity. Reference information must be listed for each example and should include the organization name, contact name, title, telephone number, and email address, along with the number of years as a client. All references must not be from a person, company or organization with any interest, financial or otherwise, in the proposer's organization.
- The Proposer must provide paper copies of, or an internet link to, two (2) years of annual financial statements, beginning with the most recently completed year (audited if available). The financial statements should be detailed enough for ORM to analyze and assess the Proposer's financial position. Financial statements of the parent company are acceptable. If a parent company's financial statements are submitted, an official document(s), such as an annual report or a Secretary of State registration, must also be submitted.

1.9 Proposal Response Format

Proposers should respond to this RFP with a Technical Proposal and a completed Cost Proposal Form. Proposer shall utilize Attachment II to provide the fixed annual fees.

Proposals submitted for consideration should follow the format and order of presentation described below:

A. Proposal Content

Proposals should be typed and submitted on 8.5 by 11 inch paper bound securely and page-numbered. Proposal information should be organized and presented in the order indicated below. The headings and subheadings should be separated by tabs.

Tab 1 **Executive Summary**

Tab 1,A Cover Letter and Administrative Information

Tab 1,B Contract Compliance

Tab 2 **Response to Mandatory Minimum Qualifications of Proposer**

The proposer must include completed Minimum Qualifications Statement (see Attachment V). All required documentation to be submitted with Attachment V should be placed in the order that the qualifications are numbered.

Tab 3 **Corporate Background & Experience**

Tab 3,A Corporate Background

Tab 3,B Experience with Similar-sized Accounts and References

Tab 3,C Description of Service Office

Tab 3,D Public Entity and Higher Education Experience

Tab 4 **Veteran-Owned and Service-Connected Small Entrepreneurships (Veteran Initiative) and Louisiana Initiative for Small Entrepreneurships (Hudson Initiative) Programs**

Tab 4,A Business Name and Documentation of Status (see 1.9 E)

Tab 5 **Proposed Project Staff**

Tab 5,A Key Staff and Resumes

Tab 5,B Staff Licenses

Tab 5,C Accessibility of Staff

Tab 5,D Company Senior Management

Tab 5,E Subcontractor Information

Tab 6 **Approach & Methodology**

Tab 7 **Cost Proposal Form & Documentation** (See Attachment II)

Tab 8 **Additional Forms Required**

Certification Statement (see Attachment III)

Corporation Requirements (see 1.46)

B. TAB 1 Executive Summary

This section should serve to introduce the scope of the proposal. It should include a cover letter, on proposer's official business letterhead, referencing administrative information including, , proposer contact name and phone number, and the stipulation that the proposal is valid for a time period of at least 90 calendar days from the date of submission. This section should also include a summary of the proposer's qualifications and ability to meet the State agency's overall requirements in an appropriate time frame.

It should include a positive statement of compliance with the contract terms. The proposer should submit language or terms that its company may seek to add to the boilerplate provisions. While final wording will be resolved during contract negotiations, the intent of the provisions will not be substantially altered.

C. TAB 2 - Minimum Qualifications

See Attachment V.

D. TAB 3 - Corporate Background and Experience

The proposer should give a brief description of their company including the following: a brief history, corporate structure and organization, number of years in business, size, scope,

Attachment I: SCOPE OF WORK/SERVICES

1.1 Scope of Work

A single Contractor will be the State of Louisiana's insurance broker-of-record and shall develop and place the most effective and cost-efficient insurance coverage, and provide a range of consulting services associated with the Statewide property and casualty programs. The Contractor will provide brokerage and consulting services to assist ORM in fulfilling its critical role to ensure proper protection of the State's assets and activities on behalf of the State's citizens and taxpayers. The Contractor will provide annual review of risk exposure and program structure, develop recommendations and re-structuring options based on relevant market conditions, market coverages, present ORM with competitive quotes with recommendations, and place and service the coverage. Related coverages and services may be added to each program at any time during the contract period and the Contractor must handle all additions.

The current Statewide property program consists of coverage for buildings and business property, equipment breakdown/boiler and machinery, fine arts, specialized equipment, business interruption and various specialty lines encompassing all State Agencies associated obligations as follow:

- Building/Business Personal property/special form including flood
- Terrorism including Nuclear, Biological, Contamination, and Radioactive coverage
- Business Interruption
- Equipment Breakdown
- Fine Arts
- Bridge Property
- National Flood Insurance Program

The current Statewide casualty program consists of coverage for liability, auto, workers compensation and various specialty lines encompassing all State Agencies and associated obligations as follows:

- Commercial General Liability including or independent placement of:
 - Professional Liability
 - Publishers Media
 - Elevator and Escalator Liability
 - Watercraft Liability
 - Public Officials and Employees Liability
 - Employee Benefits Liability
 - Garage Keepers' Liability
 - Special Event/Entertainment Liability
 - Liquor Liability
 - Educators' Legal Liability
 - Law Enforcement Liability
 - Sexual Abuse and Molestation
- Workers' Compensation and Employers' Liability
- Medical Malpractice
- Wet Marine Hull and P&I
- Aircraft Hull and Liability
- Airport Liability
- Cyber Liability
- Publisher's Media
- Automobile Liability and Physical Damage
- Bonds (Fidelity & Surety) and Crime
- Club Sports Liability and Accident
- Intellectual Property Liability
- Student Liability including or independent placement of:
 - Student Organization Liability
 - Student Internship/Professional Liability
 - Participant Accident Insurance

- International Travel insurance
- Non-Owned Aircraft Liability
- Master Builder's Risk and/or OCIP
- Crisis Response Management Coverage

Coverage of the Mercedes-Benz Superdome, the Smoothie King Center, Champions Square and SMG is part of the Statewide program, carrying its own segregated policies. The policies will remain separated, although ORM has statutory oversight of the Superdome coverage lines and shall authorize final approval. The State is statutorily obligated to provide only the following casualty coverage lines for: 1) Commercial General Liability including Host Liquor Liability 2) Workers' Compensation and Employers' Liability and 3) Bond and Crime including employee theft.

1.2 Task and Services

The Contractor shall provide, at a minimum, the following services for ORM:

- A. *Act as broker-of-record for new coverages placed during the contract term.*
- B. *Analyze exposure, claims, coverage forms, and current program data to determine various options in property and casualty program structures and provide recommendations to make the program more efficient and effective. Catastrophe modeling through RMS and AIR is required.*
- C. *Identify programs, products, and markets capable of meeting the State's coverage needs. Make recommendations regarding quality of markets, limits, and differences in various markets' terms and conditions.*
- D. *Offer creative solutions and innovative suggestions for ORM to consider.*
- E. *Assist ORM in identifying and organizing pertinent information in order to more effectively market the property and casualty coverage programs. Coordinate the collection of data to include in any market solicitations.*
- F. *With authorization, solicit quotations for the programs. Act as an advocate for the State in communications with the markets and intermediaries, including negotiations of the lowest possible fees and/or deductible options. ORM anticipates participation in the broker meetings with market representatives to assist in the solicitation of the program.*
- G. *For insurance coverage placement, a maximum 10% commission rate will be allowed for those placements utilizing a foreign wholesale/intermediary broker. All foreign wholesale/intermediary compensation must be pre-agreed by ORM and fully disclosed. For all premiums placed through domestic brokers that have a commission component, this commission must be identified and refunded to ORM.*
- H. *Compile quotations for the program in an Excel spreadsheet. Where there are an adequate number of markets to do so, provide multiple quotes for competitive purposes. In the event that this requirement is not possible or recommended, the Contractor must submit an explanation/recommendation to ORM for approval. For those markets that decline to offer a quote on coverage, documentation from the market indicating why they chose not to quote must be provided.*
- I. *Consider quotes from all qualified markets. All contacts from qualified and non-qualified markets must be documented and the Contractor must provide all results to ORM.*
- J. *Upon authorization, bind the program as directed by ORM. Binders and/or confirmation of coverage shall be required upon placement.*
- K. *Review and verify coverage documents received from all bound markets. Determine the coverage placed is correct and verify accuracy of price, rating classification and exposure.*
- L. *In addition to the original paper copies, deliver electronic copies of all coverage documents. All documents shall be submitted electronically (as requested) within 90 calendar days of their effective date. All coverage placed with multiple layers must include an Excel graphic display of the placement showing markets, policy numbers, limits, premiums, taxes, fees, and commissions, if applicable, per layer.*

M. The Contractor is prohibited from accepting any contingent income, profit sharing, enhanced commission, or other forms of hidden income associated with this contract. Confirm that compensation, including direct and contingent, on all market proposals has not been assessed or has been credited to the premium billed.

N. Ensure the timely billing of all documents and endorsements to ORM and assist with premium allocations or breakdowns by agency for internal ORM billing purposes. In the event a Notice of Cancellation has been issued due to nonpayment of premium, work with ORM to resolve the situation and, to the extent possible, make payment on behalf of ORM.

O. Prepare certificates of insurance and endorsements, as requested, within 48 hours on a normal schedule and within 12 hours on a rush schedule.

P. Ensure proper service from markets on coverage placed and endorsements requested.

Q. Assist ORM when other related coverage needs to be added during the term of the contract, at no additional cost.

R. Develop a strategy for any upcoming renewal during the contract period to be presented in writing to ORM a minimum of 90 calendar days before expiration. Include and identify any intended intermediaries used in the solicitation process.

S. Disclose coverage additions and coverage restrictions on all renewal quotes in a chart format as compared to the expiring coverage.

T. Assist ORM with the reporting of claims. Be an advocate for the State on any disputed or problem claims. ORM's third-party administrator shall report the claims to the Contractor and the Contractor will be responsible for the reporting of all claims to the markets. In the event of an incident of high severity, act as an intermediary and advocate for the State with the markets to facilitate communication, data exchange, and prompt resolution of claims.

U. Monitor claims submitted to the markets to ensure they are properly handled and responded to in a timely manner. Provide confirmation to ORM with the markets on all claims, including claim number and representative contact information.

V. As requested by ORM, obtain clarification regarding coverage or claims questions.

W. Provide annual loss runs for each policy a minimum of 60 calendar days before expiration, including any prior year with open losses. These reports shall reflect claims opened and closed and claims reserved and paid by policy year (including all allocated loss adjustment expenses) until all claims are closed. These reports shall be cumulative for the coverage year and not just activity for the year. At ORM's request, loss runs shall be provided at any time during the year.

Information to be reflected on the quarterly report for each individual claim shall include but not be limited to the following:

- Date of Loss;
- Status of claim (open, closed, reopened);
- Brief Description of Loss;
- Name of State Agency;
- Amount of claim as indicated below (by coverage code, if coverage code is applicable);
- Total Incurred;
- Amount paid;
- Amount reserved;
- Amount recovered;
- Amount of loss adjustment expenses; and

- *Net Incurred.*

X. *Advise ORM on a semiannual basis, or as requested, about current developments in the marketplace as to coverages, forms, availability, pricing or other significant developments that would impact the State or vendors/contractors dealing with the State.*

Y. *Assist ORM with property-related and casualty-related training classes as needed for State agency personnel. Training on specific topics may be determined by ORM or recommended by the Contractor.*

Z. *Provide risk management and professional services, as requested by ORM, including, but not limited to, identifying and minimizing loss potential, conducting and/or reviewing property inspections, reviewing casualty exposures, researching alternative risk transfer techniques, attending meetings with State agencies, markets, or other consultants.*

AA. *Provide wet marine appraisal services every three (3) years for all State fleet with survey reports and pictures for each. The valuations will include both replacement cost and market value.*

BB. *At the request of ORM, research and provide recommendations for foreign and domestic market captives and/or risk retention pools.*

BB. *Assist ORM with the analysis and reporting required as per Act 715 of the 2014 LA Legislative Regular Session.*

CC. *Assist with the reports and supporting justification needed for certification of the State's property programs through the Department of Insurance as required by the Stafford Act.*

DD. *Submit a semi-annual stewardship report outlining intended activities on behalf of the State for the upcoming six months, including the status of all items in the prior six months' reports. Reports shall be provided two weeks after the end of each six-month calendar period.*

EE. *Coordinate or perform all required jurisdictional inspections of boilers and pressure vessels. Provide other services that conform to best practices, such as, but not limited to, Transformer Oil Gas Analysis, infrared scanning, and emergency planning assistance.*

1.3 Deliverables

A. Key Deliverables

1. Contractor shall bind coverage as agreed upon by ORM within five (5) calendar days of ORM approval.
2. All coverage documents shall be received (electronically, as requested) within 90 calendar days of their effective date.
3. All certificates of insurance and endorsements shall be received within 48 hours on a normal schedule and within 12 hours on a rush schedule.
4. The Contractor will report all claims within 12 hours to the applicable markets when notified by ORM and/or ORM's TPA.

These Key Deliverables will be subject to a performance penalty as follows:

The flat annual fee otherwise due to the Contractor will be reduced by \$1,000 per day when each independent Key Deliverable is not successfully completed and delivered in the timeframe stated herein.

B. Additional Deliverables

1. Claims history and loss runs shall be submitted annually, a minimum of 60 calendar days before expiration, and at any time upon request by ORM.
2. Premium rates and commission rates shall be reported per market per layer on the bound insurance program within thirty (30) calendar days of binding. The preferred method of reporting is an Excel spreadsheet.

3. The costs associated with the contract shall be subject to audit. The Contractor shall submit an annual statement identifying all income earned by each party participating in the placement of each of the casualty coverage programs and verify that no direct or indirect compensation has been retained.
4. All requested reports, analyses, and recommendations shall be submitted in a timely manner as determined by ORM and communicated to the Contractor.
5. Contractor will deliver semi-annual stewardship report two weeks after the end of each six month calendar year period.

1.4 Functional Requirements

LA R.S. 39:1527, et seq, authorizes ORM to be solely responsible for all property and casualty and workers' compensation insurance purchased or self-insured by ORM for all State Departments, Agencies, Boards and Commissions. The mission of ORM is to develop, direct, achieve and administer a cost effective comprehensive risk management program for all departments, agencies, boards and commissions of the State of Louisiana, and for any other entity for which the State has an equity interest, in order to preserve and protect the assets of the State of Louisiana. The Contractor will partner with ORM to determine the most effective and cost-efficient casualty coverage and provide a range of consulting services to assist ORM in reaching and maintaining its goal.

1.5 Technical Requirements

NOT APPLICABLE TO THIS CONTRACT.

1.6 Project Requirements

NOT APPLICABLE TO THIS CONTRACT.