

# REQUEST FOR PROPOSAL

For

## INSURANCE BROKERAGE SERVICES AND CLAIMS ADMINISTRATION SERVICES

For the

### CENTRAL OHIO RISK MANAGEMENT ASSOCIATION

#### TABLE OF CONTENTS

- I. Purpose of the Request
- II. Background Information
- III. Renewal Cycle
- IV. Scope of Services Requested
- V. Claims Administration
- VI. CORMA Pool Marketing
- VII. Broker Compensation
- VIII. Non Competition Agreement
- IX. Term of Services
- X. Scope of the Proposal
- XI. Broker Selection
- XII. Contract
- XIII. Supporting Documentation and Information

REQUEST FOR PROPOSAL

For

INSURANCE BROKERAGE SERVICES AND  
CLAIMS ADMINISTRATION SERVICES

For The

CENTRAL OHIO RISK MANAGEMENT ASSOCIATION

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CONTACT PERSON: Lynn Miller, CORMA Board President

I. **PURPOSE OF THE REQUEST**

The Central Ohio Risk Management Association (CORMA) is a municipal joint self-insurance pool formed pursuant to Ohio Revised Code 2744.081. CORMA provides for the purchasing of property and casualty insurance, pool administration and brokerage services, claims administration, loss control training opportunities, and the sharing of best practices. CORMA is comprised of the communities of Dublin, Upper Arlington, Westerville, Pickerington, Powell, Grove City, Groveport, Canal Winchester, and Grandview Heights.

CORMA issues this Request for Proposals (RFP) seeking proposals from qualified insurance brokerage and claims administration providers, firms who are interested in submitting proposals and return the completed Qualifications Questionnaire and the appropriate attachments to this document with their proposals by June 15, 2018. The firm selected will administer the program as requested by CORMA from October 1, 2018 through September 30, 2023, with renewable options by CORMA through September 30, 2028.

It is the intent of for the board members of CORMA to evaluate the proposals on the basis of the information received. CORMA reserves the right to award the proposal to the firm that it feels will provide the best overall value to the members.

II. **BACKGROUND INFORMATION**

The Central Ohio Risk Management Association (CORMA) was established in 1997 and now consists of 8 member cities (City of Dublin, City of Pickerington, City of Upper Arlington, City of Groveport, City of Grove City, City of Canal Winchester, City of Grandview Heights and City of Westerville),

employing approximately 3400 full-time, part-time and seasonal employees, and providing services to a population of over 210,000.

For cities participating in CORMA, coverage is provided for up to \$15,000,000 per occurrence and \$20,000,000 annual aggregate umbrella/excess liability for all liability claims and \$477,140,146 limit for property claims for the pool. Per member, coverage is provided for general liability (\$1,000,000/\$2,000,000), law enforcement liability (\$1,000,000/\$1,000,000), public official liability (\$1,000,000/\$1,000,000), employment practices liability (\$1,000,000/\$2,000,000) and automobile liability (\$1,000,000). Pool retentions are \$25,000 per loss for property and \$750,000 aggregate for liability, with a \$150,000 per loss self-insurance retention. A third-party broker, with expertise in public entity pools, markets the program, identifies coverage lines and limits, and recommends the best insurer and insurance for procurement.

The City self-administers deductible amounts and any other amounts not covered by CORMA. Claims liabilities and expenses are estimated through a case by case review of all claims.

Settled claims have not exceeded insurance coverage in the past several years. There were no significant reductions in insurance coverage for the prior year.

CORMA members are responsible for their individual loss control programs including employee safety programs. Each CORMA member will have a primary contact which will report claims to the successful firm. All incidents involving member liability are reported to the claims adjuster as soon as possible. Tort litigation is handled by a CORMA approved law firm or member's law director. Authorization to settle CORMA claims is established by CORMA By-laws. See attached claim reporting procedures.

### III. **RENEWAL CYCLE**

CORMA only permits members to enter or leave the pool once annually, effective October 1.

In order to enter or leave the pool new applications and/or notices of termination must be received by CORMA by September 1 of each year.

Preliminary renewal data is provided to the Broker on or about July 1 and the Broker is expected to deliver to CORMA cost estimates for excess renewal premiums in the form of a minimum/maximum range by August 1. These minimum/maximum estimates will be used by members for budget purposes and by prospective new members for decision making purposes.

By August 1 the Broker will be provided with final renewal data to include data applicable to prospective new members of the Association. Prospective new members will have until September 1 to make their final decision as to whether or not they will join the Association. Therefore, all that will need to be done by excess underwriters after September 15 is to add or subtract prospective new member data from the data base.

By approximately August 15 the Broker must deliver a written renewal proposal to CORMA which will be included in the agenda packet sent to the Board of Directors for their review and approval during

their meeting in August. The Broker will be required to make an oral presentation of the proposal at that time and the Board will act on the proposal.

This cycle of events is required so that all member invoices may be prepared and sent by September 15 in accordance with CORMA's Articles of Association.

IV. **SCOPE OF SERVICES REQUESTED**

A. **COVERAGE PLACEMENTS**

1. Search the market annually for the best available excess coverage at the best available price.
2. Deliver a proposal to CORMA annually by approximately August 15 covering all carriers, coverages, premiums, fees, and terms and conditions concerning excess coverage placements for the coming year. Such proposal must clearly delineate any changes in coverages from that of the prior year and/or as may be inconsistent with CORMA's coverage documents distributed to the membership.
3. Make an oral presentation annually of the above noted proposal to CORMA's Board of Directors, on September 1.
4. At the time the above noted proposal and presentation is made, fully disclose the percentage and amount of commission to be paid to any excess insurance broker, intermediary or wholesaler used in the placement process.
5. Place all excess coverage required by CORMA.
6. Provide a complete review annually of all CORMA excess policies to assure that policy language, coverage and exclusions are consistent with CORMA's coverage document and process any endorsement necessary to accomplish such.
7. Place first dollar coverage for CORMA members for lines of coverage not provided by CORMA, as may be requested by the members, but not to contact or otherwise solicit business from the members regarding the placement of such additional coverages.
8. To bring to the attention of CORMA staff any additional coverages that may become available in the marketplace, that could be advantageous to the members, either by inclusion in the CORMA program or by additional first dollar placements in addition to CORMA's coverages, and to obtain authorization and direction from CORMA's Board of Directors prior to engaging in any related activity.

B. **CONSULTING SERVICES**

1. Attend CORMA's Annual Meeting of the General Membership and make presentations as requested.

2. Attend CORMA Board of Directors Meetings as may be necessary or as requested, and make reports or presentations as requested.
3. Consult with CORMA staff, officers, or directors concerning coverage availability, terms and conditions, coverage interpretations, and premium.
4. Cooperate fully with CORMA's attorneys as may be necessary regarding claims, coverages, or other legal matters.
5. Cooperate fully with CORMA's independent auditors concerning any confirmations necessary to complete the annual audit.
6. Consult with CORMA's members concerning the placement of coverage not provided by CORMA as requested by the member and/or authorized and directed by the Board of Directors.
7. Provide reports, testimony, and/or consulting in support of CORMA in its legislative endeavors or interaction with state agencies as may be requested by CORMA.

#### C. CERTIFICATES OF INSURANCE

Issue all certificates of insurance as may be required by Ohio law in order to meet the needs of CORMA members, in accordance with the standards, procedures and specifications set by CORMA.

#### V. **CLAIMS ADMINISTRATION**

CORMA requests as part of its services, that the broker provides timely and responsive claims administration. It shall be the broker's responsibility to manage the entire claims process: claims intake, correspondence with claimants, teaming with risk managers at member cities, complying with all the necessary reporting requirements to correctly and promptly place carriers on notice, and regularly reporting claim statuses directly to all impacted. The Broker selected will be required to team with legal counsel when necessary and provide the CORMA board with periodic claims activity updates.

#### VI. **CORMA POOL MARKETING**

The CORMA pool actively markets itself to like-minded municipal governments seeking the advantages of managing risk and liability insurance in a pool environment. The CORMA broker of record should lead marketing activities, participating in activities leading to the attraction of new members. This includes: market research, producing marketing materials and presentations, conference calls and meetings with internal marketing committee members and prospective members, developing implementation programs and processes to successfully transition new members into the pool.

#### VII. **BROKER COMPENSATION**

The Broker's compensation shall be on a flat fee basis, as mutually agreed to by CORMA and the Broker. Said fee shall be paid annually either in one lump sum or in increments mutually agreed to by CORMA and the Broker, upon delivery to CORMA of the appropriate excess insurance contracts, to include any necessary and/or required endorsements. All excess policies shall be placed net of

commission payable to the Broker. In addition, the Broker will be entitled to receive commission on any additional coverage placed for CORMA members individually, in addition to the coverage provided by CORMA.

**VIII. NON COMPETITION AGREEMENT**

The selected Broker will be required to sign a contract for services which shall contain a non compete agreement between CORMA and the agent. Said agreement shall prohibit the Broker from providing any cost indication, estimate, quote or other proposal of any alternative to the coverage provided by CORMA, to any member of CORMA, during the term of the contract, until such time as the member has given written notice of termination of membership to CORMA. The Broker shall be required to obtain a copy of said written notice directly from CORMA's administrative office prior to engaging in any such activity. This agreement shall not apply to quotations for coverage not provided by CORMA.

**IX. TERM OF SERVICES**

It is CORMA's intention to obtain the services of a Broker for a minimum period of five years, at the end of such period the Brokers' performance will be reviewed by the Board of Directors and the Board will determine at that time whether or not it is in the best interest of CORMA to again seek competitive proposals or to renew with the incumbent Broker on an annual basis for up to three years. However, CORMA must reserve the right to terminate the services of the Broker upon any anniversary date should said services prove to be unsatisfactory. CORMA must also reserve the right to seek excess coverage from other sources at any time should the servicing Broker be unable to place the necessary coverage at any time.

**X. SCOPE OF THE PROPOSAL**

The proposal submitted must be in writing and contain the following information:

- A. Describe the quantity, size, name of entity, and breadth of experience with property and casualty insurance pools that have been served in the last five full calendar years, as applicable.
- B. Describe your experience level with the subset of insurance pools that serve the governmental sector; and provide an exhaustive depiction of the qualifications to serve this market, challenges faced and addressed to properly serve this target market. Please provide up to two such client references that may be contacted which are currently served or have been in the last five full calendar years, as applicable.
- C. All proposals must include references from at least two existing clients with annual premium volume in excess of \$500,000.
- C. Disclosure of the office location and the personnel assigned to the account with biographical sketches for all personnel to be assigned to this account, identifying their specific qualifications and relevant experience.
- D. A delineation of the excess insurance carriers most frequently used by the Broker for the placement of excess property, earthquake, liability, and workers' compensation coverages, and their Best's Ratings.

- E. Full disclosure of the Brokers ability to access CORMA's current excess insurance carriers listed as follows:
  - 1) Midwest Employers Casualty Company
  - 2) Travelers Insurance Company
  - 3) National Union Fire Insurance Company of Pittsburgh
  - 4) Great American Insurance Company
- F. The fee to be charged for such services to include the basis upon which it is to be paid.
- G. Disclosure of any and all additional placement facilities likely to be used that will receive a commission in addition to the agent's fee.
- H. Signed statement indicating agreement to:
  - 1. Disclose the percentage and amount of any commission to be paid to any excess insurance intermediary or wholesaler used in the placement process.
  - 2. Provide all other services outlined herein.
- I. Proof of agents and brokers errors and omissions coverage with a combined single limit of \$5,000,000 per occurrence or greater.
- J. Outline of any currently available value-added support services the Broker has to offer CORMA not herein specifically requested or quoted, that could be utilized by CORMA as a future service level or efficiency enhancement.

## XI. **BROKER SELECTION**

### A. DUE DATE FOR PROPOSALS

Eight (8) paper copies of the broker's written proposal and one thumb drive containing the same are to be received in the CORMA president's office by 5:00 p.m. June 15, 2018.

### B. PRESENTATION TO THE BOARD OF DIRECTORS

- 1. Copies of all proposals will be sent to the Board of Directors for their review prior to the Brokers' presentation to the Board.
- 2. Proposing Brokers may be required to make a presentation of their proposals – at the Board of Directors discretion on in accordance with a schedule established by CORMA.

3. No more than three persons will be permitted to participate in the presentation to CORMA's Board, one of which will be required to be the Account Executive or Broker Representative that will be assigned to the account and responsible for ongoing service direct to CORMA.
4. No competing Broker will be permitted to be present in the room to hear the presentation of any other competing Broker.

#### C. FINAL SELECTION

The final selection of the successful Broker will be made by CORMA's Board of Directors during a closed meeting. The successful Broker will be notified in writing and provided with the appropriate "Broker of Record" letter by July 1, 2018.

#### D. SELECTION CRITERIA

In selecting the successful Broker, the Board of Directors will consider the following criteria:

1. The Broker's demonstrated overall ability to effectively provide required insurance brokerage, marketing and claims administrative services to CORMA.
2. The Broker's overall qualifications to provide service to CORMA.
3. The qualifications and experience of the personnel assigned to service CORMA.
4. The accuracy and the professionalism with which the Broker responded to CORMA's Request for Proposal.
5. The Brokers ability to communicate effectively and accurately with CORMA's Board of Directors and staff.
6. The amount of the fee proposed to provide service to CORMA.
7. The availability of additional support services, not herein requested, that would be available to CORMA should it choose to utilize any of them.

## **XII. CONTRACT**

Selected broker and CORMA will execute a contract for services. CORMA reserves the right, in its sole discretion, to recommend an award of the contract with or without negotiation.

CORMA, as a non-profit agency and is exempt from taxation. Federal transportation and excise taxes, as well as state excise taxes shall not be included in the proposal prices. Excise tax exception certificates will be furnished upon request. The tax exempt number: 31-1573479.



CORMA represents that it will have adequate funds to meet the obligations that will be incurred by contract. However, at its option, CORMA shall have the right to terminate any resulting contract should its appropriations, spending authority, or other revenues be reduced.

The successful broker will warrant that they are not subject to an unresolved finding for recovery under R. C. Section 9.24. If the warranty is false on the date the parties sign the contract awarding a firm's proposal, the contract is void ab initio, and the broker must immediately repay to CORMA any funds paid under the contract.

All proposals offered are firm. Check your proposal carefully because errors cannot be corrected after the proposals are opened. It is a condition of any award under this proposal that broker shall deliver at prices quoted, even if in error.

Any contract resulting from this request for proposals is binding on the successful broker. Failure of the broker to meet or perform any of the contract terms or conditions shall permit CORMA to rescind or cancel the contract and purchase comparable replacement services in the open market. The broker shall reimburse costs and expenses in excess of the contract price necessitated by such replacement services to CORMA.

#### **Notice Regarding Disclosure of Confidential and Proprietary Business Information and Trade Secrets.**

CORMA hereby advises the broker that all documents submitted in response to this Request for Proposals, including those documents that purportedly contain confidential and proprietary business information or trade secrets may be considered public records. CORMA may allow the public, including other brokers, to inspect and obtain copies of these documents.

#### **Format and Content of the Broker's Proposal**

Submitted proposals should provide a description of the broker's capabilities to perform the services requested. The proposal submitted must provide the requested information in sufficient detail to enable CORMA to evaluate the broker pursuant to the specifications and other requirements.

### **XIII. SUPPORTING DOCUMENTATION AND INFORMATION**

To aid in the Brokers' familiarity with the pool, CORMA has enclosed the following supporting data. In the event that additional information is required or clarification is needed, such may be obtained from the contact person noted herein.

- A. Articles of Association
- B. Revised By-Laws
- C. Property Value Summary

- D. Equipment Value Summary
- E. Prior Loss Experience
- F. 2017 Annual Financial Audit Report
- G. 2017 Actuarial Report

**PLEASE NOTE: FAILURE TO COMPLY WITH ANY PART OF THIS REQUEST FOR PROPOSAL MAY RESULT IN REJECTION OF THE PROPOSAL.**