

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**REQUEST FOR PROPOSALS FOR INSURANCE BROKER SERVICES
FOR PROPERTY/PACKAGE COVERAGES
RFP # PROP/PKG-03312020**

QUESTIONS AND ANSWERS

April 21, 2020

Q-1. Page 3, section 1.9 indicates email submissions will not be considered. Will electronic submissions of the RFP responses be considered satisfactory in light of the COVID-19 pandemic?

A-1. Electronic submissions will be accepted. See the First Amendment to the RFP.

Q-2. The RFP calls for 1 original and 5 copies and a CD. Under the orders from the Governor, we are not allowed to enter our offices. Can this response be delivered to the State in a password protected email format only?

A-2. See the First Amendment to the RFP for revised submission requirements.

Q-3. Will the deadline for bid submissions be extended?

A-3. Yes, Proposal Due Date has changed to May 6, 2020. See First Amendment to the RFP.

Q-4. Will the timeline outlined in the RFP be impacted by the COVID-19 pandemic?

A-4. We do not anticipate that the timeline for this procurement will be impacted.

Q-5. Who is the current Broker?

A-5. Aon Risk Service, Inc of Maryland.

Q-6. What is the length of the current Broker engagement?

A-6. The current Contract was September 1, 2014 and will expire on September 1, 2020.

Q-7. Why is MD issuing an RFP?

- A-7. The current Contract will expire September 1, 2020.
- Q-8. What is the current Broker fees for category A:
- a. Blanket Excess Property Coverage
 - b. Terrorism for Excess Property
 - c. Boiler and Machinery Coverage
- A-8. The annual Broker Fee is as follows:
- a. \$72,000
 - b. 0
 - c. \$10,000
- Q-9. What is the current Broker fee for Category B - MDTA Bridges and Tunnels Property?
- A-9. The annual Broker fee is: \$20,000
- Q-10. Who is the current MBE partner?
- A-10. MFL Consulting
- Q-11. We note that the MBE participation goal is 25%. The most recent goals have been 15%. Since this is Brokerage Services only, the goal seems high.
- A-11. The Office has established for this solicitation an MBE subcontractor goal of 25% of the Contract value.
- Q-12. Page 7, Section 2.16. Does the incumbent(s) provider meet the goal for MBE participation? Will proposals be accepted without direct MBE participation?
- A-12. The MBE participation goal is met under the current Contract. If an Offeror does not commit to meeting the entire MBE participation goal, they must submit a request for waiver with their technical proposal that support good faith efforts. See Section 2.16 and Appendix F for information on the MBE participation goals.
- Q-13. What firms were solicited for a response to this RFP?
- A-13. The RFP has been published on eMMA, posted on the State Treasurer's website and emailed directly to insurance broker approximately 40 firms interested in receiving the Office RFPs. This list is not publicly posted.
- Q-14. Page 11, section 3.3.14. Has the state historically marketed all (or most lines) annually?
- A-14. The contract requires each line of coverage be marketed annually unless extenuating circumstances and only with prior approval by the State.

Q-15. In terms of Loss Control and Risk Management services (aside from the actual broking of the program) associated with the programs in Category A and B, can you provide us with some examples and/or brief listing of the types of services that added value to you and you have come to expect from your broker historically?

A-15. Examples of prior loss control services from the broker include:

1. Tracking and trending claims data
2. Root cause analyses
3. Cat modeling
4. Flammable liquids storage and handling - recommendations and fire code analysis
5. Warehouse storage – recommendations and fire code analysis
6. Consulting on roofing specifications

CATEGORY A

Q-16. For the 4/1/20 renewal of the main excess property program, did it renew with the same program structure and insurers as expiring? If not, how did it change at renewal? What was impact to pricing for the 4/1 renewal?

A-16. The structure of the excess property program renewed as expiring with respect to limits, deductibles and catastrophic perils. Due to capacity and competitive issues, some carriers were replaced with new carriers. Renewal rates increased about 26% over expiring.

Q-17. Is there a property schedule containing the insurance limits of each item?

A-17. The State maintains a property schedule with values for building, contents, computers and equipment. The values are updated annually by each agency covered by the policies.

Q-18. In the event of a loss when is the insurance company notified?

A-18. The current practice is to notify the insurance companies and broker when it appears a loss may exceed \$75,000.

Q-19. Does the insurance company approve/accept the loss before the SIR is triggered?

A-19. The insurance company determines whether coverage applies and therefore, whether the SIR/deductible applies.

Q-20. Who adjusts the claims under the SIR?

- A-20. The State Treasurer's Office claims adjusters, in conjunction with the third party administrator or insurance company.
- Q-21. If the claims handled by the State, does the insurance company monitor the SIR status?
- A-21. Claims above \$75,000 are reported to the insurance companies for monitoring including the SIR/deductible.
- Q-22. In lieu of individual structure COPE information,.do you know how many structures are:
Frame, Joist Masonry, Non-Combustible, Masonry Non-Combustible,
Modified Fire-Resistive, Fire Resistive or Sprinklered?
- A-22. This information will be available to the successful broker. For many locations, construction, sprinkler and flood information is included on the property schedule.
- Q-23. Is the 2% Wind deductible set to the damaged Structure?
- A-23. For the existing program, the Tier 1 wind deductible calculation is based on the Total Insurable Values at each location involved in the loss.
- Q-24. Multiple deductibles for multiple structures?
- A-24. Total values at each location, not number of structures, is the basis for the wind deductible.
- Q-25. What is the Flood deductible?
- A-25. For the existing program the flood deductible is \$2,500,000.
- Q-26. After Isabel was electrical, HVAC, etc. relocated to above sea level areas?
- A-26. The successful broker will have the opportunity to collect this type of detail with the assistance of the State.
- Q-27. Are property inspection reports available?
- A-27. Higher value buildings have been inspected by the insurance company and those reports will be available to the successful broker.
- Q-28. Have any policies been nonrenewed or cancelled by any insurers?
- A-28. Because of market conditions, some carriers nonrenewed policies upon expiration and were subsequently replaced by additional carriers.

Q-29. Did the 4/1 Excess Property renewal stay with the existing carrier(s)?

A-29. Most Excess property policies renewed with the existing carriers, however, due to capacity or competitive reasons, some new carriers were added to the program effective April 1, 2020.

Q-30. Will the State consider providing the following data:

- d. Current Property Placement Schematic
- e. Large Loss Detail
- f. Statement of Values

A-30. That data will be provided to the successful broker.

Q-31. What were the results of the recent AIG April 1, renewal?

A-31. AIG remained the lead primary carrier for the excess property program. Rates increased for all participating carriers including AIG.

CATEGORY B

Q-32. How is the 2% deductible calculated, Structure or including BI?

A-32. For the existing program, the 2% deductible is subject to a minimum of \$1,000,000 and applies to each structure for direct damage. The waiting period for loss of revenue is 10 days. The maximum deductible any one occurrence for DD and BI is \$15,000,000.

Q-33. Is there a property schedule with per structure value and BI?

A-33. Yes.

Q-34. Are pile foundations covered?

A-34. The policy covers from abutment-to-abutment of each structure with no exclusion for foundations.

Q-35. Are underwater foundation inspections available on each Bridges?

A-35. Those reports will be available to the successful broker.

Q-36. Is information available on foundation pile wear as the result of current and erosion?

A-36. Those reports will be available to the successful broker.

Q-37. Are there steel, cable and decking inspections available?

- A-37. Those reports will be available to the successful broker.
- Q-38. What is the Federal bridge rating for each structure?
- A-38. The successful broker will have the opportunity to collect this type of detail with the assistance of the State.
- Q-39. Are there inspection reports available for the Tunnels?
- A-39. Those reports will be available to the successful broker.
- Q-40. What is the probable maximum loss of each structure?
- A-40. The schedule of values for each structure includes Maximum Foreseeable Loss (MFL) calculations.
- Q-41. As regard section 4.3.4 Firms' Insurance Broker Services Experience. Because there are not a lot of Bridge & Tunnel exposure accounts, are large commercial clients a reasonable substitution?
- A-41. Offerors should describe their relevant experience in the coverages discussed in the RFP and indicate how this experience is similar to the State.
- Q-42. Does not having two public entity customers (preferably state) disqualify the broker?
- A-42. No.
- Q-43. Will proposal fees be the main driver for selection of the winning bid?
- A-43. This is not a "bid" procurement. See Section V. Evaluation and Selection Procedure for information evaluation criteria.
- Q-44. Will the Maryland State Treasurer negotiate any of the terms and conditions in Appendix D – General Conditions? May an offeror provide exceptions or request to negotiate certain terms and conditions, in particular liability, as part of its proposal?
- A-44. An Offeror may provide exceptions or make a request to negotiate certain terms and conditions in the RFP. Any exceptions must be clearly identified and submitted on a separate sheet and placed directly behind the transmittal letter in the technical proposal. The State's failure to successfully negotiate mutually satisfactory language may result in the rejection of your proposal.

- Q-45. Appendix D 4.1 Liability states, “The Contractor agrees to maintain adequate insurance coverage in order to fulfill its responsibilities under this section”. Is the contractor’s liability limited to the insurance coverage amounts referenced in 3.2.2 and 3.2.3?
- A-45. Broker is responsible to indemnify and hold harmless the State for any and all liabilities without regard to types or limits of broker’s insurance coverage.
- Q-46. Will the state sign a confidentially agreement regarding the brokers proprietary financial information as the firm is not a publicly traded company?
- A-46. No. See Section 2.10 Access to Public Records Act Notice. Financial information is typically considered confidential, proprietary commercial information and is not disclosed.
- Q-47. MD is looking for a 4-year brokerage engagement (2020-24). Is there an expectation for a set fee for each component of coverage for each of these 4 years? Can this be variable by year?
- A-47. The Contract to be awarded as a result of this RFP will have an initial term from 09/01/2020 through 08/31/2024. There are two (2) consecutive renewal options that are exercisable at the sole discretion of the Treasurer or the Treasurer’s designee. Brokers must provide a fee for the initial term and for all subsequent annual terms.
- Q-48. The State’s placements require the use of intermediaries and we understand 3.3.12 to allow the use of intermediaries provided compensation is negotiated to a reasonable level. Is compensation to intermediaries (which may be owned/affiliated or not owned with the retail broker) intended to be in addition in the compensation to the retail broker responding to the RFP?
- A-48. The State’s contract with the retail broker will be the total sums paid, including MBE participation. Wholesale broker fees or compensation are the responsibility of the retail broker.
- Q-49. Are there currently any Wholesalers being utilized?
- A-49. Wholesale brokers are utilized by the retail broker but not for all placements.
- Q-50. Are there any Billing Subcontractors being utilized?
- A-50. Due to territorial restrictions, some billing is performed by non-USA offices of the current broker.