



*Maryland*  
STATE  
TREASURER  
Investing for Maryland's future.

**Nancy K. Kopp**  
State Treasurer

**Bernadette T. Benik**  
Chief Deputy Treasurer

**INVITATION TO BID  
FOR  
INSURANCE BROKER SERVICES FOR  
CRIME, SURETY/BONDS AND RELATED COVERAGES  
ITB #CSBC-05302014  
(Small Procurement)**

**Solicitation Issue Date:** May 30, 2014

**Questions Due:** June 6, 2014 by 2:00 p.m. Eastern Time

**Bid Due Date and Opening:** June 19, 2014 at 11:00 a.m. Eastern Time

**Tentative Contract Award:** June 24, 2014

**Submit Proposals to:** Maryland State Treasurer's Office  
Attn: Procurement Officer  
Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401

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## Section I – GENERAL INFORMATION

### 1.01 Summary Statement

The Maryland State Treasurer's Office, the issuer of this Invitation to Bid (“ITB” or “solicitation”), is requesting proposals to select a broker to market, manage and service policies and/or sureties/bonds and related documents for crime, surety/bond, and related insurance coverages for the State of Maryland. The term “Offeror” as used in this ITB includes any broker submitting a proposal.

### 1.02 Issuing Office and Procurement Officer

Maryland State Treasurer's Office  
Louis L. Goldstein Treasury Building, Room 109  
80 Calvert Street  
Annapolis, Maryland 21401  
Procurement Officer: Anne Jewell

Tel.: (410)260-7903

E-mail: [procurement@treasurer.state.md.us](mailto:procurement@treasurer.state.md.us)

The sole point of contact for purposes of this procurement is the Procurement Officer.

### 1.03 Procurement Method

This contract will be awarded in accordance with the small procurement process under COMAR 21.05.07.

### 1.04 Questions and Inquiries

**All questions must be submitted in writing by mail or via email and received by the Issuing Office no later than 2:00 p.m. local time on Friday, June 6, 2014.** Oral questions will not be permitted.

### 1.05 Submission Deadline

**To be considered for award, the Bid must be received by the Procurement Officer at the Issuing Office no later than 11:00 a.m. Eastern time on Thursday, June 19, 2014.** Requests for extension of this date and time will not be granted. Bidders should allow sufficient mail and internal delivery time to ensure timely receipt at the Issuing Office. Bids or unsolicited amendments to bids arriving after the closing date and time will not be considered. Bids submitted by electronic means only (facsimile or email) will not satisfy the submission deadline and will not be considered.

## **1.06 Bid Opening**

The Office shall open the bids publicly at the Maryland State Treasurer's Office, Louis L. Goldstein Treasury Bldg., 80 Calvert Street, Annapolis, Maryland 21401, 1<sup>st</sup> Floor Conference Room, on Thursday, June 19, 2014, at 11:00 a.m. Eastern Time. The Office shall read aloud or otherwise make available the name of each bidder, the fees, and such other information as is deemed appropriate. The Office shall make a bid abstract. The Office shall make available for public inspection opened bids at a reasonable time after bid opening but in any case before contract award, except to the extent a bidder designates trade secrets or other proprietary data to remain confidential.

## **SECTION II – SCOPE OF SERVICES**

### **2.01 Broker Services**

With respect to the coverages identified below, as well as any related coverages requested by the Office to be added in the future, the selected insurance broker shall be responsible for providing the following services to the Office:

1. Marketing and obtaining quotations for each policy or surety/bond, reporting on an insurer's financial status, and placing and servicing the desired insurance coverages.
2. Annually providing carrier loss runs, or letter, for Crime policies and Surety/Bond and Related Coverages a minimum of 60 days before expiration of each coverage, including any prior year with open losses.
3. Acting as an advocate for the Office in communications with the insurers, intermediaries, and any other subcontractors. Insurance broker is expected to negotiate with insurance brokers and intermediaries to obtain the lowest possible fees.
4. Offering creative solutions and innovative suggestions for the Office to consider.
5. Reviewing and verifying insurance documents received from insurers for accuracy, requesting any needed corrections and ensuring receipt of any corrections from the insurance company.
6. Providing an original paper copy and an electronic copy of all policies and/or sureties/bonds (carrier or broker provided).
7. Obtaining endorsements as requested. The Office needs both an electronic copy and a paper copy of each endorsement (carrier or broker provided).
8. Preparing and mailing original certificates of insurance and providing an electronic copy to the Office and the applicable State agency as requested.

9. Including and identifying any intended intermediaries (who will be considered subcontractors under the Contract) used in the quote process and disclosing, where available, the full commission rate and the anticipated negotiated rate of commission. When commission rates are not available, the insurance broker must provide an explanation to the State for the reason the commission rate is not available.
10. Providing renewal quotes including copies of the carrier quotes, on all policies and/or sureties/bonds, preferably 30 days before expiration. If a carrier only offers an "indication" of their premium quote, a copy of the carrier's indication must be included in the broker's renewal (or new) submission, and is acceptable as a documentation of a quote. All quotes must include the insurance broker's recommendation, with the supporting reasons for that recommendation, the final intermediary used, if any, and the final negotiated intermediary commission rate, if available. Where there are an adequate number of markets to do so, provide multiple quotes (a minimum of two, but three preferred) for competitive purposes. If a broker has been delegated authority by an insurance carrier to provide quotes on the carrier's behalf, then the broker's quote letter is acceptable. In the event that this requirement is not possible or recommended, the insurance broker must submit a letter of explanation/recommendation to the Contract Officer on or before 90 days prior to the coverage expiration to obtain acceptance or denial of the recommendation. Where a carrier declines to offer a quote on coverage, the insurance broker must provide documentation from each carrier indicating why they chose not to quote.
11. Considering all qualified carriers for quotes. Carriers may contact the insurance broker to quote a coverage. The insurance broker must document all contacts from qualified and non-qualified carriers and must provide information to the Office on the results.
12. When requested by the Office, providing detailed rating worksheets on insurance proposals, either a full set or a sampling that reflects the pricing detail used is required.
13. When requested by the Office, offering guidance on State Agency RFP or ITB insurance requirements.
14. Providing answers to the Office and obtaining clarification from insurers, underwriters or adjusters regarding coverage or claims questions.
15. Providing a Binder of Insurance, electronically, prior to the effective date for all policies and/or sureties/bonds.

## **2.02 Minimum Qualifications**

To be considered for a Contract, the insurance broker must:

1. Designate an employee to handle the coverages that has, at a minimum, 5 years experience, in **each** of the crime, surety/bonds and related coverages, as applicable.
2. Provide evidence of Professional Errors and Omissions Liability insurance (current certificate of insurance) with a limit of liability of at least \$5,000,000 per occurrence, and maintain such insurance at all times during the term of the Contract. Such insurance coverage shall be with an insurance company with a Best's Rating of "A" or greater. If the Errors and Omissions insurance carrier is Lloyd's of London, include the Lloyd's of London syndicate(s) Best Rating also.
3. Confirm that your firm has and will maintain all necessary permits and licenses required by local, State, and /or Federal laws.

## **2.03 Auditing**

Offeror must have its financial statements audited annually by an independent certified public accounting firm and receive an unqualified opinion from the auditor. Upon request, over the term of the Contract, Offeror must provide the Office with current audited financial statements.

At the Office's discretion, the State may audit or subcontract an audit of the Offeror's procedures to ensure Contract compliance.

## **2.04 Statement of Work**

### **Summary of Crime Coverages Required and Employee Dishonesty Required (Full details to be provided to selected broker):**

#### **Crime Coverages (2 coverages)**

##### **I. Maryland Transportation Authority (MDTA) Effective December 1, 2014**

###### **A. Scope of Operations:**

The MDTA owns seven toll facilities that consist of five bridges and two tunnels that accept cash and E-ZPass, and one toll road that accepts E-ZPass only. With the exception of the toll road, each toll facility has a money room (Hattem Bridge and JFK share one money room) where the tolls are counted, and prepared for deposit to the bank, and then stored in a vault until pick up by armored truck services. For security purposes, pickups are done at varied times and either MDTA police or Maryland State Police accompany the armored truck carrying deposits to the bank. The only

time money would not be picked up daily is when the bank is closed, such as for a holiday. All electronic E-Z Pass transactions are handled by a vendor.

**B. Summary of Current Coverage and Limits:**

Public Employee Dishonesty (Includes Faithful Performance of Duty)	\$750,000	Single Loss Limit
Forgery or Alteration	\$750,000	Single Loss Limit
Computer Fraud	\$750,000	Single Loss Limit
Money & Securities on Premises	\$750,000	Single Loss Limit
Money & Securities – Messenger	\$750,000	Single Loss Limit
Single Loss Deductible (for each coverage)	\$ 50,000	

**C. Previous Carriers and Losses Incurred:**

12/1/2013-2014	Travelers Casualty & Surety	\$0
12/1/2012-2013	Travelers Casualty & Surety	\$0
12/1/2011-2012	Travelers Casualty & Surety	\$0
12/1/2010-2011	Travelers Casualty & Surety	\$0

**II. Maryland Transit Administration (MTA)  
Effective March 10, 2016/2019**

**A. Scope of Operations:**

The MTA has one central revenue handling facility known as the "Revenue Room", which is responsible for receiving, counting, storing and preparing bank deposits from all revenue generated from MTA's bus operating systems. Revenue collected from bus fare boxes is stored in receiver vaults. It is picked up each weekday morning by an MTA armored truck and delivered to the Revenue Room to be counted and deposited in the bank the next business day.

**B. Summary of Current Coverage and Limits:**

Theft of Money and Securities (1515 Washington Blvd, Baltimore, MD)		
Inside the Premises	\$5,000,000	Per Occurrence
Outside the Premises	\$ 400,000	Per Occurrence
All other locations	\$ 250,000	Per Occurrence
Deductible (each coverage above)	\$ 10,000	Per Occurrence
Forgery or Alteration	\$ 250,000	Per Occurrence
Deductible	\$ 5,000	Per Occurrence

**C. Previous Carriers and Losses Incurred:**

3/10/2013-2016	Fidelity & Deposit Co. of Maryland	\$0
3/10/2010-2013	Fidelity & Deposit Co. of Maryland	\$0
3/10/2007-2010	Fidelity & Deposit Co. of Maryland	\$0

**Employee Dishonesty (5 Coverages)**

**I. Maryland Judiciary: Clerks and Commissioners of District, Circuit, Appellate and Orphans Courts of Maryland Effective July 1, /2015/2016**

**A. Scope of Operations:**

The Maryland Judiciary includes several courts, each with its own primary functions. Maryland law requires that the Clerks of any Court and Court Commissioners be covered by a bond for the faithful performance of the duties of office. Court Commissioners exercise power with respect to warrants of arrest and bail or collateral, other terms of pretrial release pending a hearing, or incarceration pending a hearing. Court Clerks' duties include participation in the preparation of the budget, oversight as to expenditures, oversight as to methods for the collection of revenue and the deposit of the same to the appropriate funds of the State, as well as general supervisory responsibility.

**B. Summary of Current Coverage and Limits:**

Public Employee Dishonesty (Includes Faithful Performance of Duty)	\$1,000,000	Per Occurrence
Deductible	\$ 100,000	Per Occurrence
Computer Fraud	\$ 1,000,000	Per Occurrence
Deductible	\$ 100,000	Per Occurrence

**C. Previous Carriers and Losses Incurred:**

7/1/2011-2014	Travelers Casualty & Surety	\$0
7/1/2008-2011	Travelers Casualty & Surety	\$0

**II. State Retirement and Pension System of Maryland Effective July 1, 2015/2016**

**A. Scope of Operations:**

The State Retirement and Pension System of Maryland is responsible for properly administering retirement, disability and death benefits on behalf of over 350,000 active and former State employees, teachers, State police, judges, law enforcement officers, correctional officers, legislators, as well as local government employees and fire fighters whose employers have elected to participate in the System.



**B. Summary of Current Coverage and Limits:**

Public Employee Dishonesty (Includes Faithful Performance of Duty)	\$500,000	Per Occurrence
Deductible	\$ 7,500	Per Occurrence
Forgery or Alteration	\$500,000	Per Occurrence
Deductible	\$ 7,500	Per Occurrence
Computer Fraud	\$500,000	Per Occurrence
Deductible	\$ 7,500	Per Occurrence
Wire Funds Transfer Fraud	\$500,000	Per Occurrence
Deductible	\$ 7,500	Per Occurrence

**C. Previous Carriers and Losses Incurred:**

7/1/2013-2014	Travelers Insurance Company	\$0
7/1/2012-2013	Travelers Insurance Company	\$0
7/1/2011-2012	Travelers Insurance Company	\$0

**III. Maryland Department of Housing & Community Development  
(Fannie Mae requirement) Effective December 31, 2014/2015**

**A. Scope of Operations:**

In conjunction with a contract with the Federal National Mortgage Association, DHCD is required to maintain commercial crime insurance.

**B. Summary of Current Coverage and Limits:**

Public Employee Dishonesty (Includes Faithful Performance of Duty)	\$3,000,000	Per Occurrence
Deductible	\$1,000,000	Per Occurrence
Claim Expense	\$ 5,000	Per Occurrence
Deductible	\$ 0	Per Occurrence

**C. Previous Carriers and Losses Incurred:**

12/31/2013-2014	Travelers Insurance Company	\$0
12/31/2012-2013	Travelers Insurance Company	\$0

**IV. Maryland Department of Housing & Community Development  
(HUD requirement) Effective March 1, 2015/2016**

**A. Scope of Operations:**

In conjunction with a contract with the United States Department of Housing and Urban Development (HUD), DHCD is required to maintain commercial crime insurance.

**B. Summary of Current Coverage and Limits:**

Public Employee Dishonesty	\$14,000,000	Per Occurrence
Deductible	\$ 1,000,000	Per Occurrence
Claim Expense	\$ 250,000	Per Occurrence
Deductible	\$ 0	Per Occurrence

**C. Previous Carriers and Losses Incurred:**

3/1/2014-2015	TBD	\$0
3/1/2013-2014	Travelers Insurance Company	\$0
3/1/2012-2013	Travelers Insurance Company	\$0
3/1/2011-2012	Travelers Insurance Company	\$0

**V. College Savings Plans of Maryland  
Effective April 1, 2015/2016**

**A. Scope of Operations:**

The College Savings Plans of Maryland is an independent State agency that provides two plans to help Maryland families save for future college expenses and reduce dependence on student loans and other forms of debt. The two plans are: The Maryland Prepaid College Trust, and The Maryland College Investment Plan. Both plans are administered by the College Savings Plans of Maryland Board. The Board includes State officials and public members appointed by Maryland's Governor.

**B. Summary of Current Coverage and Limits:**

Public Employee Dishonesty (Includes Faithful Performance of Duty)	\$1,000,000	Per Occurrence
Deductible	\$ 10,000	Per Occurrence
Claim Expense	\$ 100,000	Per Occurrence
Deductible	\$ 1,000	Per Occurrence

**C. Previous Carriers and Losses Incurred:**

4/1/2014-2015	TBD	\$0
4/1/2013-2014	Travelers Insurance Company	\$0

4/1/2012-2013	Travelers Insurance Company	\$0
4/1/2011-2012	Travelers Insurance Company	\$0

**Summary of Surety/Bond Coverages Required**  
**(Full details to be provided to selected broker):**

- I. **Tuition Bond for the University of Maryland, University College for the State of Kentucky**  
 Effective July 1, 2015/2016  
 The current bond carrier is Hartford and has a limit of \$175,000.
  
- II. **Public Official Bond for the Chairperson of the Maryland Board of Physicians**  
 Effective July 1, /2016/2018  
 The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$10,000.
  
- III. **Surety Bond for Postal Unit at Towson University**  
 Effective August 1, 2015/2016  
 The current bond carrier is Hartford and has a limit of \$5,000.
  
- IV. **Public Official Bond for the Legislative Auditor for the Maryland General Assembly**  
 Effective December 4, 2014/2015  
 The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$200,000.
  
- V. **Resident Trust Fund Bond for Deer’s Head Hospital Center (Department of Health and Mental Hygiene)**  
 Effective December 18, 2014/2015  
 The current bond carrier is Travelers and has a limit of \$70,000.
  
- VI. **Resident Trust Fund Bond for Western Maryland Hospital Center (Department of Health and Mental Hygiene)**  
 Effective December 18, 2014/2015  
 The current bond carrier is Travelers and has a limit of \$70,000.
  
- VII. **Resident Trust Fund Bond for Willow Brook Square (Department of Health and Mental Hygiene)**  
 Effective January 1, 2015/2016  
 The current bond carrier is Travelers and has a limit of \$10,000.
  
- VIII. **Tuition Bond for University of Maryland, University College for the State of Washington**  
 Effective January 1, 2015/2016  
 The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$25,000.

- IX. Tuition Bond for the University of Maryland, University College for the State of North Carolina**  
Effective January 1, 2015/2016  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$10,000.
- X. Customs Bond for the University of Maryland, College Park**  
Effective January 3, 2015/2016  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$50,000.
- XI. Public Official Bond for the Comptroller of Maryland**  
Effective January 22, 2015/2019  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$200,000.
- XII. Public Official Bond for the State Treasurer**  
Effective February 1, 2015/2019  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$1,000,000.
- XIII. Public Official Bond for the State Treasurer in his/her capacity as Custodian of the Unemployment Insurance Fund**  
Effective February 1, 2015/2019  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$25,000.
- XIV. Public Official Bond for the Director of the Maryland Board of Physicians**  
Effective February 22, 2015/2016  
The current bond carrier is Hartford and has a limit of \$10,000.
- XV. Public Official Bond for the Insurance Commissioner for the Maryland Insurance Administration**  
Effective May 3, 2015/2019  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$200,000.
- XVI. Public Official Bond for the Deputy Insurance Commissioner of the Maryland Insurance Administration**  
Effective September 7, 2015/2019  
The current bond carrier is Fidelity & Deposit Company of Maryland and has a limit of \$200,000.

## **General Terms for all Policies and/or Surety/Bonds**

1. Coverage Cancellation: 60 day cancellation clause required from carrier for non-renewal of crime policies.
2. The policy, surety /bond and any endorsement may not be modified except by mutual agreement and written instrument.

### **2.06 Term**

The term for the Contract for Insurance Broker Services for Crime, Surety/Bonds and Related Insurance Coverages will be August 1, 2014 through August 1, 2016 with a one-year renewal option exercisable at the sole discretion of the Treasurer or the Treasurer's designee. The first coverage effective dates under the Contract are as specified in Section 2.04. Insurance broker services provided under the Contract shall continue for any policy or surety/bond placed within the term of the Contract until the expiration of the policy or surety/bond.

### **2.07 Compensation**

For each coverage obtained on behalf of the State by the Contractor, the Office shall be responsible for paying the insurance broker services fee for each policy and/or surety/bond as well as the premiums relating to any coverage placed under the Contract. The Office will not pay any insurance broker services fee for quotes for new coverage unless and until the coverage is purchased, or for any renewal quotes where a decision is made not to renew the coverage for any reason. A decision not to renew coverage would be an unusual occurrence.

Generally, the Contractor will be responsible for submitting invoices for payment of broker services fees and premiums; however, in certain limited circumstances when payment of premiums may not be made directly to Contractor in order to comply with certain regulatory requirements, invoices for premiums may be submitted by a subcontractor approved by the Office. Approved subcontractors to whom such payment must be made directly will typically be intermediaries operating in foreign countries and are sometimes referred to as "Billing Subcontractors." All Billing Subcontractors must be identified on Exhibit C to the Contract (Appendix C to the ITB), which may be amended from time to time. Properly submitted invoices will be paid within 30 days of receipt by the Office.

For coverages in existence at the time of this ITB the broker services fee shall be as specified in the Contract (or in the case of any multi-year policy and/or surety/bond, **one** broker services fee will apply for that entire coverage term, and be invoiced only at inception). For new or added policies and/or sureties/bonds, the Contractor agrees to negotiate with the Office in good faith to determine a reasonable broker services fee for such coverage to be in effect for the remainder of the Contract term.

Each invoice for services rendered and/or for premiums to be paid must reflect the federal tax identification number of the Contractor or approved Billing Subcontractor. Charges for

late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

When insurance broker services fees specified in the Contract (or as negotiated for multi-year, new or added policies and/or sureties/bonds) and/or premiums are paid directly to the Contractor, the Contractor must agree to return to the State of Maryland, within 30 days of receipt, any and all commission income, overrides, contingencies or bonuses earned as a result of the State's coverage(s). If for any reason a policy or surety/bond for which the premium is paid directly to the Contractor cannot be written net of commission, any earned commission in excess of the insurance broker fee must be returned to the State. Notwithstanding anything to the contrary contained in the ITB or Contractor's Price Proposal, in the event that payment of a premium is made to a Billing Subcontractor instead of the Contractor in order ensure compliance with regulatory requirements, the Contractor shall not be obligated to return to the State any commission that is paid to such Billing Subcontractor.

Insurance broker services fees are all inclusive. The Office will not pay travel expenses or express mail or other administrative expenses of the Contractor.

By submitting a response to this solicitation, the Offeror agrees to accept any payments from the State by electronic funds transfer unless the State Comptroller's Office grants an exemption. The Contractor shall register using form COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form. Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption. The COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form may be downloaded from: [www.comp.state.md.us](http://www.comp.state.md.us), select "State Accounting Information," then "Electronic File Transfer," and then "Form X-10." Any approved Billing Subcontractor to whom direct payment of premiums may be made must also comply with these requirements

## **2.08 Basis for Award**

Pursuant to COMAR 21.05.02.13, the Office will make the award to the responsible and responsive bidder who submitted the most favorable bid determined by the Office to represent the lowest cost to the State.

## SECTION III - PROPOSAL FORMAT

### 3.01 Format

Each bidder must submit with its bid the following information:

1. General Information  
Name of firm, firm's representative, address, telephone number and e-mail.
2. Offeror's Qualifications  
Each Offeror shall provide Professional Errors and Omissions Liability carrier's current Best's Rating as described in Section 2.02 Minimum Qualifications. If the errors and omissions insurance carrier is Lloyd's of London, or partly Lloyd's of London, include the Lloyd's of London syndicate(s) Best Rating also.
3. Proposed Personnel  
Indicate the manner in which you would organize your firm's resources to provide the appropriate assistance to the Office by identifying the individual(s) who will be assigned as the principal broker(s) to the account and define their position(s) with the firm. As described in Section 2.02 Minimum Qualifications, the designated employee to handle the coverages must have 5 years experience. Resumes may be requested.
4. Client References
  - A. Provide at least two client references (preferably state or other public entity) for each of the relevant coverages (crime and surety/bond) for which the Offeror provides broker services. The list must include coverages you currently write that are **similar** to each of the insurance coverages requested in the ITB.
  - B. Furnish company name, and contact name title, and telephone number for each client reference.

The State reserves the right to contact any previous client whether or not provided as a reference.

5. Subcontractors  
If the Office will be required to make direct payment of premiums as a result of regulatory requirements to subcontractors, including intermediaries, please describe the regulatory requirements necessitating this arrangement.

### 3.02 Bid Submission

Each Bidder must submit a completed and signed Bid Form (Appendix A), and provide all required information requested Section 3.01 above. Bids must be received by the

Procurement Officer no later than 11:00 a.m. Eastern Time on June 19, 2014, The Bid must be completed and signed by an individual authorized to bind the bidder to all terms and conditions of this ITB.

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**APPENDIX A  
PRICE PROPOSAL**

**ITB for Insurance Broker Services for Crime, Surety/Bond, and Related Coverages,  
ITB #CSBC-05302014**

\_\_\_\_\_  
**Firm Name**

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**City, State, Zip**

**Broker Service Fee Structure**

If the coverage is annual, the Insurance broker fee(s) (all inclusive) for insurance broker services for the State of Maryland crime and surety/bond, and related coverages are for the initial term and for all subsequent annual terms.

If the coverage is a multi-year, (pre-paid or annual installments) for the State of Maryland crime and surety/bond, and related coverages, only **one** insurance broker service fee will apply for that entire coverage term and be invoiced only at inception.

Insurance Broker Services Fee must be provided for each line item for Crime and Employee Dishonesty coverages listed below.

	<u>Insurance Broker Services Fees</u>	<u>Current Structure</u>
<b><u>Crime</u></b>		
I. Maryland Transportation Authority	\$ _____	Annual
II. Maryland Transit Administration	\$ _____	Multi-year

**Employee Dishonesty**

I. Maryland Judiciary: Clerks and Commissioners of District, Circuit, Appellate and Orphans Courts of Maryland	\$ _____	Multi Year
II. State Retirement and Pension System of Maryland	\$ _____	Annual

Appendix A - ITB for Insurance Broker Services for  
 Crime, Surety/Bond, and Related Coverages, ITB #CSBC-05302014  
 (Continued )

	<u>Insurance Broker Services Fees</u>	<u>Current Structure</u>
III. Maryland Department of Housing and Community Development (Fannie Mae requirement)	\$_____	Annual
IV. Maryland Department of Housing and Community Development (HUD requirement)	\$_____	Annual
V. College Savings Plans of Maryland	\$_____	Annual

Insurance Broker Services Fee must be provided as an annual flat for each of the coverages listed below.

**Surety/Bonds (Annual)**

I. Tuition Bond for University of Maryland, University College for the State of Kentucky	Annual
II. POB for Chairman of the Maryland Board Of Physicians	Annual
III. Surety Bond for Postal Unit at Towson University	Annual
IV. POB for Legislative Auditor for the Maryland General Assembly	Annual
V. Resident Trust Fund Bond for Deer’s Head Hospital Center (DHMH)	Annual
VI. Resident Trust Fund Bond for Western Maryland Hospital Center (DHMH)	Annual
VII. Resident Trust Fund Bond for Willow Brook Square (DHMH)	Annual
VIII. Tuition Bond for University of Maryland, University College for the State of Washington	Annual
IX. Tuition Bond for University of Maryland, University College for the State of North Carolina	Annual

Appendix A - ITB for Insurance Broker Services for  
 Crime, Surety/Bond, and Related Coverages, ITB #CSBC-05302014  
 (continued)

	<u>Insurance Broker Services Fees</u>	<u>Current Structure</u>
X. Customs Bond for University of Maryland, College Park		Annual
XIV. POB for Director of the Maryland Board Of Physicians		Annual
<b>TOTAL ANNUAL FLAT BROKER FEE FOR SURETY/BONDS:</b>	\$ _____	

**Surety Bonds (Multi-Year)**

XI. Public Official Bond (“POB”) for Comptroller		Multi-year
XII. POB for Treasurer		Multi-year
XIII. POB for Treasurer (Custodian of the Unemployment Insurance Fund)		Multi-year
XV. POB for Insurance Commissioner for Maryland Insurance Administration		Multi-year
XVI. POB for Deputy Insurance Commissioner for Maryland Insurance Administration		Multi-year
<b>TOTAL MULTI-YEAR FLAT BROKER FEE FOR SURETY/BONDS:</b>	\$ _____	

For each coverage obtained on behalf of the State under the Contract, the Office shall be responsible for paying the insurance broker services fees listed above as well as the applicable premiums. The insurance broker shall not be entitled to accept any other form of compensation in connection with the services provided under the Contract other than the insurance broker services fees listed above (or as negotiated for multi-year, new or added coverages).

When insurance broker services fees specified in the Contract (or as negotiated for multi-year, new or added policies and/or sureties/bonds) and/or premiums are paid directly to the Contractor, the insurance broker must agree to return to the State of Maryland, within 30 days of receipt, any and all commission income, overrides, contingencies or bonuses earned as a result of the State’s policy(s) and/or surety(s)/bond(s). If for any reason a

Appendix A - ITB for Insurance Broker Services for  
Crime, Surety/Bond, and Related Coverages, ITB #CSBC-05302014  
(continued)

policy and/or surety/bond for which the premium is paid directly to the Contractor cannot be written net of commission, any earned commission in excess of the insurance broker fee must be returned to the State.

Notwithstanding anything to the contrary contained in this ITB or Contractor's Price Proposal, in the event that payment of a premium is made to a Billing Subcontractor (as defined in the ITB) instead of the Contractor in order to ensure compliance with regulatory requirements, as permitted under the Contract and specified in Appendix A of the Contract, which may be amended, the Contractor shall not be obligated to return to the State any commission that is paid to such Billing Subcontractor.

Insurance broker services fees are all inclusive. The Office will not pay travel expenses or express mail or other administrative expenses of the Offeror. The Office will not pay any insurance broker services fee relating to quotes for new coverage unless and until the coverage is purchased. If the Offeror provides a renewal quote, and the Office decides not to renew the coverage for any reason, the Office will not pay any insurance broker services fee.

Notwithstanding this proposal, for any multi-year policy and/or surety/bond or any new or added policy and/or surety/bond, the Offeror agrees to negotiate with the Office an appropriate insurance broker services fee for that coverage.

In compliance with the ITB and with all terms and conditions set forth therein, the undersigned represents that he/she has full authority to submit the above insurance broker services fees.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Name and Title of Authorized Official

\_\_\_\_\_  
Date

## APPENDIX B

(FORM OF SMALL PROCUREMENT CONTRACT)

### INSURANCE BROKER SERVICES FOR CRIME, SURETY/BONDS AND RELATED COVERAGES

**THIS CONTRACT** (the "Contract"), is made as of the 1<sup>st</sup> day of August, 2014 by and between \_\_\_\_\_, \_\_\_\_\_ (the "Contractor"), and the **MARYLAND STATE TREASURER'S OFFICE**, 80 Calvert Street, Annapolis, Maryland 21401 (the "Office"), an office of the **STATE OF MARYLAND** (the "State")

The Parties agree as follows:

#### Scope of Services

The Office hereby engages the Contractor to perform insurance broker services as described in this Contract which includes the following exhibits:

- Exhibit A: Invitation to Bid for Insurance Broker Services for Crime, Related Coverages, ITB #CSBC-05302014;
- Exhibit B: Contractor's Bid dated \_\_\_\_\_, 2014; and
- Exhibit C: Billing Subcontractors.

If there are any inconsistencies between this Contract and the Exhibits, the terms of this Contract, shall control. If there is any conflict among the Exhibits, Exhibit A shall control.

#### Term of Contract

The term of the Contract will be for the period beginning August 1, 2014 and ending August 1, 2016 with a one-year renewal option exercisable at the sole discretion of the Treasurer or the Treasurer's designee.

Insurance Broker Services provided under the Contract shall continue for any policy or surety/bond placed within the term of the Contract until the expiration of the policy or surety/bond

#### Payment

1. Contractor shall charge only the fees as described on Contractor's Price Proposal [BAFO] as Exhibit \_\_, with the term fixed fee not to exceed \$25,000. The Office shall compensate Contractor for services satisfactorily performed in accordance with this Contract. The rates will include all expenses other than direct out of pocket travel expenses and express mail charges where using express mail is at the direction of

the Office. Travel expenses will be invoiced and reimbursed in accordance with the State's standard travel regulations (COMAR 23.02.01).

2. Generally, the Contractor will submit invoices for payment of broker services fees and premiums to the Office for payment to the Contractor; however, where applicable regulatory requirements necessitate direct payment of premiums to any Subcontractor(s) identified on Exhibit C (each, a "Billing Subcontractor"), Billing Subcontractor will submit an invoice to the Office for payment to Billing Subcontractor. Contractor agrees that payment by the Office of any invoice for premiums submitted to the Office by a Billing Subcontractor shall relieve Office from any obligation or liability to the Contractor for premiums referenced on such invoice. Further, Contractor agrees to release, indemnify, defend and hold harmless the State against any claims, expenses or losses arising out of the Office's payment of such invoice to Billing Subcontractor.

3. A. All invoices for services shall be submitted to:

Maryland State Treasurer's Office  
Attn: Accounts Payable  
Louis L. Goldstein Treasury Bldg.  
80 Calvert Street, Room 109  
Annapolis, MD 21401

B. Payments to the Contractor shall be made no later than 30 days after receipt by the Office of monthly invoices from the Contractor. The Contractor's Federal Tax Identification Number shall appear on invoices. The Contractor's Federal Tax Identification Number is \_\_\_\_\_. The federal tax identification numbers of each of the Billing Subcontractors, if any, are listed on Exhibit C. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

### **General Conditions**

#### **1. Termination for Nonappropriation**

If funds are not appropriated or otherwise made available to support continuation in any fiscal year succeeding the first fiscal year, this Contract shall be terminated automatically as of the beginning of the fiscal year for which funds are not available. The Contractor may not recover anticipatory profits or costs incurred after termination.

#### **2. Maryland Law Prevails**

The law of Maryland shall govern the interpretation and enforcement of this Contract.

### 3. Disputes

Disputes arising under this Contract shall be governed by State Finance and Procurement Article, Title 15, Subtitle 2, Part III, Annotated Code of Maryland, and by COMAR 21.10. Pending resolution of a dispute, the Contractor shall continue to perform this Contract, as directed by the Procurement Officer.

### 4. Changes

This Contract may be amended only with the written consent of both parties. Amendments may not change significantly the scope of the Contract (including the Contract price).

### 5. Termination for Default

If the Contractor does not fulfill obligations under this Contract or violates any provision of this Contract, the State may terminate the Contract by giving the Contractor written notice of termination. Termination under this paragraph does not relieve the Contractor from liability for any damages caused to the State. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

### 6. Nondiscrimination

The Contractor shall comply with the nondiscrimination provisions of federal and Maryland law.

### 7. Anti-Bribery

The Contractor certifies that, to the Contractor's best knowledge, neither the Contractor; nor (if the Contractor is a corporation or partnership) any of its officers, directors, or partners; nor any employee of the Contractor who is directly involved in obtaining contracts with the State or with any county, city, or other subdivision of the State, has been convicted of bribery, attempted bribery, or conspiracy to bribe under the laws of any state or of the United States.

### 8. Termination for Convenience

The State may terminate this Contract, in whole or in part, without showing cause upon prior written notice to the Contractor specifying the extent and the effective date of the termination. The State shall pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor may not be reimbursed for any anticipatory profits which have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12A(2).

**IN WITNESS WHEREOF**, the parties have executed this agreement as of the date hereinabove set forth.

**Attest:**

\_\_\_\_\_

**Witness:**

\_\_\_\_\_

**[Contractor Name]**

By: \_\_\_\_\_

**MARYLAND STATE TREASURER'S  
OFFICE**

By: \_\_\_\_\_

Bernadette T. Benik  
Chief Deputy Treasurer

Approved for form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
David P. Chaisson  
Assistant Attorney General



**APPENDIX C**  
(to the ITB)

**Exhibit C to Contract for Insurance Broker Services for Crime, Surety/Bonds and Related Coverages, ITB #CSBC-05302014**

**Billing Subcontractors**

Contractor has requested and the Office has approved the following subcontractors to be used in providing services under the Contract that are Billing Subcontractors under Article III, Section 3.2.2 of the Contract.

Legal Name of Billing Subcontractor(s)	Federal Tax Identification Number

4.3.3. With respect to each of the Billing Subcontractors, Contractor makes the following representations:

(a) The Billing Subcontractor is designated as such solely as a result of regulatory requirements that prohibit Contractor from receiving payment of premiums for coverages placed under the Contract. To the extent that premiums earned as a result of Billing Subcontractor’s efforts may legally be paid to Contractor, Billing Subcontractor will not submit invoices to the Office for payment. In no event will Billing Subcontractor submit invoices to the Office for broker services fees.

(b) The Billing Subcontractor will accept any payments from the State by electronic funds transfer unless the State Comptroller’s Office grants an exemption, and the Billing Subcontractor has registered or requested and received an exemption using form COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form.

Signatures on following page

Exhibit C to Contract for Insurance Broker Services for Crime, Surety/Bonds and Related Coverages, Billing Subcontractors, ITB #CSBC-05302014 (continued)

**ATTEST:**

[Contractor's Legal Name]

\_\_\_\_\_

By: \_\_\_\_\_

[Signatory]

[Title]

**WITNESS:**

**MARYLAND STATE TREASURER'S  
OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_

Bernadette T. Benik

Chief Deputy Treasurer

Approved for form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
Assistant Attorney General

Date: \_\_\_\_\_