

Texas Association of Counties Risk Management Pool

REQUEST FOR STATEMENT OF QUALIFICATIONS AND BID FOR BROKERAGE SERVICES

I. INTRODUCTION

Texas Association of Counties Risk Management Pool (hereinafter referred to as "TAC RMP" or "the pool") is seeking statements of qualifications for a Broker of Record to market and place our property and casualty, workers' compensation reinsurance or excess coverage, and to provide on-going risk management and support services. TAC RMP seeks brokerage services beginning on or before March 1, 2012. *This invitation is not an authorization to approach the insurance marketplace on behalf of TAC RMP. Prospective brokers failing to comply with this condition will be subject to immediate disqualification.*

TAC RMP reserves the right to reject any and all proposals, to waive any informality and to negotiate with the selected applicant prior to entering into any agreement. An accepted proposal becomes a contractual obligation of the proposer. Failure of the contractor to accept any of these obligations will result in the immediate cancellation of the agreement.

Statements shall be submitted in writing and received in the TAC office by 2 p.m. Wednesday February 8, 2012. No proposal submitted by fax will be accepted. Proposals received after the deadline will be returned.

Bids must be submitted in writing at the address below:

Written address (submit 3 copies):

Texas Association of Counties
Attn: Randy P. Plyler, CIC, ARM, AAI
1210 San Antonio Street
Austin, Texas 78701

An electronic copy should be emailed to: BrokerRFP@county.org.

Data and documentation included in the proposal become the property of TAC RMP and will become public information upon opening the proposals. All submissions will be kept confidential until the contract has been awarded.

If you have questions regarding this request for proposal or desire other information that TAC RMP agrees should be provided, please email: BrokerRFP@county.org or write Randy P. Plyler, CIC, ARM, AAI at the address listed above. Questions will be accepted

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from January 4, 2012 through January 18, 2012. TAC RMP office closed for the Christmas holiday December 23-26, 2011.

All material additional information provided to a given brokerage firm in written form shall also be provided to the other potential brokerage providers to ensure equity under this process.

II. Executive Summary

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The TAC Risk Management Pool is an intergovernmental risk pool established pursuant to the provisions of Chapter 791, Government Code (the "Interlocal Cooperation Act"); Chapter 2259, Texas Government Code; Chapter 504, Texas Labor Code; Chapter 157, Texas Local Government Code; Chapter 154, Texas Local Government Code; Chapter 119, Texas Local Government Code, and other applicable law. The mission of TAC RMP is to provide risk management solutions to counties. TAC RMP has a management contract with the Texas Association of Counties (TAC) to administer the pool's business including underwriting, claims handling, risk control and member service.

The pool currently offers workers compensation, property, auto, general liability, public officials liability, law enforcement liability and crime coverage to Texas counties and other public entities. TAC RMP is a self-insured pool and purchases reinsurance and/or excess coverage on some lines of coverage (WC, PR, PO, LE). TAC RMP is seeking a broker that can assist with placing coverage for these lines, as well as other lines of coverage that our members occasionally request such as cyber crime, cyber liability, pollution, and fiduciary liability.

III. MINIMUM QUALIFICATIONS

In order to be considered as broker of record proposers must meet the following qualifications:

1. Five years in business as a licensed broker/agency with qualified principals or account executives with a minimum of 10 years experience in public entity insurance and/or public entity pooling and risk management to be permanently designated to service TAC RMP's account.

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2. Annual premium volume in excess of \$10,000,000 with at least \$3,000,000 of premium from public entity accounts for the past three years. Experience in public entity pooling and/or public school re/insurance is highly desirable.
3. Must be licensed to do business in the State of Texas as authorized producers and maintain an active office in the State of Texas.
4. Provide a minimum of 3 public entity clients including at least one self-insurance property and/or casualty pool.
5. Firm must carry appropriate business insurance including \$5,000,000 limit of professional liability including errors and omissions insurance.

IV. INFORMATION REQUIRED

1. Provide a brief history and description of your firm. Include general information regarding organizational structure, size, capabilities and areas of specialization.
2. Describe clients your firm represents which are similar to TAC RMP and summarize your approach to insurance placements, identify markets used and provide specific details regarding services you provide.
3. Provide a list of public entities and/or public entity pooling casualty and property accounts handled directly by proposed account staff to be assigned to TAC RMP. Provide names and telephone numbers for 3 clients we may contact.
4. Include resumes of the account executives, claim staff, loss control specialists and other personnel to be actively involved with TAC RMP. Identify make-up and number of clients directly handled by each.
5. Identify one key executive who will be the contact for the Director in the event a problem occurs with the contract.
6. Describe any special expertise your firm has in providing re/insurance and/or excess and risk management services to the county government sector. Include your experience with Texas Tort Claims Act.
7. Describe the methods you would use in designing a comprehensive insurance program for TAC RMP; indicate how you would evaluate TAC RMP's exposure to risk.

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8. Explain your approach to marketing and timeliness of events relating to insurance placement, general account service (policy review, inquiry response time, issuance of certificates, etc.) loss control and any other services you would provide.
9. Provide a list of relevant major insurance carriers likely to match TAC RMP's needs in order of your priority. Demonstrate your firm's relationship with these insurers (i.e., premium volumes, other accounts, or other information).
10. Please describe any resources you can provide to TAC RMP and/or our membership in regard to the Best Practices of county government. Please identify and describe what services and resources your firm can provide us for such things as safety and risk control, law enforcement and jail issues, employment practices training, or other "hot topics" that would assist the membership with being proactive in dealing with potential losses.
11. Please describe programs and/or technical assistance that you will provide to TAC RMP and/or its members through the TAC RMP risk control program.

V. BROKER FEE AND CONDITIONS

1. Only one submission per firm will be allowed.
2. Please quote a 3-year fee including detailed and specific information as to how your firm will be compensated. Identify services to be included and for which an additional charge would be made. TAC RMP requires the broker of record to provide all quotes net to TAC RMP. The broker fee is the only compensation that is generated from the placement of re/insurance and/or excess coverage under the broker of record agreement.
3. Broker will provide an annual statement of ancillary commissions derived from TAC RMP members.
4. Broker will disclose any income derived from any re/insurance company or additional placement facility as a direct result of the TAC RMP account. This may be in the form of bonus, profit sharing, contingency, commission, etc.
5. TAC RMP will require a non-compete agreement and broker must obtain prior approval from TAC RMP before providing a quotation for any risk (entity) that may fall under the definition of an insurable entity under the TAC RMP Pool Agreement. This applies to business written after the inception of the Broker Agreement.

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VI. SCOPE OF WORK –SERVICES REQUIRED

If selected, broker will agree by written contract to provide the following services:

Broker Services

1. The broker will assist TAC RMP in identifying and evaluating existing and emerging exposures to risk. This risk assessment work will be used to guide existing, or to develop new, risk control and risk financing programs.
2. The broker will assist TAC RMP in designing the most cost-effective risk-financing program. This will include reviewing the appropriateness of retention levels assumed and insurance limits purchased. It will also include assessing the appropriateness of the methods used to finance a given exposure.
3. Broker shall prepare renewal specifications for review and approval by TAC RMP at least 120 days prior to renewal. Broker shall verify accuracy and adequacy of re/insurance contracts, endorsements and invoices.
4. Broker shall issue a written report of anticipated insurance and renewal terms, analysis of market conditions and recommendations for renewal not less than 60 days prior to renewal. Analysis shall address program design, broadest available coverage terms, pricing, optimal retention levels, insurer stability and security and services available. Such report must clearly delineate any changes in coverage from that of prior years and/or as may be inconsistent with TAC RMP's coverage document.
5. Broker will be required to provide a complete review annually of all TAC RMP's re/insurance or excess policies to assure the policy language, coverage and exclusions are consistent with TAC RMP's coverage document and process any endorsements to accomplish such.
6. Place first dollar coverage for TAC RMP members for lines of coverage not provided by TAC RMP, as may be requested by the member, but not to contact or otherwise solicit business from the members regarding the placement of such additional coverages.
7. Broker will partner with TAC claim staff as an advocate in presenting Pool claims to re/insurance companies as requested. Provide technical assistance, as requested, on TAC RMP and member claims.

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8. Broker specifications receipt shall be confirmed within 36 working hours of delivery, identifying the responsible underwriter for the submission.
9. Broker shall issue binders within 24 hours to include: certificates, loss payable forms and other documents as required by TAC RMP. Broker shall maintain written records including records of marketing packages, policies, premiums, audits, loss data and any other pertinent information affecting coverage placed by broker.
10. Broker shall prepare and present in person a formal annual report of activities. Broker shall meet at least yearly with TAC RMP to discuss setting goals and objectives for the upcoming year.
11. Broker shall provide a written report three weeks prior to each TAC RMP's Board meeting of market trends, "hot topics" and any other current information that would relate to the TAC RMP account.
12. Broker shall be available to review leases and contracts to ensure TAC RMP members meet insurance and indemnification requirements.
13. Broker shall assist TAC RMP in reviewing and writing manuscript policy forms.
14. Broker will provide any other services deemed appropriate by TAC RMP and/or broker.

Consulting Services

1. Broker shall assist TAC RMP in its marketing activities including attending visits with TAC RMP members at their locations upon request.
2. Broker shall be available upon reasonable notice to meet with TAC RMP's members, boards, committees and staff as necessary at broker's expense.
3. Cooperate fully with TAC RMP's independent auditors and actuaries concerning any confirmations necessary to complete the annual audit.
4. Cooperate fully with TAC RMP's attorneys, as may be necessary regarding claims, coverages or other legal matters.

VII. FORMAT

- Indicate your understanding of the overall background, objectives and scope of this relationship.

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- Provide us with your proposed scope of risk management services, providing as much detail as possible.
- Explain the resources that you will provide, including background on your firm, your various locations and key roles of select offices that you propose to service TAC RMP and the name and roles of key individuals. Please provide an organization chart of the account team as well as biographies for each individual team member.
- Provide references we may contact who will indicate to us your ability to effectively deliver the proposed services and maintain a broad and cost-effective risk-financing program with our chosen carriers. Further, these references should enable us to determine your familiarity with entities similar to TAC RMP.
- Clearly define the overall cost and individual service costs to be charged under this relationship for both a one-year and three-year time frame. The delineation of cost should include a breakdown of specific costs for each service provided, by exposure type. You should also explain to us the basis upon which these cost estimates have been derived and the basis upon which they will actually be charged under this relationship.

VIII. SELECTION PROCESS

TAC RMP will review responses of brokers and advise finalists by February 14, 2012. Oral interviews will be scheduled on February 20-28, 2012. Appointment of broker of record will be made on or before March 5, 2012. Dates are subject to change without prior notice.

TAC RMP reserves the right to reject all submittals and not proceed with selection of a broker for any reason. TAC RMP reserves the right to approve all personnel and sub-consultants utilized in this project.

IX. BACKGROUND INFORMATION

The Texas Association of Counties Risk Management Pool (TAC RMP) was established by merger of three existing pools in 2008. It is authorized to write any public entity in the State of Texas, but has established its primary market as county government. A board of trustees composed of county officials governs the TAC RMP Pool. The pool contracts with the Texas Association of Counties (TAC) to manage and administer the pool's business; and also holds a license agreement for the use of the TAC name and branding.

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Summary of current membership and coverage:

Property

- Currently have 164 entities as members with a common expiration date of July 1.
- TAC RMP coverage document includes windstorm coverage. Membership includes 6 members with \$169M insured values in Tier 1; and 10 members with \$183M insured values in Tier 2.
- Total insured valued for property is just over \$3.3 billion.
- TAC RMP issues a manuscript property coverage document to each member. Members have coverage up their scheduled values.
- The pool insures its property exposures through a reinsurance agreement with County Reinsurance, Ltd. (CRL) a group captive for county pools, which is reinsured by Lexington. Various London syndicates and other carriers provide excess coverage up to \$475M excess of \$25M.
- The Pool has a per occurrence deductible of \$250,000. Higher deductibles apply to flood (\$500,000/\$500,000) and named storm (2% of TIV minimum \$1 million).
- The Pool has \$500,000,000 per occurrence limit, which is shared by all members of CRL.
- Equipment Breakdown and object certification is provided through Hartford Steam Boiler Inspection & Insurance Company.
- TAC RMP sets its rates according to pool loss experience, individual member experience and according to its actuarial report and funding allocation report.

Public Officials and Law Enforcement Liability

- Currently have 210 members with Public Officials Liability (PO) and 172 members with Law Enforcement Liability. Members are not required to purchase both coverage, and there is no common renewal date.
- TAC RMP issues manuscript coverage documents for PO and LE. Members may purchase various endorsements, including Punitive Damages coverage.
- The pool offers standard limits of \$2M, with the option to purchase additional \$1M limits for punitive damages coverage.
- PO and LE are reinsured through CRL with a \$2M limit; an additional \$1M in punitive damages is available if purchased by the member. The pool retains \$500,000 per loss with an additional \$500,000 aggregate corridor. Loss expenses are included within the applicable limit and CRL pays additional loss expenses up to a limit of \$500,000 per occurrence.

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General Liability and Auto Liability

- Currently have 184 members with General Liability and 237 members with Auto Liability. Members are not required to purchase both coverage, and there is no common renewal date.
- The pool issues manuscript coverage documents to its members with limits of \$100,000 per claimant/\$300,000 per occurrence, consistent with Texas tort limits for governmental entities. The pool is considering offering higher limits in order to meet members' requirements.
- Each member may select its own deductible.
- The pool does not purchase reinsurance or excess coverage for these lines at this time.

Workers' Compensation

- The pool currently has 268 members with workers' compensation coverage with a common renewal date of January 1.
- Total employee count is approximately 35,600 with \$1.4B in payroll.
- The pool issues a manuscript coverage document; volunteer coverage is offered.
- Workers' Compensation Limits are statutory. Employers' liability coverage is included with \$1M limit.
- The pool offers high deductible plans to its members with deductibles starting at \$100,000.
- The pool is reinsured through CRL, which has Safety National as its excess carrier. The pool's SIR is \$1.5M + 50% co-share of \$1M excess of \$1.5M.