



REQUEST FOR PROPOSALS

Licensed Commercial Insurance Broker of Record and Risk Management Consulting Service

Solicitation No.: R-15-020-PC

Addendum I | January 12, 2016

CHANGES TO RFP

1. Page 27, Exhibit C, Conflict of Interest Questionnaire – please delete in its entirety and replace with the revised version attached to this Addendum.
2. Page 11, Section VII Other Requirements, add Item I, which shall read:
 - I. Disclosure of Interested Parties (Form 1295)

For applicable contracts entered into after January 1, 2016, a new ethics law was enacted by H.B. 1295 in 2015 that prohibits a governmental entity from entering into a contract with a business entity unless the business entity submits a Disclosure of Interested Parties Form 1295. The Texas Ethics Commission has made available on its website a new filing application that must be used to file Form 1295. A business entity must use the application to enter the required information on Form 1295 and print a copy of the completed form, which will include a certification of filing that will contain a unique certification number.

For further information, please go to the following link:
https://ethics.state.tx.us/whatsnew/elf_info_form1295.htm

RFP CLARIFICATION

SAWS has a new security policy in place which requires all visitors to check in at the guard station prior to proceeding to Suite 171. Therefore, it will be necessary to allow sufficient time to ensure that your firm's proposal is submitted prior to the deadline. At check-in the guard will ask to see identification, preferably a driver's license, and will need to record the visitor's name, job title and company name. If you have your business card please have that available. Also please advise the guard that you are here to submit a proposal.

If you are in possession of a SAWS issued contractor badge you will not need to check in at the guard station, but must wear the badge upon entering the building until exiting the building.

QUESTIONS AND ANSWERS

1. Please confirm current Broker of Record (BOR)
 - **Marsh USA Inc., is the current BOR.**
2. Please confirm current BOR annual compensation including all fees, commissions and contingent commissions.
 - **BOR services are provided on an annual fee paid in installments in arrears. Further as stated in the RFP the BOR shall not accept any wholesale or enhanced commissions under this contract. If any commissions are collected by BOR or its affiliates with respect to placement BOR shall credit amounts equal to any commissions collected against remaining installments of the annual fee.**
3. Please identify what services the current BOR provides that SAWS deems valuable.
 - **All services.**
4. Please confirm what services SAWS want to have which aren't provided by the current BOR.
 - **In response to questions 3 & 4 please see list of required services that need to be included in the response found on pages 1 – 4 of the RFP.**

5. Please provide schedule of insurance to include carriers, limits, deductibles, and premiums by line of coverage.

• **Schedule of Insurance:**

Lines of Coverage	Policy Term	CARRIER	AM Best Rating ¹	Self-Insured Retention	Limit	2016 Proposed Annual TOTAL Premium
Workers' Compensation & Employer's Liability	1/1/2016-12/31/2016	Arch Insurance Company	A+, XV	\$2,000,000	Statutory/ \$2,000,000	\$117,970
General Liability	1/1/2016-12/31/2016	Starr Indemnity & Liability Company	A XIV	\$2,000,000	\$6,000,000 per occurrence, \$6,000,000 aggregate for completed operations	\$67,933
Fiduciary Legal Liability	1/1/2016-12/31/2016	Associated Electric & Gas Insurance Services LTD	A, XII	\$250,000	\$10,000,000	\$35,145
Public Officials Liability/Employment Practices Liability	1/1/2016-12/31/2016	Illinois National Ins Co	A, XV	\$500,000	\$20,000,000	\$133,521
Property	1/1/2016-12/31/2016	Affiliated FM	A+, XV	\$250,000	\$500,000,000	\$495,751
Environmental Pollution Remediation & Legal Liability	1/1/2016-12/31/2017	AIG	A, XV	\$250,000	\$5M Occ/ \$10M Agg	\$208,658
Commercial Crime ²	1/1/2014-12/31/2016	Travelers	A+, XV	\$50,000	\$1,000,000	\$0
Sub-total:						\$1,058,978

Table Notes:

1. SAWS minimum acceptable A.M. Best Financial Strength rating is A-, VII.
2. Commercial crime was a three year premium paid at inception for \$3,337.00

6. Please provide five (5) year claims history to include paid, reserve and incurred by line of coverage.

- **The information requested will not be provided during this selection process.**

7. Please provide copy of 2015 property statement of values.

- **The information requested will not be provided during this selection process.**

8. Please confirm if SAWS requires claim file audits. If so, please confirm frequency of audits, types of coverage audited, and # of files to be audited by line of coverage. Will BOR have electronic access to internal (self-administered) and external (TPA) databases or will BOR need to review paper files?
 - **SAWS does require an annual claims auditing of its self-administered and third-party administered claims. Electronic access will be provided to both databases and the number of files audited will need to be based on a sample size of the overall number of claims in each line of coverage.**
9. Please confirm number of in person meetings BOR will be required to attend and timing (e.g. monthly, bi-monthly, quarterly, etc.)
 - **SAWS requires monthly in-person meetings with the BOR to discuss various topics found on pages 1 - 4 of the RFP. Impromptu meetings may also be required, as well as more frequent meetings during renewal.**
10. Please confirm the required Behavioral Based loss prevention training is included in the requested 120 hours of Occupational Safety Consulting.
 - **The Behavioral Based loss prevention consultant is an optional service that would be outside of the requested 120 hours of Occupational Safety Consulting**
11. How does SAWS insure their construction projects? If coverage provided is part of the self-insured program, does SAWS perform all work related to construction in the capital improvement budget?
 - **No, SAWS does not insure their construction projects. Construction projects contained in the capital improvement budget are outside sources and the contractors are required to insure the construction projects during that actual construction.**
12. If the answer to # 11 is no, does Contractor provide the insurance coverage?
 - **Yes, insurance is provided by the contractor.**
13. If the answer to # 11 is no, does SAWS currently have an Owner Controlled Insurance Program in place? If yes,
 - Who is the current carrier?
 - What lines of insurance are provided – i.e. General Liability, Workers Compensation & Employers Liability, and Excess Liability?
 - Are other lines of insurance purchased specifically for the construction projects – i.e. Builders' Risk, Environmental, Professional?
 - Can you provide us with loss runs for the past 5 years and details of coverage provided?
 - What is the duration of the current OCIP?
 - Number of contractors enrolled annually?

➤ List of General Contractors used for construction projects?

- **Currently SAWS does not have an OCIP.**

14. If an OCIP is not currently in place, is there an interest to have one?

- **Currently SAWS does not have an OCIP in place but reserves the right to discuss this option in the future based on the needs of SAWS and terms and conditions most advantageous to SAWS**

15. Are there any additional areas of consulting SAWS would like to have proposed by RFP respondents such as risk management metrics/analytics, on-line training, claims processes and procedures, etc.?

- **Please see scope of services found on pages 1-4 of the RFP for areas that need to be included in the response.**

16. Qualification Information & Compensation Questionnaire (page 29 of 31) – Agency/Company Qualifications – should we respond from an Enterprise perspective or Servicing office perspective or both?

- **Both.**

17. Who currently performs the annual claims auditing of self-administered and third-party administered claims? How many claims are audited per line of coverage?

- **The annual auditing of claims is a new service being requested by SAWS as part of the BOR contract. Historically SAWS has averaged 537 general liability claims, 260 pollution liability claims, 188 workers' compensation claims, 150 subrogation claims and 30 auto liability claims yearly.**

18. What RMIS system does their in house claims administration staff use to adjust claims? Is it a proprietary system or maintained by an outside vendor? If an outside vendor, which vendor?

- **SAWS utilizes the Aon Ivos System that is maintained by the SAWS IT department.**

19. For the lines of coverage that are not self-administered, is there a TPA that handles those claims? If so, which TPA or TPAs by line of coverage?

- **SAWS utilizes the services of 1-2-1 Claims as an on-call claims administration service to supplement the current internal claims services in either performing specific task assignments or complete handling of claims when internal staff is not able to.**

20. Will SAWS consider negotiating a limitation of liability provision in the consulting agreement for the brokerage services and risk/loss control (i.e. occupational and behavioral base safety consulting)?

- **Generally no; however, you may propose your alternatives for consideration.**

21. Regarding wholesale commissions, please confirm wholesalers are allowed to retain their commission when utilized with the understanding the consultant cannot retain any retail commission. As a third party to the wholesaler, we cannot prevent the wholesalers from retaining their commission.

- **See Paragraph (I) Miscellaneous Provisions sub-paragraph (iii) Intermediaries found beginning on page 9 of the sample contract:**

(iii) Intermediaries. When in Consultant's professional judgment it is necessary or appropriate and subject to the Water System's prior approval, Consultant may utilize the services of other intermediaries, including wholesale brokers, to assist in the marketing of the Water System's insurance. Such intermediaries may be affiliates of Consultant. Wholesale brokers may represent insurers or act as managing general agents. However, prior to utilizing a wholesale broker in connection with a placement for the Water System, Consultant shall disclose to the Water System the compensation received or to be received by Consultant and/or its affiliates in connection with the wholesale placement, any interests of Consultant and/or its affiliates in the wholesale broker, and any contractual agreements between Consultant and/or its affiliates, on the one hand, and the wholesale broker, on the other, and alternatives to using the wholesale broker. Consultant shall disclose to the Water System any and all fees or compensation of the Consultant and any affiliated intermediaries utilized in connection with the Water System's placements, and obtain the Water System's written consent to such compensation, prior to the binding of coverage. In addition, Consultant shall disclose to the Water System the compensation of any non-Consultant affiliated intermediaries utilized in connection with the Water System's placements to the extent known by Consultant. Furthermore, Consultant will use best efforts to place all lines of coverage (being subject to SAWS written approval prior to being placed on SAWS behalf), including the Comprehensive Commercial Insurance Program, on a net-of-commission basis, and Consultant shall not accept any wholesale or enhanced commissions. In addition, Consultant covenants and agrees that in providing the services contemplated under this Contract, it shall offer complete and unbiased advice and consultation to SAWS with respect to any and all insurance and/or financial options and plans available to SAWS, and will not in any way limit the scope of any such advice relating to insurance and/or financial options and plans to only those products offered by, or entities with which, Consultant may have an agency, business, or other relationship.

22. Will SAWS allow the consultant to accept commission or negotiate an increase in fee for the placement of new lines of business not currently a part of its insurance program, including NFIP policies?

- **No. The expectation is for the Consultant to provide all services and/or placement under the proposed fee. Placements contemplated are listed on pages 29 and 30 under “Support Services Available” within the RFP. We consider the placement of NFIP policies to be part of the general property placement. If there are placements that require specialties not listed, then a separate fee proposal should be provided.**

23. Please provide an estimate of the number of hours requested for the Behavioral Base Safety consulting.

- **60 Hours**

24. Please provide more detail regarding the use of the CPMS. If you can describe or provide examples of the communication and project-related functions utilizing CPMS, it would be appreciated.

- **Currently, CPMS (Contract and Project Management System) is being used for only “Capital Improvement Projects; however, SAWS will be implementing this system for all contracts in the future.**

For the Licensed Commercial Insurance Broker of Record and Risk Management Consulting Service contract, the future CPMS utilization is contemplated to be for billing purposes and for contract administration issues such as possible amendment to the contract.

END OF QUESTIONS AND ANSWERS

No other items, dates, or deadlines for this RFP are changed.

END ADDENDUM I

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed;
- or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.