



August 9<sup>th</sup>, 2024

## REQUEST FOR QUALIFICATIONS TO PROVIDE REINSURANCE BROKERAGE SERVICES

**IMPORTANT NOTE:** This Request for Qualifications (RFQ) is not an authorization to approach the insurance marketplace or service agencies on behalf of PEP. PEP directs that no solicitation of insurance markets or market reservation be made on behalf of PEP. Failure to comply with this condition will be grounds for disqualification from this RFQ process.

**BASIS OF AWARD:** PEP reserves the right to award a contract, or make no award, whichever is in the best interests of PEP. PEP also reserves the right to negotiate the terms and conditions of any contract resulting from this solicitation. Final award, if any, will be made by the PEP Board of Directors.

**EVALUATION CRITERIA:** All proposals received by the closing date and time will be evaluated by the Executive Team of PEP and then presented to the PEP Board of Directors which will review and judge the merit of the proposals received in accordance with all criteria and specifications contained in the RFQ. An oral presentation and/or additional information may be required from the firms on the shortlist.

**DEADLINE:** Paper proposals must be received in the PEP office at 562 Franklin Road, Suite 200, Franklin, TN 37069, ATTN: Halie Gallik, prior to the deadline of 4:00 P.M. Central Daylight Time, Monday, September, 16, 2024. It is the responsibility of the respondent to see that any proposal sent through the mail has sufficient time to be received by the specified date and time. A PDF copy of the signed proposal must also be sent via electronic mail to [hgallik@PEPartners.org](mailto:hgallik@PEPartners.org) by 4:00P.M. on September 16, 2024, except for those entities subject to T.C.A. 12-4-116. Please include in the subject line "PEP Brokerage RFQ".

Proposals must be signed in ink by the agent or person authorized to bind the Proposer to its provisions. Unsigned proposals will not be accepted and will be declared non-responsive.

**COSTS INCURRED BY PROPOSERS:** All expenses involved in the preparation and submission of the proposal to PEP, or any work performed in connection therein, shall be



borne by the proposer(s). No payment will be made for any responses received, or for any other effort required of or made by the proposer(s) prior to the commencement of work as defined by a written agreement approved by the PEP Board of Directors.

**INSURANCE REQUIRMENTS:** The successful firm must meet all insurance requirements by PEP.

I. Introduction

Public Entity Partners is seeking to obtain qualifications and conceptual proposals from reinsurance brokerage firms related to its property/casualty program. PEP's policy is to review vendor and service contracts at least every three years. It is the intent of the RFQ that one firm will be selected to provide insurance brokerage services for PEP's liability, property, and workers' compensation programs, including any ancillary coverages included in PEP's programs. Firms may propose optional risk management services for PEP's consideration. The contract term will be for a period of no more than three years.

PEP desires to retain a brokerage firm with experience in the following areas:

- A history of strong customer service.
- Experience working with governmental risk pools.
- Ability to market property/casualty reinsurance for a governmental risk pool.
- Ability to provide consultation on and potentially market other reinsurance products as needed.

Questions pertaining to the RFQ should be directed to

Public Entity Partners

ATTN: Halie Gallik, Director of Underwriting

562 Franklin Road, Suite 200

Franklin, TN 37069

615.371.6005

[hgallik@pepartners.org](mailto:hgallik@pepartners.org)



## II. Background

PEP is a governmental risk pool formed in 1979 and governed by a nine-member Board of Directors composed of elected officials and city managers/administrators from across the State of Tennessee. PEP provides coverage to approximately 490 members, including 313 cities/towns and close to 180 public service agencies such as schools, utility districts, development districts, housing authorities, emergency communication districts, and airports. PEP provides the following lines of coverage:

### Liability Coverages

- General Liability
- Personal Injury Liability
- Law Enforcement Liability
- Catastrophic Medical Coverage
- Errors or Omissions Liability
- Employment Practices Liability
- Employment Benefits / Fiduciary Liability
- Class Action Liability Coverage
- Optional Punitive Damage Coverage
- Automobile Liability
- Automobile Physical Damage
- Optional Stated Value Fire or Utility Schedules
- Optional Privacy and Network Security Liability
- Optional Ransomware, Social Engineering, and Data Restoration Expense Coverage
- UAV (Drone) Coverage

### Workers Compensation Coverage

- Statutory Coverage
- Voluntary Accident and Medical Coverage

### Property & Crime Coverage

- Buildings & Personal Property



- Electronic Data Processing Equipment
- Mobile Equipment
- Equipment Breakdown (Boiler and Machinery)
- Employee Dishonesty
- Forgery or Alteration
- Theft, Disappearance, or Destruction
- Computer Fraud

### III. Current Insurance Program

Reinsurance program retentions and limits vary by line of coverage. PEP's casualty reinsurance program renews annually on 7/1. All property coverages renew 10/1. Total annual premiums for the property/casualty program are approximately \$90 million. Firms are not expected to analyze PEP's current reinsurance programs or contracts as part of the proposal process. The successful firm will receive current coverage agreements, schedules, COPE information, and reinsurance treaties after the selection process and contract is executed. This information will not be provided as part of the selection process.

### IV. Required Services

1. Prepare market analysis and forecasts by insurance line and present them to PEP in conjunction with the renewal marketing and service plan. The analysis should observe pricing and service trends, availability of markets, short-term factors affecting the markets, and projections of long-term market direction.
2. Advise PEP of insurance industry developments and effective strategies to manage these developments, including alternative insurance programs and/or coverage.
3. Meet with PEP regularly to identify and evaluate risks associated with PEP operations.
4. Development and implement an annual renewal marketing and service plan for PEPs approval at least 180 days prior to the program renewal.
5. Assist PEP in the completion of applications and the collection and tabulation of underwriting data for market submissions.



6. Market the reinsurance/ insurance on behalf of PEP, obtaining market indicators 60 days prior to renewal and quotations at least 30 days prior to renewal. When possible, include PEPs reinsurance team in meetings with potential markets.
7. Evaluate market responses, provide a report comparing major features of each option, and recommend the program that best meets PEP's needs.
8. Report on the financial ratings by recognized financial rating firms (such as A.M. Best). Notify PEP whenever an insurer's financial rating falls below your recommended threshold.
9. Secure binders evidencing the program selected by PEP is in force with no lapse in coverage.
10. Review all reinsurance agreements / insurance policies within 30 days of receipt to verify coverage is as quoted and identify any gaps or overlaps in the program; request and obtain changes as needed.
11. Provide complete and accurate reinsurance agreements / insurance policies within 90 days of renewal.
12. Review reinsurance / insurance invoices and use best efforts to resolve any errors or discrepancies.
13. Monitor claims submitted by PEP to its carriers and advocate on behalf of PEP for their prompt and successful resolution.
14. At least annually, secure loss runs from each current and previous carrier.
15. Keep PEP informed on new and changing markets, forms, products, laws, government regulations, trends, and any other information that may affect the insurance placements.
16. Annually provide a written Stewardship Report and present it to PEP at a mutually agreed upon date. The proposal should identify the information your firm will include in this report. A sample stewardship report may be appended to the proposal. The sample stewardship report will not count toward the 20-page proposal maximum.
17. Secure and monitor the progress of independent audits to be conducted for Underwriting, Loss Control, and Claim Administration. These audits are to be conducted on an annual rotation.
18. Attend PEP Board Meetings, annually in person, when requested. Meetings are typically held in February, June, September, and December. This schedule is set in advance and is subject to change.



19. Assist any subsequent broker to ensure a smooth contract transition.

V. Optional Risk Management Services

Proposals may include additional services likely to benefit PEP. These services will be considered optional. Proposals should clearly indicate whether these services are included in the proposed compensation for the core brokerage services, and if not, the cost for these services should be identified.

VI. Proposal Content

Proposals should not exceed 20 pages. At a minimum, each proposal is to include the following:

- a. Company Profile, including:
  - Years in business;
  - Principal place of business;
  - Number of employees;
  - A description of the firm's experience with public entity pool accounts;
  - Relevant service capabilities;
  - Proprietary programs or exclusive underwriter relationships that would benefit PEP;
  - Unique services your firm provides closely associated with the placement of the PEP program, if available; and,
  - Proposed brokerage agreement. PEP reserves the right to propose modifications to this agreement or use our own agreement. Any agreement must include a provision requiring the brokerage firm to maintain a minimum of \$20,000,000 in professional liability insurance and include an indemnification provision requiring the brokerage firm to indemnify PEP for damages and claims arising from the Firm's negligence or failure to perform its obligations as set forth in the agreement.
  
- b. Proposed Account Team



Identify the person(s) who will provide significant services to this account and include a brief bio for each. For each team member, specify:

- Their office location;
- Their specific role in serving PEP;
- Why they were selected for this account;
- Public entity pool experience;
- Other relevant experience; and
- Their education and professional credentials.

c. Work Plan

Outline a work plan, with target dates for beginning and completing steps necessary to meet the deadlines. Work plan should include: (1) the approach the firm will take to solicit bids from the commercial market; (2) the processes contemplated for program implementation; and (3) a description of how the firm plans to service the account following program placement.

Proposers are encouraged to distinguish between the work plan in year one of the contract and the plan to be followed in subsequent years.

d. References

Provide the names and contact information of representatives from pools or other public entity clients, served by team members listed in the proposed account team in the past five years. PEP may contact these references during the bid process. For each reference, describe the services provided, the length of the relationship, and which of the account team members have worked on each respective account.

VII. Broker Compensation

All compensation paid by carriers or intermediaries shall be disclosed to PEP at each policy renewal and in the annual stewardship report. Compensation for services outside the core brokerage services may be priced separately according to the firm's preferred pricing structure. If applicable, Broker shall include in their



proposal any anticipated additional costs or fees associated with working with the incumbent brokerage during the 2025 calendar year for potential transition.

PEP reserves the right to continue any policies currently in effect that include a multi-year agreement. Any commissions associated with those policies would only be due to the existing broker until the agreement expires.

VIII. Selection Process

The proposed timeline for broker selection and the marketing process is outlined in Table VIII-1.

| TABLE VIII-1  |   |
|---|---|
| Activity  | Proposed Schedule                       |
| RFP Issued  | August 9, 2024                          |
| Questions Due from Proposers                                  | September 6, 2024                       |
| Respond to Questions from Proposers                           | Within 5 business days from receipt     |
| RFP Responses Due   | September 16, 2024                      |
| Notification of Firms Selected for Interview                  | September 23, 2024                      |
| Finalist Interviews (in person)                               | TBD October/November                    |
| Recommendation to PEP Board of Directors for Broker Selection | December 11, 2024                       |
| Approval of Brokerage Contract                                | TBD February Board of Directors Meeting |

PEP plans to adhere to the timeline outlined in Table VIII-1. Dates may change subject to PEP discretion.

A. Questions Regarding the RFQ

Questions pertaining to this RFQ should be directed to Halie Gallik no later than 4:00 P.M. on September 6, 2024, via electronic mail at [hgallik@pepartners.org](mailto:hgallik@pepartners.org). Please include in the subject line “PEP Brokerage RFQ.”

B. Proposal Submission Requirements

All proposals must be submitted in paper format and received no later than 4:00 P.M. Central Time on September 16, 2024. A PDF copy of the signed proposal must also be submitted by 4:00 P.M. Central Time on September 16, 2024, to PEP via electronic mail to Halie Gallik at [hgallik@pepartners.org](mailto:hgallik@pepartners.org), except for those entities subject to T.C.A. 12-4-116.





Please include in the subject line “PEP Brokerage RFQ.”

#### Evaluation Criteria

A committee comprised of representatives of PEP will review the submitted proposals, conduct interviews of finalist firms, and make a recommendation to the PEP Board of Directors. Proposals and firms will be evaluated on a variety of factors. Key considerations (not necessarily in this order) are as follows:

1. Qualifications of the Firm

Each firm’s experience working with public entity pools or other relevant accounts; each firm’s strength, stability, experience, and access to markets; responses of client references.

2. Staffing and Project Organization

The qualifications and relevant experience of staff to be assigned to the account and the location and adequacy of staff resources.

3. Work Plan

The depth of understanding of PEP’s service needs and overall quality (i.e. logic, clarity, and specificity) of work plan.