

**OHIO ASSOCIATION OF COMMUNITY COLLEGES (OACC)
REQUEST FOR PROPOSAL (RFP) FOR
INSURANCE BROKERAGE SERVICE**

DECEMBER 10, 2010

TABLE OF CONTENTS

<u>Section</u>	<u>Topic</u>	<u>Page</u>
I	Introduction and Key Dates	3
II	Overview	4
III	Critical Notifications and Requirements	5
IV	Indemnification and Insurance Requirements of the Selected Broker / Respondent	7
V	Rights of the Ohio Association of Community Colleges	9
VI	Other Compliance Responsibilities and Representations of the Respondent	10
VII	Scope of Work and Qualifications	12
VIII	Broker / Respondent Questionnaire (as basis for proposal)	15
	Attachment A – Executive Order 2010-09S Affirmation	24
	Attachment B – Marsh Presentation to OACC Presidents, February 19, 2010	Stand Alone PDF Page 1-14

**OHIO ASSOCIATION OF COMMUNITY COLLEGES (OACC)
REQUEST FOR PROPOSAL (RFP) FOR
INSURANCE BROKERAGE SERVICE**

I. INTRODUCTION AND KEY DATES

The Ohio Association of Community Colleges (OACC) is requesting proposals to select an insurance broker to represent its interest in **securing a group property and casualty insurance program**. Respondents are invited to present a performance based, "Broker (Respondent) Questionnaire." Questions regarding this request for proposal and request for any additional information and data should be directed in an e-mail to:

Mr. Thomas Kirchner
Director for Purchasing
Lakeland Community College
7700 Clocktower Drive
Kirtland, OH 44094
e-mail: tkirchner@lakelandcc.edu

Responses to your written, e-mail questions will be forwarded to and shared with all firms that the OACC is soliciting, or have contacted the OACC with an interest in proposing.

KEY DATES

RFP Issued:	December 10, 2010
Inquiry Period Begins:	December 10, 2010
Inquiry Period Ends:	January 7, 2011
OACC Final Responses Shared:	January 14, 2011
Proposal Due Date:	January 24, 2011, 5pm EST

Proposals received after the due date and time will not be evaluated.

Respondent understands and agrees that the respondent has a duty to inquire about or clarify any RFP description or question that the respondent does not fully understand or believes to be ambiguous. The OACC will make every attempt to respond promptly and, as indicated above, forward the response to all respondents.

Deadline for submission of written questions to this RFP is January 7, 2011.

II. OVERVIEW

The OACC exists to advocate for Ohio's 23 public two-year colleges, as well as serve as a resource for its member institutions. The OACC provides leadership to develop and execute strategic direction for Ohio's community and technical colleges, represents its member colleges at the state and national level, and facilitates the exchange of ideas and information. Serving more than 300,000 students today, Ohio's community colleges play a key role in educating and training the workforce our state needs to revitalize the economy and attract new businesses.

The OACC is a regional council of governments pursuant to Ohio Revised Code Chapter 167. The member institutions are all political subdivisions and are either community college districts existing and operating under Ohio Revised Code Chapter 3354, technical college districts existing and operating under Ohio Revised Code Chapter 3357, or state community college districts existing and operating under Ohio Revised Code Chapter 3358, and membership in the regional council of governments is limited to those college districts.

Further information of the OACC and its governance can be found at its website:

<http://www.ohiocommunitycolleges.org>

A number of OACC member institutions desire to form a sustainable group insurance program with the intent to purchase property and casualty insurance, then subsequently amend that program to incorporate risk sharing. The goal of the OACC and its member institutions is to improve the coverage and service provided to each college and to take advantage of the economies of scale in making a group purchase of insurance. While each college retains control over its insurance program, this group purchase program is expected to reduce the impact of underwriting, pricing, servicing, and coverage limitations on the individual schools by creating market clout.

The broker to be retained for the OACC will be required to provide timely, performance based services as identified under the **SCOPE OF WORK AND QUALIFICATIONS** section. Our expectations are that from six to ten member institutions would be initially willing to commit to implementing a group purchase program for property and casualty insurance effective July 1, 2011, with that group growing in number in subsequent years, and later amending the program to include group risk sharing. The term of the initial agreement is three (3) years, with a three (3) year option to renew, and with either party having the ability to terminate with four (4) months notice.

The OACC previously utilized the services of Marsh to assist in determining the benefits of group risk purchasing and / or group risk sharing. Marsh's presentation to the OACC presidents, dated February 19, 2010, is attached to this RFP. We believe that this information is a useful tool for your firm in: (a) understanding our depth of knowledge; and (b) the development of your proposal.

III. CRITICAL NOTIFICATIONS AND REQUIREMENTS

- 1) Proposals will not be considered valid unless the proposal is signed and dated by an officer of the company submitting the proposal. Such signature acknowledges that if this proposal is accepted, the Respondent will enter into an agreement with the OACC to furnish the services identified in the Proposal.
- 2) Please submit **TEN** copies of your written proposal that incorporates the BROKER / RESPONDENT QUESTIONNAIRE section followed by supplementary information (brochures, pamphlets, etc.), directly to:

Mr. Thomas Kirchner
Director for Purchasing
Lakeland Community College
7700 Clocktower Drive
Kirtland, OH 44094

An electronic PDF of your proposal must also be submitted to Mr. Kirchner.

- 3) Proposal must be received by the OACC (via Mr. Kirchner) by **January 24, 2011, 5pm EST.**
- 4) The OACC will conduct in person interviews with selected finalists.
- 5) The OACC will select from those interviewed, a single broker who will be charged with the responsibility of developing, placing and servicing the OACC's liability/property insurance program and provide the OACC with risk analysis and loss control. Such selection is expected to be made by February 25, 2011.
- 6) The selected Respondent will be furnished Agent of Record letters as needed. **THE SELECTED RESPONDENT WILL BE EXPECTED TO REPRESENT THE OACC IN SECURING ITS PROPERTY RENEWAL AND LIABILITY INSURANCE RENEWAL PROGRAM EFFECTIVE WITH POLICY YEARS COMMENCING JULY 1, 2011.** The term of the initial agreement is three (3) years, with a three (3) year option to renew, and with either party having the ability to terminate with four (4) months notice.
- 7) **NO RESPONDENT SHALL BE AUTHORIZED TO PRE-APPROACH OR SERVICE ANY INSURANCE MARKETS WITHOUT SPECIFIC WRITTEN AUTHORIZATION FROM THE OACC. PRIOR MARKET CONTACT WITHOUT SUCH AUTHORIZATION SHALL CONSTITUTE REASON FOR DISQUALIFICATION.** The initial agreement will require a written contract which will contain the scope of work, compensation, the OACC's required terms and conditions, and the signature of parties to the contract.

- 8) Even though the OACC may designate a selected agent to provide the liability/property insurance program, the OACC still reserves the right to negotiate and purchase insurance from those insurance sources that do not subscribe to the American Agency System, but sell insurance through salaried representatives.
- 9) **Governing Law.** This RFP and any agreement resulting from this RFP shall be governed, construed, and interpreted in accordance with the laws of the State of Ohio and only Ohio courts shall have jurisdiction over any action or proceeding concerning a resulting agreement and/or performance thereunder.
- 10) **Public Information.** The OACC is subject to the requirements of the Ohio Public Records Law, O.R.C. Section 149.43. Accordingly, information and other materials submitted in response to this RFP or in connection with any contract resulting from this RFP may be subject to disclosure as a public record, except to the extent the materials are protected from disclosure by applicable state and/or federal laws.

IV. INDEMNIFICATION AND INSURANCE REQUIREMENTS OF THE SELECTED BROKER / RESPONDENT

The OACC will not agree to any release or indemnification of the broker, except as provided herein. The OACC will require the broker to defend, indemnify, and hold harmless the OACC, its member schools, their officers, employees, and agents from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the broker, its officers, employees, or agents.

Upon the execution of the contract, the broker will provide insurance certificates to the OACC evidencing that the broker's activities under the terms of this contract are insured as required below. The broker shall purchase and maintain insurance with a carrier or carriers satisfactory to the OACC covering injury to persons or property suffered by the OACC member schools or a third party, as a result of errors, omissions or operations which arise both from and during the course of this contract by the broker or by any subcontractor, employee, agent, officer, or anyone directly or indirectly acting on behalf of the broker. The coverage will also provide protection against injuries to all employees of the broker and the employees of any subcontractor engaged in work under this contract. Certificates of insurance will show evidence of coverage, provide a thirty (30)-day notice of cancellation, material change or nonrenewal, and name OACC and its member schools participating in the insurance group as additional insureds, or loss payee (as respects Blanket Fidelity Bond). Failure to furnish satisfactory evidence of insurance or the lapse of the policy(s) providing required coverage constitutes a material breach and grounds for termination of the broker's services.

Prior to performance under this contract, evidence of the following coverages will be provided:

1. Comprehensive General Liability Insurance: Minimum coverage of five million dollars (\$5,000,000) combined single limit per occurrence.
2. Business Automobile Liability Insurance: Minimum limit of five million dollars (\$5,000,000) combined single limit per occurrence to include owned, non-owned, rented, leased, and vehicles in the care, custody and control of the claims administrator.
3. Broker's Errors & Omissions: Minimum limit of five million dollars (\$5,000,000) per occurrence. Coverage for all errors and omissions which the broker, its employees, or subcontractors may make which result in financial loss to the group members.
4. Blanket Fidelity Bond: Minimum limit of five million dollars (\$5,000,000) amended to:
 - Protect the OACC schools from loss due to the broker and employees providing services to the group members.

- Apply the total bond limit separately to the OACC.
5. Workers' Compensation Insurance: The broker shall provide and maintain, for all employees of the broker engaged in work under the agreement resulting from this RFP, Workers' Compensation insurance as required by Ohio State law, as amended from time-to-time. The broker shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly, provides services under such agreement.

V. **RIGHTS OF THE OHIO ASSOCIATION OF COMMUNITY COLLEGES**

- 1) The OACC reserves the right to accept or reject any or all proposals, and further reserves the right to request future proposals at its discretion. The OACC reserves the right to contact any, all, or none of the respondents for clarification and/or modification of their proposal.
- 2) The OACC reserves the right to select or reject any of the alternatives as may be submitted by the respondents, and to give added consideration to special or unusual features which may be included in the proposal. Any proposal in the opinion of the OACC which is conditional, obscure, or which contains irregularities of any kind, may be rejected.
- 3) The OACC reserves the right to accept the proposal which best meets the needs of the OACC as determined through the selection process. This includes soliciting "best and final" proposals from all or some of the respondents. The OACC reserves the right to negotiate separately with any company whatsoever in any manner necessary to serve the best interests of the OACC.
- 4) This RFP does not commit the OACC to negotiate a contract, enter into an agreement nor obligate it to pay for any costs incurred in the preparation or submission of any proposal or in anticipation of a contract or agreement. The OACC reserves the right to contract and/or agree to do business with any one or more of the firms responding to the RFP based solely on its judgment of the qualifications and capabilities of the firm(s).

VI. OTHER COMPLIANCE RESPONSIBILITIES AND REPRESENTATIONS OF THE RESPONDENT

- 1) Conflict of Interest. Respondent, along with its officers, members and employees, has no interest, personal or otherwise, direct or indirect, which is incompatible or in conflict with or would compromise in any manner or degree the discharge and fulfillment of the services contemplated by this RFP.

In accordance with Executive Order 2007-01S, Respondent certifies through its response that it: (1) has reviewed and understands Executive Order 2007-01S, (2) has reviewed and understands the Ohio ethics and conflict of interest laws, and (3) will take no action inconsistent with those laws and Executive Order.

- 2) Declaration Regarding Material Assistance/Nonassistance to a Terrorist Organization. By submission of a response, Respondent represents and warrants that it has not provided any material assistance, as that term is defined in O.R.C. Section 2909.33(C), to any organization identified by and included on the United States Department of State Terrorist Exclusion List and that it has truthfully answered "no" to every question on the "Declaration Regarding Material Assistance/Non-assistance to a Terrorist Organization." Respondent further represents and warrants that it will provide such to the OACC and/or the Ohio Business Gateway (see <http://obg.ohio.gov/DMA2007.shtml>) prior to execution of any agreement resulting from this RFP.
- 3) Permits, Licenses and Legal Compliance. The Respondent shall maintain all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of the State of Ohio, its political subdivisions, and any other states or governmental subdivisions in which work arising out of this RFP is performed. The successful Respondent must furnish appropriate certification of existence or certification of authority to conduct business in the State of Ohio (i.e. a certificate of Good Standing) as a condition of contract award.
- 4) Findings for Recovery. If the potential compensation to Respondent under any agreement resulting from this RFP exceeds \$25,000, Respondent warrants that it is not subject to an "unresolved" finding for recovery under R.C. 9.24. If this warranty is found to be false, the agreement(s) awarded pursuant to this RFP shall be void ab initio and Respondent shall immediately repay to the OACC any funds paid pursuant thereto.
- 5) Nondiscrimination of Employment. Pursuant to R.C. 125.111, Respondent agrees that Respondent, any subcontractor, and any person acting on behalf of Respondent or a subcontractor, shall not discriminate, by reason of race, color, religion, sex, age, disability, military status, national origin, or ancestry against any citizen of this state in the employment of any person qualified and available to perform the work under any contract resulting from this RFP. Respondent further agrees that Respondent, any subcontractor, and any person acting on

behalf of Respondent or a subcontractor shall not, in any manner, discriminate against, intimidate, or retaliate against any employee hired for the performance of work under any agreement resulting from this RFP on account of race, color, religion, sex, age, disability, military status, national origin, or ancestry. Respondent represents that it has a written affirmative action program for the employment and effective utilization of economically disadvantaged persons pursuant to R.C. 125.111(B) and has filed an Affirmative Action Program Verification form with the Equal Employment Opportunity (EOD) and Affirmative Action Unit of the Department of Administrative Services or that it will have such program and EOD approval form in place prior to commencing any work under any agreement resulting from this RFP.

- 6) Debarment. Respondent represents and warrants that it is not debarred from consideration for contract awards by the Director of the Department of Administrative Services, pursuant to either R.C. 153.02 or R.C. 125.25. If this representation and warranty is found to be false, any agreement resulting from this RFP shall be void ab initio and Respondent shall immediately repay to the OACC any funds paid under such contract.

- 7) Banning the Expenditure of Public Funds on Offshore Services. The Respondent must complete the attached Contractor/Subcontractor Affirmation and Disclosure Form to abide with Executive Order 2010-009S issued by the Governor of Ohio, affirming no services of the Respondent or its subcontractors under any contract resulting from this RFP will be performed outside the United States. During the performance of any contract resulting from this RFP, the Respondent must not change the location(s) of the country where the services are performed, change the location(s) of the country where the data are maintained, or made available without express written authorization of the OACC.

VII. SCOPE OF WORK AND QUALIFICATIONS

Services and qualifications provided by the Respondent under their proposal will encompass at least the following:

1. Must be licensed to do business in the State of Ohio.
2. Must possess Ohio staff capabilities to exercise the principles of risk management (i.e., to recognize and analyze existing exposures).
3. Must represent major insurance markets of sufficient quality and quantity to be able to research and quote the insurance market thoroughly in the areas of desired coverage; be able to design and market innovative insurance programs, demonstrating the assumption and transfer of these exposures in a responsive and economical fashion. Provide continual unbiased information regarding the most advantageous insurance markets and programs from the standpoint of cost, service, coverage and financial security.
4. Must substantiate ability and experience in handling liability insurance for an Ohio public college or university.
5. Must be able to provide timely, **performance based**, local services for handling the OACC's account, including:
 - a. the overall ability to serve constituents / member institutions in the State of Ohio;
 - b. loss control and prevention services available and/or included in the general services package.
 - c. claims handling ability, naming personnel and their qualifications.
 - d. property appraisal services.
 - e. underwriting authority in the following areas:
 - 1) Coverage Design
 - 2) Issuing Authority (coverage & bonding)
 - 3) Policy Preparation
 - f. ability to provide risk analysis and submit loss control reports regarding newly developed OACC programs and activities including contractual relationships with external agencies.
6. Must exhibit a strong financial position for the last five consecutive years.

7. Provide insurance brokerage support and place the necessary coverages as requested by group members. Placement shall be on a fee basis through the commercial marketplace. Final draft of market proposal must be submitted to the OACC Insurance Group for approval prior to marketing of the program. Provide binders immediately and policies within 90 days of binding.
8. Provide policy review and verification upon receipt of policies and provide policy interpretation and assistance in resolution of coverage issues.
9. Prepare a market analysis and forecast by insurance line, prior to each renewal. Such analysis must include pricing and service trends, availability of markets and the long-term direction of the market.
10. Direct and coordinate insurer/claims adjuster involvement in the reporting, investigation and settlement of losses. At some future point, adjust and make payments on self-insured claims covered by the OACC property and liability pools, and manage and account for the funds in the OACC self-insured pools.
11. Prepare and present a formal annual report at the end of each renewal period showing the status of the activities and accomplishments in the previous year and plans and goals for the coming year.
12. In conjunction with the OACC Insurance Group, design/draft and negotiate insurance policy language on behalf of the OACC.
13. Assist in the preparation of materials, statements of value, specifications and other underwriting data as required by insurers. This includes working with the Colleges to gather the necessary information.
14. Verify the accuracy and adequacy of all binders, policies, policy endorsements, carrier invoices, and other insurance-related documents prior to delivery. Obtain and provide revisions to such documents as needed. Maintain insurance policies and coverages without lapses or duplication.
15. Submit originals of all policies issued to each member college with duplicate originals or full copies to the OACC Insurance Group members and others as directed by OACC. Provide a detailed coverage summary of the current schedule of insurance.
16. Assist the campuses in placing ancillary insurance coverages as required, including special bonds.
17. Coordinate risk analyses of various exposures as requested by the OACC and recommend appropriate levels of risk retention and transfer. Provide coordination of specialty services such as engineering analysis, as requested.

18. Meet as needed (but no less than quarterly) with OACC Insurance Group, and other committees, to discuss risk management issues, marketing issues, loss control measures, etc.
19. Be available during regular business hours to respond to questions from OACC members with regard to general insurance coverages, risk management and contract issues. Facilitate dialog with carriers on insurance coverage issues.
20. Assist in determining annual property replacement values based on construction, geographic location, appraisals, inflation, etc.
21. Provide continual unbiased information regarding the most advantageous insurance markets and programs from the standpoint of cost, service, coverage and financial security.
22. Thoroughly review all existing coverages and make written recommendations to the OACC Insurance Group regarding any changes in coverage based on such things as unintentional self-insurance, gaps in coverage, restrictive limits, and cost of coverage.
23. Prepare analyses of the OACC's insurance premiums and furnish breakdowns to each College of their share of all premiums, pooling charges and account status.
24. Issue certificates of insurance and other coverage verification documents as required.
25. Review contracts and lease agreements as required and provide analysis and recommendations with regard to contractual risk transfer wording and required forms.
26. Provide and participate in College campus in-house training seminars upon request. Some examples of seminars that may be requested include: EPL, OCIP's, technology transfer, workplace violence, emergency response, continuity planning and 15 passenger driver training.

VIII. BROKER / RESPONDENT QUESTIONNAIRE (AS BASIS FOR PROPOSAL)

Proposals should be organized into distinctive sections that correspond with the “Broker (Respondent) Questionnaire” categories that appear in all caps and bold type. The proposal **must include** an orderly written response to each of the following qualifying areas. It is the responder’s sole responsibility to submit information related to the evaluation categories and the OACC is not obligated to solicit such information if it is not included. The failure to submit such information may cause an adverse impact on the evaluation of the proposal.

If your firm is a branch or subsidiary of a larger/national agency, the information provided in reference to the questions in this questionnaire should reflect only the activities of and resources available at the office on behalf of which this proposal is being submitted, unless otherwise requested. If facilities or expertise from your parent or affiliated offices will be available and/or necessary in servicing our needs, please indicate this in your submission cover letter.

Supplementary material on any of the questions below may be attached to this questionnaire. (Note: this form may be either filled in or reproduced on your own word processing system, however, please reproduce in the same order as it exists.)

ATTESTATION COVER LETTER

An attestation cover letter for your proposal shall be prepared on Respondent’s business stationary and must contain the following statements:

- The Respondent acknowledges and agrees to “Critical Notifications and Requirements”, “Indemnification and Insurance Requirements of the Selected Respondent / Broker”, “Rights of the Ohio Association of Community Colleges”, and “Other Compliance Responsibilities and Representations of the Respondent” as identified and elaborated in this RFP;
- The Respondent agrees that, in performance of services pursuant to this RFP, it will fully comply with all federal, state, or local laws, rules and regulations, and shall hold the OACC and its member colleges harmless from any liability from failure of such compliance; and
- That the attached proposal is complete as submitted, and that all prices, deliverables, and other significant factors contained in the proposal are valid.

The cover letter must be signed by a representative who is authorized to contractually obligate the Respondent.

GENERAL INFORMATION

1. Name of Firm: _____

Address: _____

Telephone: _____ E-Mail: _____

Name of contact person and title in connection with this proposal: _____

2. Please list subsidiary or associate companies of your firm which you wish to utilize in servicing the OACC account.

3. Date submitting office was established: _____

4. If a subsidiary/branch/franchise of a national agency, provide the following information on the parent organization:

Head Office: _____

Date established: _____

Number of offices in the U.S.: _____

5. Give a brief summary of the history of your firm, in the summary provide information you feel sets your firm apart from others in your industry.

STAFFING QUALIFICATIONS

6. Provide information on account executive(s) and support staff that you propose to assign to service the OACC account. Attach detailed resumes of the account executive(s) and any backup staff you plan to use in servicing the account. Each resume should include at least the following:

- a. Name
- b. Title
- c. Number of years in this capacity
- d. Length of service with your firm
- e. Where the individual is located
- f. Educational Background
- g. General Professional Experience
- h. Professional experience in servicing higher education institutions
- i. List any areas of expertise.

7. If applicable, describe the nature and level of staff resources and service capabilities readily available to you through your parent organization.

INSURANCE MARKETS

8. Indicate the principal insurance companies/markets that you represent and expect to use in servicing our needs: (note: List markets and premiums placed through your local office only.)

	Market/Company	Est. Annual Premium Volume
a.	Property Insurance	
	(1) _____	\$ _____
	(2) _____	\$ _____
	(3) _____	\$ _____
	(4) _____	\$ _____
	(5) _____	\$ _____
b.	Liability Insurance (Auto/GL/ELL/Foreign)	
	(1) _____	\$ _____
	(2) _____	\$ _____
	(3) _____	\$ _____
	(4) _____	\$ _____
	(5) _____	\$ _____
c.	Excess Liability	
	(1) _____	\$ _____
	(2) _____	\$ _____
	(3) _____	\$ _____
	(4) _____	\$ _____
	(5) _____	\$ _____

9. Is your access to the excess or surplus lines market via:

- a. Your own organization? _____
- b. An outside organization? _____
- c. Both? _____

If external, which ones? _____

PROGRAM PROPOSAL

10. Describe in detail the theoretical proposal you are presenting for the group purchase of property & casualty insurance for the OACC public colleges. Specifically address the following:

- a. Program Structure
- b. Proposed Markets
- c. Deductible(s)
- d. Administration
- e. Benefits

11. Have you ever implemented the program you are proposing? _____

If yes, for what clients? (Please provide contacts for each client)

RELATED EXPERIENCE

12. Please list the name, approximate annual premium for the last policy period and services rendered to your offices three:

a. Largest account clients:

(1) _____

Name/Title of contact: _____

Phone: _____

(2) _____

Name/Title of contact: _____

Phone: _____

(3) _____

Name/Title of contact: _____

Phone: _____

b. Higher Education Property/Casualty Clients

(1) _____

Name/Title of contact: _____

Phone: _____

(2) _____

Name/Title of contact: _____

Phone: _____

(3) _____

Name/Title of contact: _____

Phone: _____

RISK MANAGEMENT SERVICES

13. Describe thoroughly the extent to which the following services are available from your firm and from which service office:

Loss Control

- Risk identification services
- Loss forecasting
- Property loss control (including engineering for new construction)
- Security loss control
- Property engineering
- Business continuity & emergency response planning services

Claims Management

- Claims reporting and monitoring
- Problem claim management
- Risk management information systems
- Loss reserve analysis
- In-house claims adjusting help
- In-house legal advisors to assist in policy language development and claims issues

Other Services

- Educational seminars
- Issuance of certificates of insurance
- Other services your firm has to offer
- Online evidence of insurance
- Web-site containing program information

FEE STRUCTURE

14. State the maximum annual fee your firm would charge to provide the services as detailed under the section "Scope of Work and Qualifications". If possible, please breakdown your fee into the following components of service:

- Initial / formal development of OACC Insurance Group (including working with the Insurance Group and Attorney General's Office in drafting and developing program agreements, etc.)
- Program design and general advising
- Placement of coverages with insurance carriers
- Claims and self-retention pool administration
- Other services

FINANCIAL INFORMATION

If requested, information provided in this part of the Questionnaire will be treated as confidential to the extent allowed by law.

15. Please provide the following information for the last fiscal year of your operation:

	Servicing Office	Parent Organization
a. Premiums	_____	_____
b. Commissions	_____	_____
c. Fees	_____	_____
d. Other Income	_____	_____

(Firms selected for an interview will be required to provide their latest audited financial statements for review and evaluation.)

MISCELLANEOUS

- 16. Explain how you exercise quality control in the marketing of coverage, policy issuance and content, and claims and loss control services.
- 17. What capability or facilities do you have within your firm to evaluate the solvency or quality of insurers used by your firm? To what extent is this information made available to your major clients and how?
- 18. Describe your capabilities to coordinate the work of the OACC Insurance Group and to act as secretariat to this or other future committees.
- 19. Please provide documentation evidencing that you are licensed to do business in the state of Ohio.
- 20. Complete Attachment A. – Executive Order 2010-09S Affirmation

Attachment A. Executive Order 2010-09S Affirmation

Respondent acknowledges that by signing the RFP submittal, that it affirms, understands, and will abide by the requirements of Executive Order 2010-09S issued by Ohio Governor Ted Strickland. If awarded a contract, the Respondent will become the Contractor and affirms that both the Contractor and its Subcontractors shall perform no services requested under the contract resulting from this RFP outside of the United States. The Executive Order is available at the following Web site: <http://www.governor.ohio.gov/Default.aspx?tabid=1495>.

The Respondent shall provide the locations where services under this RFP will be performed in the spaces provided below or by attachment. Failure to provide this information as part of its RFP submittal will cause the Respondent to be deemed non-responsive and no further consideration will be given to its RFP submittal. If the Respondent will not be using Subcontractors, indicate "Not Applicable" in the appropriate spaces.

- 1. Principal business location of Contractor:

Address

City, State, Zip

- 2. Location where services will be performed by Contractor:

Address

City, State, Zip

Locations where services will be performed by Subcontractors:

Address

City, State, Zip

Address

City, State, Zip

Address

City, State, Zip

3. Location where state data will be stored, accessed, tested, maintained, or backed-up, by Contractor:

Address

City, State, Zip

Locations where state data will be stored, accessed, tested, maintained, or backed-up by Subcontractors:

Address

City, State, Zip

Address

City, State, Zip

Attachment B

MARSH

MMK MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

February 19, 2010

Ohio Association of Community Colleges Risk & Insurance Feasibility Study

Presentation to the Presidents

OACC Task Force

Beth Conlin, Marsh

Mike Jackisch, Marsh

Risk & Insurance Feasibility Study

Objectives



- Purpose
 - Determine Benefits of Group Purchasing and/or Group Risk Sharing
- Process
 - Gathered & Analyzed Information (17 of 22 Members Responded)¹
- Outcomes
 - Observations
 - Significant Savings and/or Program Benefits can be Achieved
 - Group Purchase
 - Group Risk Sharing
 - Combination of Either
 - Identified Coverage Inconsistencies for Several Members
 - Viable Alternatives for Consideration
- Recommendation to Proceed
 - Next Steps
 - Timeline

NOTE: ¹ Rio Grande Community College is not participating in study due to current relationship with the University of Rio Grande.
Terra Community College is currently in fiscal transition and unable to respond at this time due to other priorities

Risk & Insurance Feasibility Study

Task Force & Other Interested Parties



- **Task Force**
 - Christopher Bauerschmidt
 - Joe Jackson
 - Tom Kirchner
 - Mike Mayher
 - Aletha Shipley
 - Tom Somerville
 - Doug Warthen

- **Other Interested Parties**
 - Stephanie Franz
 - Donna Marhevka
 - Patrick McLean

- Owens Community College
- Clark State Community College
- Lakeland Community College
- Lakeland Community College
- Columbus State Community College
- Cuyahoga Community College
- Central Ohio Technical College

- Ohio Association of Community Colleges
- Ohio Attorney General
- Ohio Board of Regents

Risk & Insurance Feasibility Study

The Process (Gathered & Analyzed Information)



17 of 22 Members Responded to the Survey ⁽⁴⁾

Coverage	# of Responses	Premiums	Exposures	Loss History	
				5-Year Total	Annual Average
Property ⁽¹⁾	17	\$1,753,109	\$2,898,490,634	\$872,145 ⁽²⁾	\$174,429 ⁽²⁾
General Liability	17	\$569,902	Students (headcount) 278,156	14 of 23 Provided Loss Data Six (6) Claims over \$25,000 Largest Paid to Date = \$157,500	
Automobile	16	\$343,172	Faculty (full & part time) 9,970		
Educator's Legal	11	\$277,019	Automobiles (Autos, Trailers, Mobile) 613		
Directors & Officers	3	\$168,422	Security (Armed & Unarmed) 353		
Umbrella	16	\$497,662			
Crime	13	\$53,469			
All Other ⁽³⁾	Various	\$410,799			
Total		\$4,073,554			

NOTES: (1) Includes estimates for Members who did not respond to the survey.

(2) Does not include large, shock loss; information not available.

(3) Not all institutions have exposure.

(4) Rio Grande Community College is not participating in study due to current relationship with the University of Rio Grande.
Terra Community College is currently in fiscal transition and unable to respond at this time due to other priorities.

Risk & Insurance Feasibility Study Observations



- Various Renewal Dates
- Various Carriers 
- Inconsistencies (Policy, Coverage & Limits)
- Various Deductibles
- Subject to Minimum Premiums
- Take into Consideration Immunities (?)
- Varying Information for Similar Risk Profiles
- Broker/Agent Compensation Not Provided (most likely included in premiums)
- New Construction, Renovation (separate)

- Insurance Carriers (14 different carriers)
 - Commercial Business vs Education Focus
 - Quality of Carriers
 - Understanding of Ohio Immunities
 - Administrative Costs
 - Reaction to Change in Market Conditions (Volatility)
 - Rates
 - Terms & Conditions
 - Loss Rate vs Underwriting Guidelines
 - Individual Risk vs Consortia (Group Purchase)

Risk & Insurance Feasibility Study

Current Structure (Property)



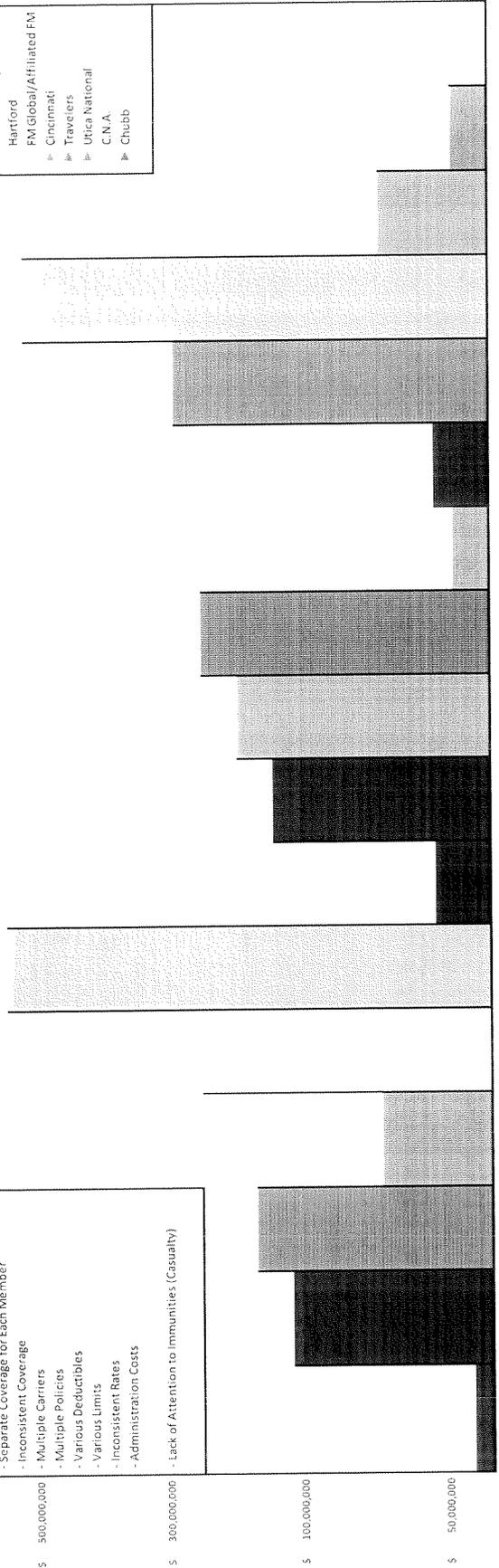
Policy Limits

Observations:

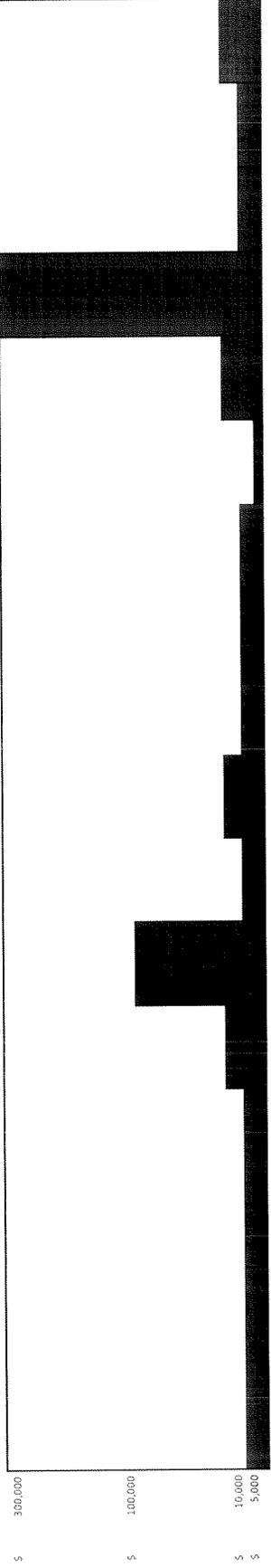
- Separate Coverage for Each Member
- Inconsistent Coverage
- Multiple Carriers
- Multiple Policies
- Various Deductibles
- Various Limits
- Inconsistent Rates
- Administration Costs
- Lack of Attention to Immunities (Casualty)

Insurance Carriers:

- ▶ Ohio Casualty
- ▶ Hartford
- ▶ FM Global/Affiliated FM
- ▶ Cincinnati
- ▶ Travelers
- ▶ Utica National
- ▶ C.N.A.
- ▶ Chubb



Deductibles



OACC Member Providing Information

NOTE: This graph details deductibles, limits and insurance carriers currently purchased for property (not to scale).

Risk & Insurance Feasibility Study

Benefits of Group Purchase / Risk Sharing



- Leverage —————→
 - Creativity in Program Design
- Long-term Program Stability
 - Ability to Creatively Respond to Changing Market Conditions
- Higher Limits & Broad Coverage Tailored to Education
 - Spread of Risk & Sharing of Losses
 - Could lead to additional financial advantages in the event of claim(s)
- Exemplary Loss Control & Claims Advocacy
 - Services Not Necessarily Available on an Individual Basis
- Enhanced Services & Streamlined Administration
- Benchmarking
- Development of Group/Institutional Best Practices
 - Sharing of Knowledge (networking with your peers)
- Ownership of Data & Information

Ohio Association of Community Colleges Comparison of Premiums

Member	Annual Premiums Provided	Total Premiums
Belmont Technical College	\$ 76,740	
Central Ohio Technical	\$ 113,760	
Cincinnati State	\$ 230,120	
Clark State Community	\$ 160,634	
Columbus State Community	\$ 387,461	
Cuyahoga Community	\$ 563,245	
Edison State Community	\$ 51,105	
Hocking Technical	\$ 411,205	
Lakeland Community	\$ 223,045	
Lorain County Community	\$ 244,876	
North Central State	\$ 117,396	
Northwest State Community	\$ 56,098	
Owens Community	\$ 574,872	
Sinclair Community	\$ 607,343	
Stark State Technical	\$ 125,947	
Washington State Community	\$ 48,400	
Zane State	\$ 81,307	
Total	\$ 4,073,554	

vs.
\$4,073,554
(based on information provided)

Notes:

Based on information provided.
Not all Members provided a complete list of premiums.

Protection ... it could happen to anyone at anytime!

Risk & Insurance Feasibility Study Conceptual Example of Group Purchase

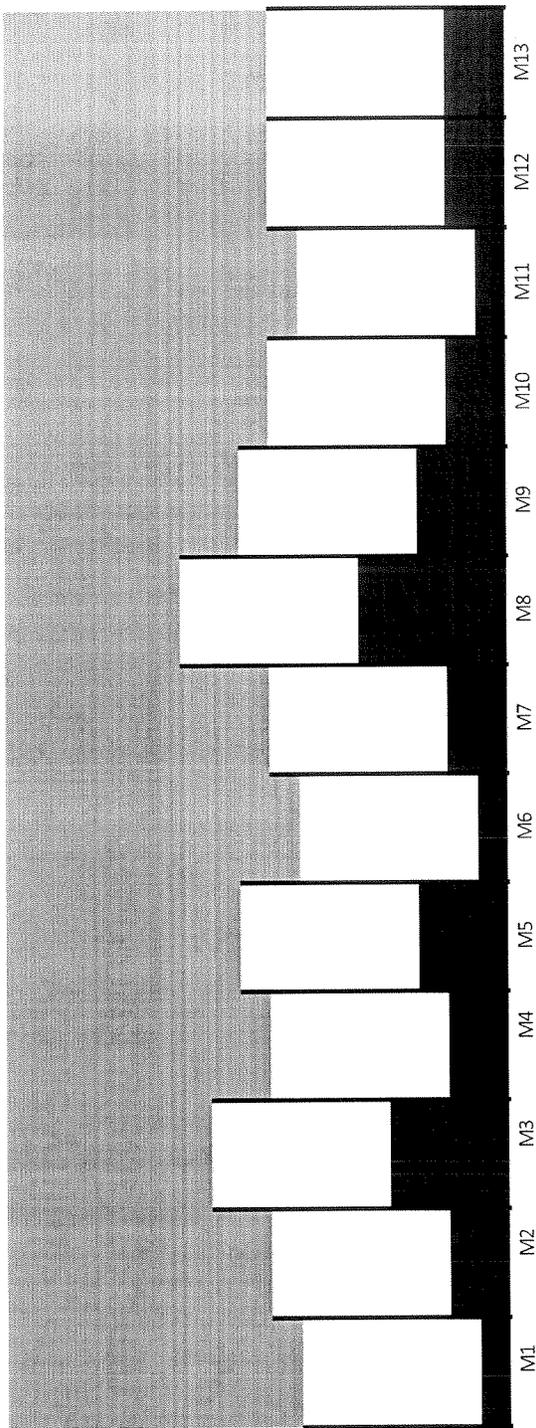


Property or Casualty

- Benefits:**
- Consistent, Broad Coverage with Higher Limits
 - Cost Savings
 - Leverage Carriers by Line of Coverage
 - Streamline Deductibles BUT Maintain Individual Needs
 - Enhanced Program Services
 - Streamline Limits
 - Control Program Cost Allocation
 - Reduce Administrative Costs
 - Applicability of Immunities (Casualty)
 - Governance

- ▲ Dedicated Excess Layers (1)
- Dedicated Primary Layer
- ▲ Institution's Deductible

Program
Structure Based
on Goals &
Objectives of the
Members



Risk & Insurance Feasibility Study

Conceptual Example of Group Risk Sharing

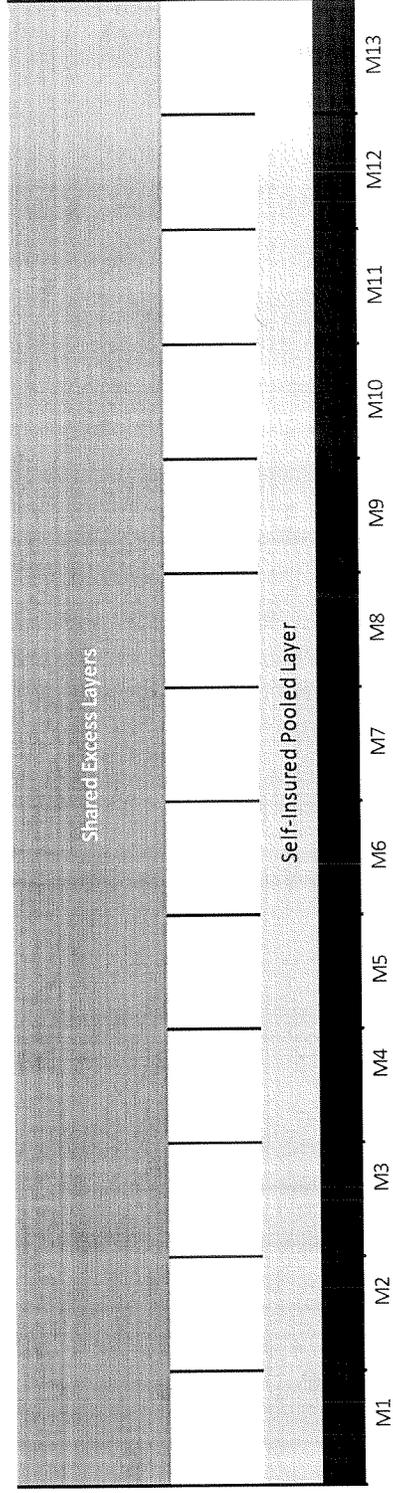


Property or Casualty

- Benefits:**
- Greater Cost Savings
 - Consistent, Broad Coverage with Higher Limits
 - Leverage Carriers by Line of Coverage or Program
 - Consistent Deductibles BUT can be Designed to Maintain Individual Member Needs
 - Pooled Deductible Layer
 - Reduce Impact of Individual Member Losses
 - Streamline Limits
 - Control Program Cost Allocation
 - Reduce Administrative Costs
 - Enhance Program Coverage & Services
 - Applicability of Immunities (Casualty)
 - Governance

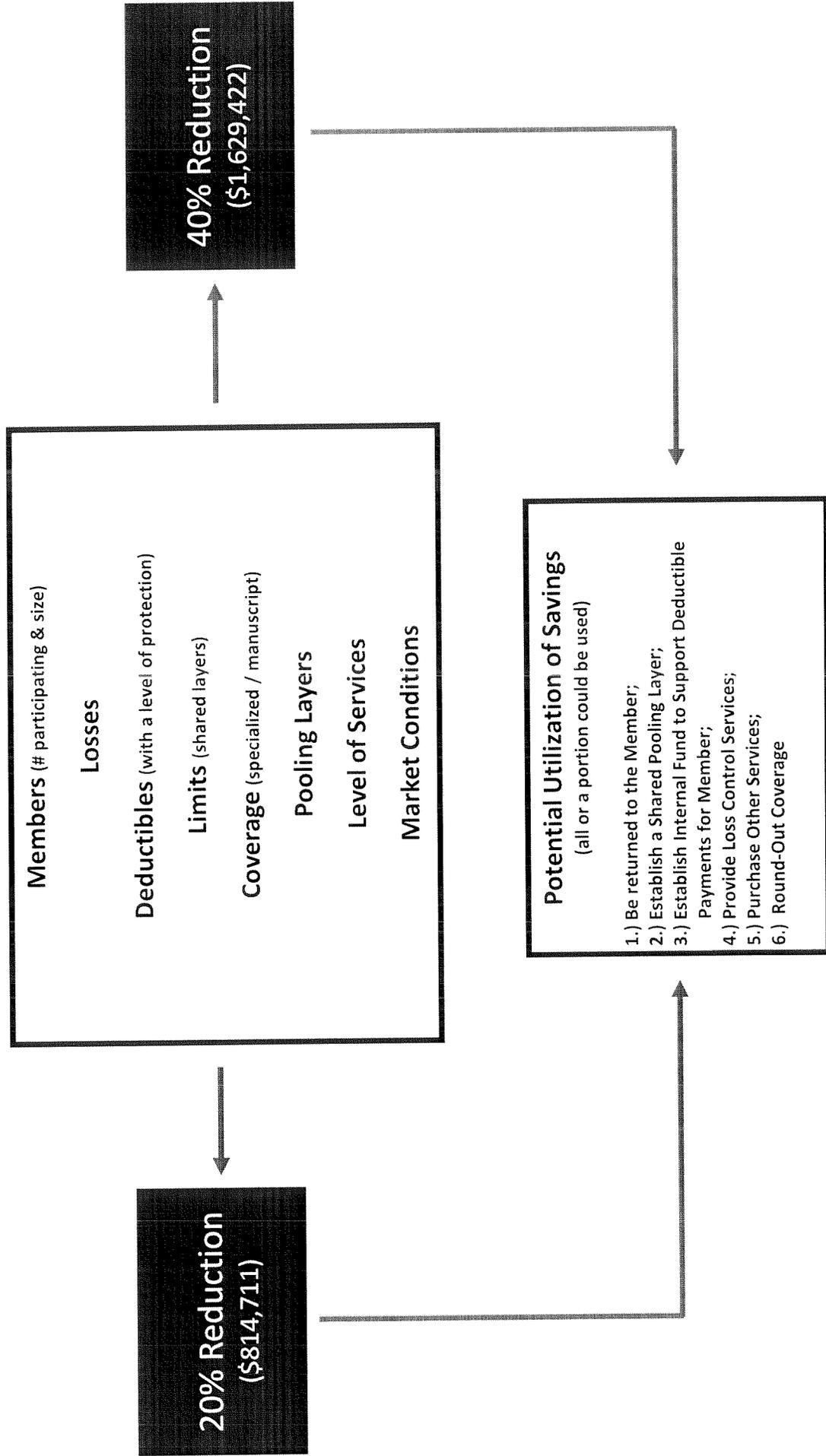
- ▲ Shared Excess Layers (Insurance)
- ▲ Dedicated Primary Layer (Insurance)
- ▲ Self-Insured Group Pooled Layer
- ▲ Institution's Deductible

Program Structure Based on Goals & Objectives of the Group & Members



Risk & Insurance Feasibility Study

Potential Savings (and, the influences that affect the results)



20% Reduction
(\$814,711)

40% Reduction
(\$1,629,422)

- Potential Utilization of Savings**
(all or a portion could be used)
- 1.) Be returned to the Member;
 - 2.) Establish a Shared Pooling Layer;
 - 3.) Establish Internal Fund to Support Deductible Payments for Member;
 - 4.) Provide Loss Control Services;
 - 5.) Purchase Other Services;
 - 6.) Round-Out Coverage

Risk & Insurance Feasibility Study Cost Benefits of Group Purchasing / Risk Sharing



When IUC-IC Developed Casualty Program

\$1,830,000 (or 45%) in Savings

Members Achieved between 42% to 48% in Savings

Maintained or Reduced Member Deductibles

Broadened, Tailored Coverage

Higher Limits

Conducted Strategic Risk Assessments

Developed Loss Control Program

On-Going Savings

IUC-IC (for state efficiency reports)

FY 09 - \$6,052,320 or 35%

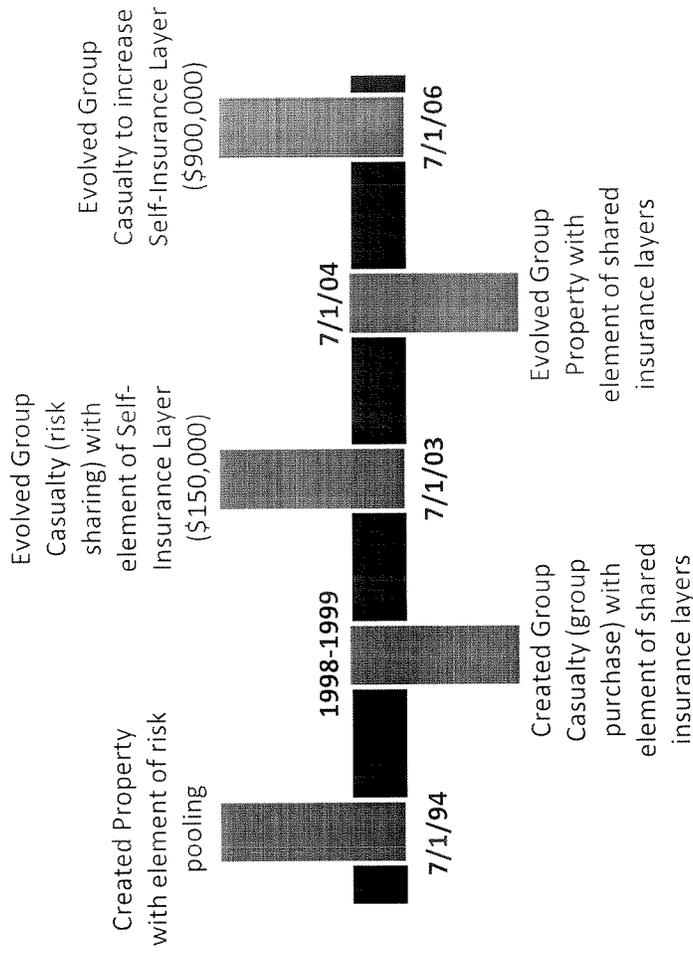
FY 10 - \$6,129,342 or 42%

MHEC (for state discussions)

\$7,602,545 or 38% (dividend + savings)

These are mature programs that require that year over year savings are calculated to demonstrate the continued benefits of collaboration.

Evolution of the IUC-IC Group Property & Casualty Programs (to generate on-going cost savings, stability and sustainability)



Risk & Insurance Feasibility Study Viable Alternatives for Consideration



- Remain “As Is”
- Form OACC Group Purchase Program(s)
 - Leverage Certain Aspects with Same Carrier
- Form OACC Group “Risk Sharing” Program(s)
 - Develop Risk Sharing and/or Pooling Layers
- Collaborate with Other Mature Group “Risk Sharing” Programs (subject to evaluation & approval)

- OACC/IUC-IC Partnership
 - Group Property Program
 - Group Casualty Program
- MHEC Master Property Program (property only)
- Other
- Combination of



Risk & Insurance Feasibility Study Collaboration: The Pros & Cons



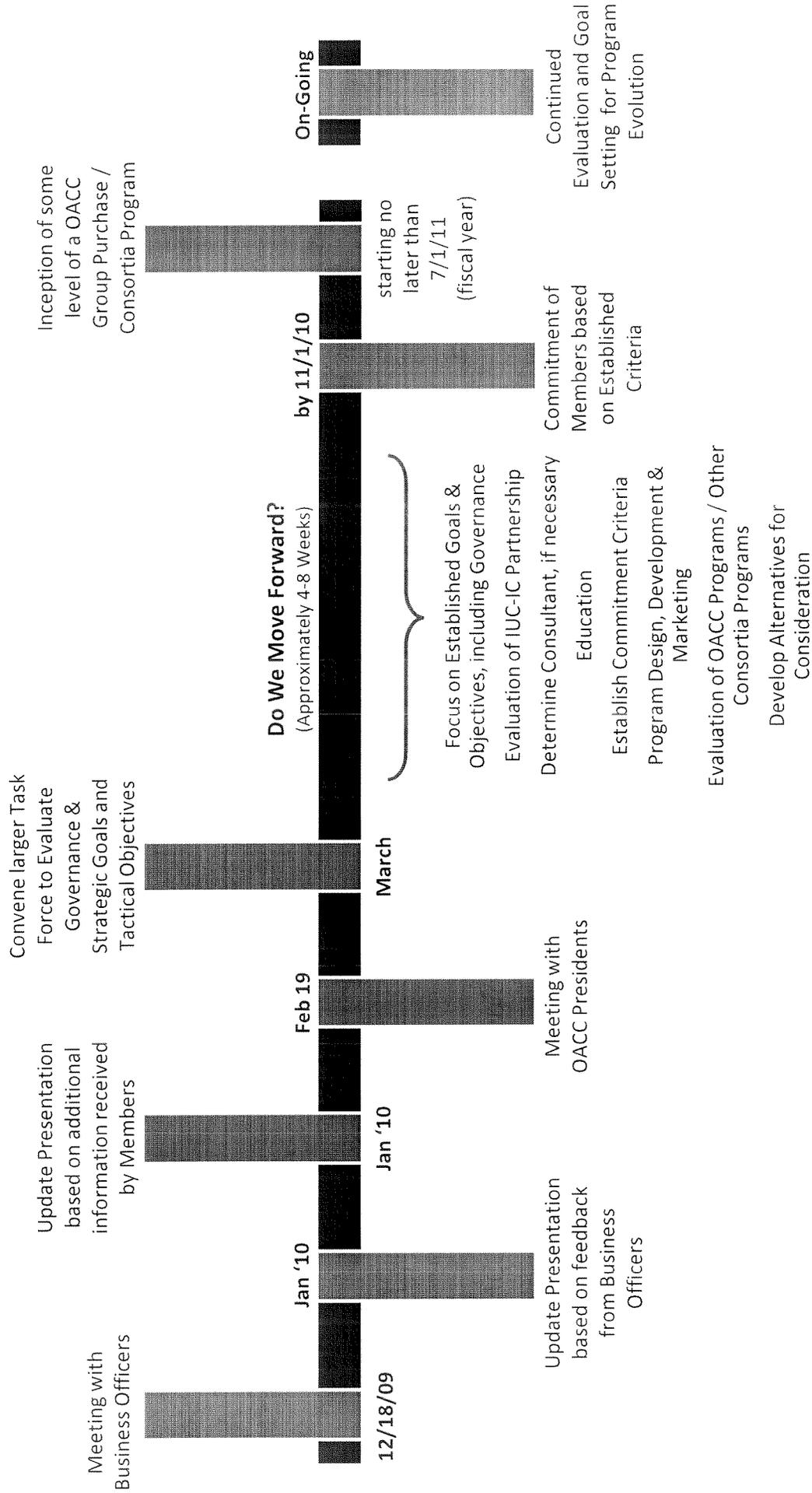
- How Will I Benefit
 - Cost Savings
 - Broad, Tailored Coverage
 - Leverage and Flexibility to Creatively Respond to Changing Environments
 - Program Stability, Sustainability

- What Could Be My Challenges
 - Loss of Autonomy
 - Local Broker/Agent Relationships
 - Cohesiveness of the Group
 - Herding Cats ... Actions Sometimes Move More Slowly

Risk & Insurance Feasibility Study Next Steps & Timeline



... as an OACC group or in possible collaboration with the IUC-IC or other.

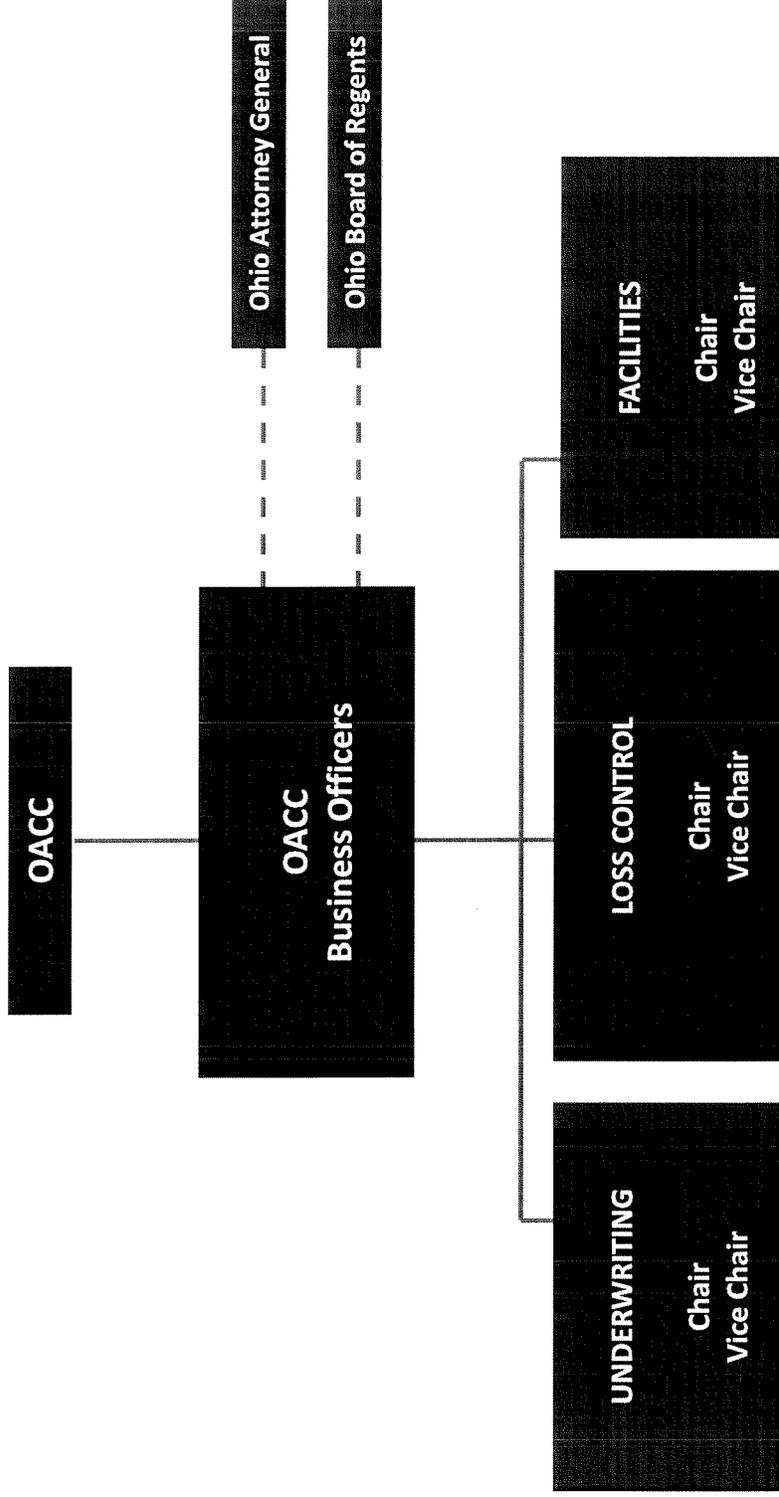


Risk & Insurance Feasibility Study

Possible Operations Structure (if OACC does not partner with IUC-IC)



(similar to how the IUC-IC began)



Or, a Combination of the Above