

ADDENDUM NO: 1

RFP# 160338: **INSURANCE BROKER SERVICES**

DEPARTMENT: **OFFICE OF THE CITY ATTORNEY**

REASON FOR ADDENDUM: **QUESTIONS AND ANSWERS**

RFP DUE DATE: **OCTOBER 24, 2017, 4:00 pm, est**

INSTRUCTIONS:

To acknowledge having received the information provided on all pages of this Addendum, complete and sign one (1) copy of this Addendum cover page and return it to the Purchasing Department with your sealed proposal. Keep a copy for your records.

PRINTED NAME: _____

SIGNATURE: _____

DATE: _____ COMPANY: _____

If you have already submitted your proposal, you are permitted to mail this completed and signed form, alone and clearly marked as a signed addendum for "RFP 160338: Insurance Broker Services" to:
PURCHASING DEPT., ATTN: D. KEYLON
101 EAST 11TH STREET, SUITE G-13
CHATTANOOGA, TN 37402

If you have already submitted your proposal, you are also permitted to e-mail this completed and signed form, clearly marked in the SUBJECT line as a "Signed addendum for RFP 160338 Insurance Broker Services" to: dmkeylon@chattanooga.gov; **Please remember that proposals must be sealed to be valid, and submission of any part of your proposal other than this single, completed and signed, page by e-mail (with a proper subject line for identification) could result in elimination of your proposal. This is because e-mail is not sealed.**

Deidre Keylon, dmkeylon@chattanooga.gov
Phone (423) 643-7231
Fax: (423) 643-7244

**RETURN A COMPLETED AND SIGNED ADDENDUM 1 COVER PAGE WITH YOUR PROPOSAL;
ALSO: RESPOND TO THE EXHIBIT B AND INCLUDE THE EXHIBIT B RESPONSE PAGE WITH
YOUR PROPOSAL**

ADDENDUM #1
QUESTIONS AND ANSWERS
FOR RFP #160338 INSURANCE BROKER SERVICES

- Current copies for all policies so that we can identify areas where there may exist under-insurance, over-insurance, or where the City may be uninsured. We would plan on providing a comparison for each policy as to where each of these areas fall and what we feel we could do to improve upon the current program.

ANSWER: will not be supplied for the purpose of this solicitation

- Last three years of Policy Premiums, Underwriting Company, S.I.R's and Loss Run by line of coverage. The reason for this information is so an intelligent plan can be presented to analyze adequacy of retention and loss trending analysis. Also to determine if considering different retentions might be beneficial

ANSWER:

Policy	Commercial Auto		Out of State Liability		Head Start		Athletic Liability	
Carrier	Phila. Indemnity		National Continental		TML Pool		Nationwide	
Year	Premium	Loss	Premium	Loss	Premium	Loss	Premium	Loss
2015	19,382	0	6,177	0	48,075	1,273	17,056	0
2016	20,687	0	6,177	0	42,253	635	17,056	0
2017-YTD	21,440	0*	6,187	0	49,917	0	24,493	0

*One open claim with no payments

- What is the City's reasoning for having separate coverage for auto liability and physical damage for the Head Start program?

ANSWER: This policy was discovered after taking catalogue of department specific policies being paid for and maintained by said department. There would be interest in consolidating if regulatorily feasible. The current policy for Head Start is under the Tennessee Municipal League Risk Management pool. Under the Tennessee Governmental Tort Liability Act, governmental entities are immune under certain conditions from property damage over \$100,000 and bodily injury liability over \$300,000 per person and \$700,000 per occurrence.

- List of any underinsured or not insured losses sustained by the City in the last three years?

ANSWER: Specifically related to auto losses, a majority of the City fleet is self insured. A rough estimate would put these losses at \$400,000 a year including simple property damage to personal injury litigation.

- What is the motivation for the issuance of the current RFP? Is it because it is simply time to go out to RFP or are serious considerations being given to a new set of eyes, ideas, and potential improvements.

ANSWER: The main motivation is a consolidation of several policies listed in the RFP. We are welcome to suggestions for improvements and new ideas.

- Is there a DBE currently and if so what is the extent of work they are performing?

ANSWER: The vendors that have provided this service are not considered by the City to be Diverse Business Enterprises (DBEs).

- Broker Compensation for the past three years, either in the form of commissions and/or fees and/or a combination of the prior two areas? The reason we ask this question is to understand what the level of service which has been required by the City to service the needs of the City. This will assist in helping us to understand the level of service we will need to commit to satisfy the City's future needs.

ANSWER: The current broker has received a commission paid for by the insurance company unknown to us. No other flat fees for services were paid.

- Who will be evaluating the written responses from a position standpoint only; this will assist us in helping to tailor our response to what positions will be sitting on the evaluation committee.

ANSWER: Claims and Risk Analyst, Deputy COO, Real Property Coordinator

- What one area from a Risk Management standpoint is your greatest fear, i.e. what keeps you up at night from a Risk Management standpoint?

ANSWER: Financially, an extremely low probability but high cost event leading to years of litigation, claim payments, and financial debt. Realistically, a relatively minor claim or event that may not be escalated to the proper channels that turns into a moderately expensive claim against the City.

- Can we request Loss History and Premium for last (3) years on all Commercial Auto Coverage including but not limited to Auto Liability, Medical Payments, and Uninsured Motorist Coverage as well as Comprehensive Coverage and Collision Coverage?
Current Carrier: Philadelphia
Effective dates: July 11, 2017- July 11, 2018

ANSWER: See above.

- Can we request Loss History and Premium for last (3) years on Out of State Excess Auto Liability Insurance covering all City owned vehicles as well as any hired vehicles?
Current Carrier: National Continental Insurance Company
Effective Dates: August 28, 2017- August 28, 2018

ANSWER: See above

- Can we request Loss History and Premium for last (3) years for the Tennessee Municipal League coverage which provides for general liability, auto liability, and physical damage for the certain vehicles utilized in the Head Start program run through the Youth and Family Development for the City of Chattanooga?
Current Carrier: Tennessee Municipal League
Effective Dates: July 1, 2017- July 1, 2018

ANSWER: See above.

- Bonds: Public Officials Bonds for the City Mayor, City Councilpersons, City Judges, City Attorney, and for designated staff from the City Finance Department.
What company(s) are the bonds written through?
Effective Dates: numerous

ANSWER: Currently written through Cincinnati Insurance Company.

- Can we request Loss History and Premium for last (3) years on Athletic Liability Policy for The City of Chattanooga Department of Youth and Family Development?
Current Carrier: K&K Insurance Group
Effective Dates: August 11, 2017- August 11, 2018

ANSWER: See above.

- Why are there separate renewal dates for all different lines? Would it be beneficial to consolidate renewal dates?

ANSWER: There are separate renewal dates as in the past, several departments handled the RFP related policies themselves, and this is an attempt to consolidate. It is our current plan to consolidate renewal dates.

- Does the City have any concerns with the adequacy or expense of the coverages that form the RFP? If so, please explain.

ANSWER: Not many concerns with adequacy or expense of current coverage, but we are interested in exploring policy consolidations and necessity.

- Does the City have any concerns with the level of service being provided by the current broker? If so, please explain.

ANSWER: No issues with level of service being provided by current broker.

- What has given rise to the RFP being let at this time?

ANSWER: The only policy under contract was for the issuance of public official bonds, and that has expired in July. We would like a more formalized contract for brokerage services related to the policies in the RFP.

- Why are the coverages that form the RFP separate from the balance of the City's insurance coverage (presumably through the TML Risk Management Pool)?

ANSWER: If you're referring to the City's insurance coverage balance in the annual budget, that item covers several other policies not related to the RFP.

- Will an RFP be let for the balance of the City's coverages – i.e. liability (general liability, police liability, public officials liability / E&O, automobile liability, umbrella / excess liability, etc.), workers' compensation, and property? If so, when?

ANSWER: There are currently no plans for an RFP that includes all Property and Casualty policies. Currently Real Property, Fine Arts, Terrorism, and Difference in Conditions are under a contract with another broker.

- We would request the 3 year loss history and premium for each of the coverage lines subject to the RFP:
 - Automobile Coverage (23 Scheduled Autos)

- Out of State Excess Liability Coverage (all City Vehicles)
Noting that we will need to know the underlying coverage and expense as this is excess coverage
- General Liability, Auto Liability, Auto Physical Damage and Athletic Liability Coverage for the Head Start Program thru Youth and Family Development

ANSWER: See above.

Pricing: In order to better clarify the request for analysis of total compensation, per VII. Compensation, Exhibit B has been added. The proposed fee shall be all inclusive, which means that all related items, including labor, travel, deliverables, tools, materials, equipment, supplies, expenses, etc. shall be factored into the fees listed below.

	Commercial Auto	Out of State Auto Liability	Head Start Auto	Athletic Liability
2017 Premiums	21,440	6,187	49,917	24,493

Expected fee as a percent (%) of premium (if applicable) : _____

If fee is a flat fee, expected flat dollar (\$) amount : _____

If there is a combination of the two above, please indicate here by YES or NO : _____