

State of Louisiana  
Office of Risk Management  
Property Consultant RFP #UW-03  
Official Response to RFP Questions  
August 9, 2011

1. Company financial statements are private. Is there an alternative to submission or a way to protect whatever is submitted from being viewed by or available to the public?

Financial statements are required as part of a responsive proposal (see RFP Attachment II, Item 3. A.). Information deemed proprietary and/or confidential must be clearly marked in the proposal and will be protected under the State's Public Records Act (see RFP Item 3.11 Proprietary Information).

2. What are the primary reasons ORM is performing this study?

The Office of Risk Management is in need of an objective third-party to provide expert opinions and recommendations on how the State can better structure its insurance/re-insurance program for more effective use of market capacity and premium funds. Due to budget restrictions and current market conditions, we must explore new ideas and alternatives that can assist us in creating a program that better balances premium cost, excess re-insurance limits, and ORM's self-insured retention.

3. One of the key deliverables is a wind, flood and hurricane catastrophe modeling report. Such reports are quite costly and require large amounts of data. Has ORM had such a study before and/or is it familiar with the cost and data that would be required for such an analysis?

Modeling reports are used at the insurance carrier level to assess Louisiana's risk for a specific carrier to provide a premium quotation for their participation in the property program. The modeling reports requested in this RFP are needed to back-up and document specific recommendations that the Consultant may make regarding our program. ORM will provide the data that is available to assist in preparing those reports.

4. Is there any intention of involving the property insurance consultant in the process to select and place the insurance program for the 2012 effective date?

Although ORM will prepare all bids/RFPs for the placement of the property insurance program to be effective July 1, 2012, it is ORM's intent for the Consultant to advise in the development of bid specifications and requirements and review and comment on received proposals. The Consultant may sit on the evaluation team as a non-voting member if ORM deems it necessary.

5. What are the goals of the RFP?

See Question 2. The Consultant should provide creative and workable recommendations to re-structure the program to better balance premium cost, limits, and risk retention.

6. What event or events triggered the need for this project?

Refer to the PowerPoint Property Consultant RFP Pre-Proposal Conference Presentation held on July 25, 2011 found at <http://doa.louisiana.gov/orm/rfp2011uw03.htm>.

7. Who at the State participates in the decision process on the SIR/deductible level? Include individuals (by position) both with ORM and without (if any) that are involved.

The Underwriting Manager, Risk Administrator, Assistant Risk Director, and State Risk Director all participate in the decision to increase or decrease the self-insured retention. Ultimately, the State Risk Director, with notice to the Commissioner of the Division of Administration, makes the final decision.

8. Can you tell us what fields of information you collect and maintain on your insured locations?

Refer to the "State of Louisiana Insured Building Report" found at <http://doa.louisiana.gov/orm/rfp2011uw03.htm>.

9. Regarding the catastrophe modeling report deliverable in the RFP, it would stand to reason that the State (and/or its insurers) has already performed one or more such studies. If so, please describe what has been done – scope and timing – by the State, its insurers or its retail

and wholesale agents and will such reports be available to the consultant for this study?

See Question 3. The reports will not be available to the Consultant for this project.

10. Regardless of the answer to question 9, what level of sophistication is ORM anticipating in the catastrophe modeling?

See Question 3.

11. One project deliverable is an evaluation of the results of the insurance procurement for July, 2012 renewal. How do you plan to use the consultant in that process? Possible answers: A. As a sideline observer. B. Heavily involved in development of the solicitation documents, evaluating the results and negotiating the final terms of coverage. C. Other.

See Question 4.

12. Is there a fixed budget for this project? Can you share the amount or the range you are thinking of?

There is no fixed budget. The second question cannot be answered.

13. Can the ethics laws be posted on the website along with the ORM statutes and Louisiana Purchasing statutes?

ORM statutes and Louisiana Purchasing statutes have been posted at <http://doa.louisiana.gov/orm/rfp2011uw03.htm>. Public reports and ethics opinions can be viewed under the General Information tab at <http://www.ethics.state.la.us/>.

14. NFIP flood insurance policies are purchased to cover those structures that have previously been damaged in a disaster that FEMA funded. Is there flood insurance coverage on buildings that have not been damaged by a disaster?

Yes. For buildings not already covered by an NFIP policy, the property self-insurance program provides flood coverage on buildings statewide up to the policy limit. NFIP policies are purchased on those buildings that have had prior damage and/or are located in Special Flood Hazard Areas.

15. With regard to Deliverable B. in Attachment I, Scope of Services, does ORM want feedback on the Purchasing Statutes as part of the proposal or is that part of the scope of work after the award?

Formal comments and recommendations on Louisiana's Purchasing Statutes are part of the scope of services after the contract has been awarded.

16. RFP Section 2.4 states "Only Julian S. "Bud" Thompson, Jr., State Risk Director, has the authority to officially respond to proposer's questions on behalf of ORM. Any communications from any other individuals are not binding."

Responses to proposer's questions will not come from Mr. Thompson directly. Answers will be prepared by our staff, reviewed by Mr. Thompson, and posted on the website as "the official response to RFP questions".

17. With regard to RFP Section 6.6, Prohibition of Broker Insurance Bid Quotations: If, as part of the Consultant's recommendations, the bid process changes from an insurance bid to a broker-assisted program or a broker-of-record program, will the Consultant have the ability to bid/quote on the "new" program?

No, the Consultant cannot bid or respond to any arrangement where the Consultant's recommendations were used to procure the property/flood insurance until the July 1, 2014 coverage effective date.

18. Will subcontractors have to provide their financial statements also?

If the subcontractor has a significant and on-going role over the duration of the project, financial statements should be provided. If financial statements are not provided and ORM determines that they are needed for a proper proposal evaluation, then financial statements will be requested.

19. Will the Consultant be required to appraise buildings to determine COPE data?

No. The Consultant will only make recommendations on the types of COPE data that ORM should be capturing, but will not be required to collect that data themselves.

20. Will the Consultant have access to claims recovery information, from both the excess carriers and FEMA?

Yes, ORM can produce reports that show disaster-related excess insurance recoveries and insurance reductions taken by FEMA on Hurricanes Katrina, Rita, Gustav and Ike claims, if needed.

21. Will the Consultant have to research any pre-payment provisions or arrangements in the event of another disaster?

No.

22. This is an annual contract. Is there a minimum number of hours that is expected of the Consultant and will the duties be for a full year?

There is not a minimum number of hours that ORM expects for this contract. The Proposer must determine the number of hours needed to complete the project based on their methodology and approach. While the bulk of the effort will be during the first 6 months of the contract, some activities are expected to continue for the full year.