



# State of Louisiana

## Division of Administration Office of State Purchasing

### ADDENDUM NO. 2

April 25, 2012

Your reference is directed to File No. S53172CP, Solicitation No. 2248141 scheduled to be opened at 10:00 A.M. CST on May 9, 2012 for Property Insurance Program For Louisiana State University – Baton Rouge for The Office of Risk Management.

**The following changes are to be made to the referenced solicitation:**

**On ORM Website link:** <http://doa.louisiana.gov/orm/rfpLSUbrPropIns.htm> under Supporting Documentation, LSU Schedule of Property Values (buildings and contents)

Delete in its entirety.

Replace with the REVISED LSU Schedule of Property Values (building and contents) which is posted to the above ORM website link.

**On ORM Website link:** <http://doa.louisiana.gov/orm/rfpLSUbrPropIns.htm> under Supporting Documentation, LSU Property/Boiler Loss History (7/1/2006 to present)

Delete in its entirety.

Replace with the REVISED LSU Property/Boiler Loss History (7/1/2006 to present) which is posted to the above ORM website link.

**RFP page 31, Exhibit A – Insurance Program Specifications, No. 6.**

Changed to read: Participating insurance companies must have an A.M. Best rating of A-, VIII or higher and be licensed to do business in the State of Louisiana.

**Add the following Exhibit to this RFP:**

Exhibit D – Company Signature Page

**Vendor's written inquiries and State's Answers are attached**

This addendum is hereby officially made a part of the referenced proposal.

**Addendum No. 2**  
**Solicitation 2248141**  
**Page 2**

**ACKNOWLEDGMENT:** If you have already submitted your proposal and this Addendum does not cause you to revise your proposal, you should acknowledge receipt of this Addendum by identifying your business name and by signing where indicated. You may return this Acknowledgment by mail to: Office of State Purchasing, P.O. Box 94095, Baton Rouge, LA 70804-9095, by hand delivery or courier to: Office of State Purchasing, 1201 N. Third Street, Claiborne Building, Suite 2-160, Baton Rouge, LA 70802, or by fax to: (225) 342-8688. The State reserves the right to request a completed Acknowledgement at any time. Failure to execute an Acknowledgment shall not relieve the proposer from complying with the terms of its proposal.

Addendum Acknowledged/No changes:

For: \_\_\_\_\_ By: \_\_\_\_\_

**REVISION:** If you have already submitted your proposal and this Addendum requires you to revise your proposal, you must indicate any change(s) below, identify your business name and sign where shown. Revisions shall be delivered prior to proposal opening in a sealed envelope marked with the file number, the proposal opening date and time either by mail to: Office of State Purchasing, P. O. Box 94095, Baton Rouge, LA 70804-9095, or by hand delivery or courier to: Office of State Purchasing, 1201 N. Third Street, Claiborne Building, Suite 2-160, Baton Rouge, LA 70802, or by fax to: (225) 342-8688. Electronic transmissions other than by fax are not being accepted at this time.

**Revisions received after proposal opening shall not be considered and you shall be held to your original proposal.**

Revision: \_\_\_\_\_

For: \_\_\_\_\_ By: \_\_\_\_\_

## Vendor's Written Inquiries and State's Answers

1. **Question:** Will LSU provide engineering data for the buildings on the statement of values (e.g. reports from insurers or consultants that provide property engineering and risk management data)

*Answer: Unless there are specific engineering items that are requested for specific buildings, LSU will not provide generalized engineering data reports for all of the buildings.*

2. **Question:** Will LSU provide RMS type CAT modeling for the LSU campus and its associated properties.

*Answer: No. It is the broker and/or insurance carrier's responsibility to model exposure data if they chose to.*

3. **Question:** Will LSU provide loss data which will enable brokers to determine, per claim and by year, which layers of loss were paid by the state's master self insured layer and which layers were paid by commercial insurance markets.

*Answer: The LSU Self-Insured Property-Boiler Loss History document found at <http://doa.louisiana.gov/orm/rfp.htm> contains the excess insurance company payments received as shown in the "Recoveries" column. There are three (3) Boiler and machinery/equipment breakdown losses that exceeded the self-insured retention during the period of 7/1/2006 to present. There are no individual property losses that exceeded the self-insured retention during the same period. LSU sustained some damage during Hurricane Gustav. Excess carrier funds have been received on behalf of all state agencies, including LSU-Baton Rouge, for that storm. The allocation to all state agencies has not yet been finalized, so no excess financial information is available.*

4. **Question:** The RFP was unclear with regard to whether agents/brokers were to approach the insurance marketplace on LSU's behalf. In fact, we do not see where the RFP states that brokers were to make submissions into the insurance marketplace.

We surmise though that if a broker were make a submission to the market, most if not all markets would be "blocked" by the numerous agents likely participating in this solicitation, and that it would be difficult to obtain a fully supported property insurance program with the market split among the various agents and brokers.

We understand that the winning agent/broker must be able to bind a program at or lower than proposed for a June 1 effective date.

We are asking whether a "conceptual" proposal or a proposal with partial market support is acceptable based on comments above. We also asking whether the winning broker will be authorized to access the full marketplace to "complete" the property and boiler insurance placements as necessary.

**Answer:** *The intent of the RFP is to secure an eligible program, with market support and pricing, to be bound on or near June 1 upon notice to the broker of their award of the RFP. It is not conceptual in nature. The Office of Risk Management may prepare an authorization letter/broker-of-record letter, if needed, after the award.*

5. **Question:** Exhibit A, page 31 indicates \$2,500,000 SIR for AOP, Flood, Quake, and Named Storm (with 2% deductible subject o max of \$2,500,000) and Boiler as separate line items. SIR policy LSUBP20122013 shows \$2,500,000 limit per occurrence "regardless of number of locations or coverages." Should Exhibit A be amended to show \$2,500,000 per Occurrence?

**Answer:** *There is a single SIR per occurrence of \$2,500,000 for all perils, excluding boiler & machinery/equipment breakdown, which is \$1,000,000 per occurrence. The separate items listed in Exhibit A #7 are provided to clarify which level of SIR applies to each major peril.*

6. **Question:** Exhibit A, page 31 indicates \$1,000,000 SIR for equipment breakdown. Confirm minimum excess limit of \$250,000,000 versus \$251,500,000 (\$250,000,000 + \$1,000,000 SIR = \$251,000,000; \$251,500,000 + \$1,000,000 SIR = \$252,500,000. Property SIR of \$2,500,000 + \$250,000,000 = \$252,500,000)

**Answer:** *The \$250,000,000 is excess of the \$2,500,000 property SIR/\$1,000,000 boiler & machinery/equipment breakdown SIR. With regard to Exhibit B #1, the \$250,000,000 is excess of the \$5,000,000 property SIR/\$1,000,000 boiler & machinery/equipment breakdown SIR.*

7. **Question:** Exhibit C indicates Extended Period of Indemnity "none". SIR policy LSUBP20122013 shows 365 days. Should this be amended to 365 days on Exhibit C?

**Answer:** *We are not requesting an Extended Period of Indemnity. The underlying policy has a 365-day Period of Indemnity. This is not in the form of an Extended Period of Indemnity endorsement. The excess policy should follow-form to the underlying policy, if such time is available in the excess market.*

8. **Question:** Items not required in excess in accordance with Exhibit A, pg. 31 are COC, Pollution, Newly Acquired, Mold, E & O. The SIR policy LSUBP20122013 has small sublimits for these items. Do the sublimits apply per building?

**Answer:** *The above listed sublimits apply per building as shown in the Schedule of Program Sublimits on page 2 of policy LSUBP20122013. There is an Error & Omissions (E&O) clause to be included in the excess policy (Exhibit A, 9.E.), but the underlying policy, nor the excess policy, require a specific limit.*

9. **Question:** Some locations on the statement of values indicate they are in a high hazard flood zone. Are there NFIP policies on any of the high hazard flood zone locations?

**Answer:** *There are no and will be no NFIP policies in effect on any of the properties listed.*

10. **Question:** Will the ORM accept a responsible alternative to Workers Compensation provided we waive our right to subrogate against the ORM & LSU and issue a co-employer endorsement naming ORM and LSU as co-employers?

**Answer:** *ORM cannot accept this alternative.*

11. **Question:** Please confirm the requested Named Storm limit. Is it equal to the Policy Limit of \$250M?

**Answer:** *The Named Storm limit is the policy limit of \$250,000,000 excess of the 2% deductible/maximum \$2,500,000 SIR.*

12. **Question:** Please confirm contract length. RFP state 7-1-12/13. Are there optional 1 year extensions and if so, how many?

**Answer:** *The length of this contract will be one year with no options to renew.*

13. **Question:** Regarding CBI, will LSU provide the names and locations of the key suppliers in order to underwrite this exposure?

**Answer:** *Currently, there are no key suppliers that would impact the contingent business interruption exposure.*

14. **Question:** Please confirm requested Terrorism Limit for Exhibit A.

***Answer:** The certified terrorism limit is to be quoted at the policy limit of \$250,000,000 excess of the \$2,500,000 property SIR. The optional stand-alone terrorism, as shown in Exhibit B, #4, is to be quoted at the limits indicated, if available in the market.*

15. **Question:** Please provide a schedule of incumbent carriers and a policy placement schematic.

***Answer:** There is no specific list of incumbent carriers for the LSU – Baton Rouge property program since this will be the first year of such a program. A listing of current carriers for the full program that covers all agencies statewide, including LSU-Baton Rouge, can be found on the website <http://doa.louisiana.gov/orm/rfpLSUbrPropIns.htm>.*

16. **Question:** Is market assignment going to be utilized for this project?

***Answer:** See Question #4 in this Addendum.*

Please complete the following for each insurance company participating in the proposed program. A scanned or faxed copy of the completed page is acceptable to be included in the proposal. Original signature pages will be required upon award.

**Insurance**

**Company Name:** \_\_\_\_\_

**Signature of Designated Authorized Representative of the Insurance Company:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name & Title

**Percentage or Layer of Coverage to be Provided:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

	<b>YES</b>	<b>NO</b>
1) Does this insurance company maintain an A.M. Best's rating of A-, VIII or higher?	<input type="checkbox"/>	<input type="checkbox"/>
2) Is this insurance company licensed to do business in Louisiana?	<input type="checkbox"/>	<input type="checkbox"/>
3) Is this insurance company a surplus lines company?	<input type="checkbox"/>	<input type="checkbox"/>
4) Is this insurance company a direct-write company?	<input type="checkbox"/>	<input type="checkbox"/>
5) Is this insurance company an assessable mutual company?	<input type="checkbox"/>	<input type="checkbox"/>