



State of Louisiana
Division of Administration
Office of State Purchasing

ADDENDUM NO. 1
May 24, 2013

Your reference is directed to File No. T28682EP, Solicitation No. 2253398 scheduled to be opened at 10:00 A.M. CT on June 7, 2013 for Property Insurance Program through The Office of Risk Management for The State of Louisiana, All State Departments, Agencies, Boards and Commissions.

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

RFP page 26, 3.4 Evaluation Criteria Table

Delete in its entirety and replace with the Evaluation Criteria Table shown in Question No. 21 in this Addendum.

RFP page 38, Exhibit C, Requested Commercial Insurance Program Coverages, Sublimits and Policy Information

Delete in its entirety and replace with the REVISED Exhibit C shown in Question No. 23 in this Addendum and under Supporting Documentation at:
<http://doa.louisiana.gov/orm/rfp2013StatewidePropIns.htm>.

Add the following Supporting Documents:

Modeling Data for top 11 Buildings
Summary of Property Coverage 2005 - 2013

Vendor's written inquiries and State's answers are attached

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

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. Who is the incumbent provider and for how long?

ANSWER: See Summary of Property Coverage – 2005-2013 document at <http://doa.louisiana.gov/orm/rfp2013StatewideProplns.htm>.

2. Total Cost Proposal: Would you please confirm whether the Total Cost Proposal requested should include estimated premium amounts for the Excess Property Insurance Program as well as all other related services?

ANSWER: Yes, the total cost proposal should include all requirements of Attachment 1, Scope of Services and Exhibit A, Insurance Program Specifications.

- a. If yes, is there an expectation that the successful respondent should be able to bind insurance coverage based on its proposed services/program within 30 days of June 7, 2013?

ANSWER: Yes, as noted in Exhibit A, Insurance Program Specifications, number 4, the State intends for the inception date of the program to be July 1, 2013.

3. Please confirm that NFIP flood policy placement is excluded from the scope of this RFP.

ANSWER: NFIP flood policy placement is excluded from the scope of this RFP. Flood coverage should be included in the excess property program.

4. Will additional evaluation points be considered for improved coverage terms?

ANSWER: Changes in coverage terms beyond what is shown in Attachment 1, Scope of Services and Exhibit A, Insurance Program Specifications should be detailed as part of Innovative Concepts and will be allocated points accordingly.

5. Please confirm that approaching the marketplace is acceptable but not required.

ANSWER: Each proposer may or may not choose to approach the market directly. The cost declared on the Total Cost Proposal cannot be exceeded when the coverage is placed.

6. Per the RFP, "the Contractor, or a subcontractor shall provide 1) Annual Transformer Oil Gas Analysis (TOGQ) Testing on all filled transformers rated at 5000KVA or higher." Question - can you provide a list of all filled transformers covered under the program rated at 5000KVA or higher?

ANSWER: We have requested this information from our current carrier. Upon receipt, an Addendum will be issued and posted at <http://doa.louisiana.gov/orm/rfp2013StatewideProplns.htm>.

7. Per the RFP, the Contractor, or a subcontractor shall provide (3) training seminars each policy year which include training aids and student materials on different topics relating to loss prevention/safety for equipment breakdown protection coverage in force. Each seminar shall be (7) hours in duration. Seminar content and scheduling must be approved and coordinated by FARA.

- o Questions -
 - A) Can you provide a list of specific locations where the training seminars will be held; and
 - B) Can you give an estimate of the number of participants that will be in attendance at each seminar?
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ANSWER: See the following link at FARA's website that provides the current training schedule and past events: <http://www.eventbrite.com/org/764996753>. FARA provides loss prevention training to all State agencies; the awarded proposer will coordinate directly with FARA to determine the content, location and scheduling of the required training seminars. The number of participants varies depending on topic and location.

8. Confirm existence of any power generation or co-generation plant and identify locations;
- o Advise type of generators in use at each;
 - o Can you also provide us log reports for each?

ANSWER: There is a gas turbine generator power plant located in the Power Plant Building (ID# 731002/44) at Louisiana Tech University in Ruston. ORM does not maintain detailed information on this facility. As stated in Attachment 1, Scope of Services, inspections may be scheduled at individual locations if more specific information is needed.

9. The "Raw Data" SOV does not add up to the "Summary" SOV. How does the State arrive at the "Summary" values?

ANSWER: The columns named General Contents-Flood and Other Contents – Flood are not included in the Summary values table because these values are subsets of General Contents – Property and the other contents fields (i.e. Computer Equipment, Fine Arts, etc.) See Question #12.

10. Question about the "Raw Data." There are several buildings that do not have building values but do have other values (Contents, EDP, etc.). Is the State responsible for insuring the buildings that don't have values on the SOV? If so, what are the values to be insured?

ANSWER: If a building has a "Y" in the insured column and a replacement cost (even if it is zero), then it is to be insured. If the replacement cost is zero, then it has yet to be appraised. If the replacement cost column is blank or the Insured column is blank, then it is a lease and only contents coverage is needed. See Notes at the bottom of the Schedule of Property Values report. <http://doa.louisiana.gov/orm/rfp2013StatewidePropIns.htm>.

11. Please confirm that the Replacement Cost column is the same as Building Value.

ANSWER: Yes, replacement cost is the value of the building.

12. Explain the difference between “General Contents – Property” and “General Contents – Flood”. Is the actual Contents value for the program the sum of these two columns?

ANSWER: General Contents-Property is the estimated value of all contents/movable property not included/identified in the other categories, calculated based on the building occupancy code and the total square footage occupied. General Contents-Flood is the estimated value on the ground floor. These two numbers should never be added together as the General Contents-Flood values are already included in the General Contents-Property values. The Total Contents value for the program is the sum of General Contents-Property, Fine Arts-S, Fine Arts-NS, Computer Equipment-S, Computer Equipment-NS, Livestock-S, Livestock-NS, Boats-S, Boats-NS, Mobile Structures-S, Mobile Structures-NS, Business Income, and LFPA/3rd Party Finance.

13. Several column headings end in “S” or “NS” (Computer Equipment S and Computer Equipment NS) Define “S” and “NS” for each of the columns where they appear.

ANSWER: An “S” means state-owned contents and “NS” means non state-owned contents in the care, custody, and control of the State. Both must be insured.

14. Define “Mobile Structure” column.

ANSWER: The Mobile Structure column is the total value of all building structures not permanently attached to an immovable foundation and which can be moved from place to place without disassembly. Also includes the value of any contents located in the mobile structure. Examples of movable building structures are mobile offices (trailers), mobile homes, and buildings on skids or wheels, even if the wheels have been removed. Mobile structures are treated as contents in that they are not assigned a building ID number and are paid at actual cash value in the event of a loss.

15. Is the “LFPA/3rd Party Finance” column values to be insured or ignored from a property coverage perspective?

ANSWER: They are to be insured. The contents values reported in the LPFA/3rd Party Finance category are paid on a Replacement Cost basis.

16. Define “Other Contents – Flood” column.

ANSWER: Other Contents-Flood is the total of all the other contents fields (Computer Equipment, Fine Arts, etc.) located on the ground floor.

17. Confirm historical retentions / deductibles for each year from 7/1/2005 - 7/1/2012.

ANSWER: See Summary of Property Coverage – 2005-2013 document at <http://doa.louisiana.gov/orm/rfp2013StatewideProplns.htm>.

18. What was the insured pay out of the Katrina loss?

ANSWER: \$445,138,525. The State maintained a \$25,000,000 deductible at that time and commercial insurers paid a total of \$420,138,525.

19. What was the ground up loss for Katrina?
 We want to know the complete (entire) insured damage amount caused by Katrina to state properties without deduction for anything else such as deductibles or FEMA. It's the amount of insured eligible damages considered by the carriers prior to deductions.

For example:
 If the total damages considered by the carrier were \$200M and the State's deductible was \$50M, and FEMA paid \$30M.....the entire original damage amount (all in) prior to deductions is \$200M. The answer to our question in this example would be \$200M.

ANSWER: Repairs from Hurricane Katrina are ongoing so that the final cost is not yet known. The current estimations are in excess of the State's policy limits of \$500 million.

20. Should Charity Hospital be included in the Total Cost Proposal?

ANSWER: Yes. All buildings shown as insured on the Schedule of Property Values report should be included in the Total Cost Proposal.

21. Please clarify and/or amend the "Possible Points", including subtotals and total for the Evaluation Criteria. Page 26 of the RFP, Item 3.4 and page 27., Item 3.7.2 as it relates (10% of total points).

ANSWER:
 The following replaces that found on page 26 of the RFP:

EVALUATION CRITERIA	POSSIBLE POINTS
Qualifications and Experience (Section 3.6):	20
Qualifications and Experience Subtotal	20
Technical Proposal (Section 3.7)	20
Innovative Concepts (Section 3.7.1)	10
Veteran and Hudson Initiative (Section 3.7.2)	11
Financial Proposal (Section 3.8)	50
Technical, Innovative, Veteran/Hudson, and Financial Subtotal	91
Total Points	111

The subtotal scores for the Qualifications and Experience and Technical, Innovative, Veteran/Hudson, and Financial will be combined to determine the Total Points.

22. Regarding Boiler and Machinery insurance and services: What erodes the aggregate?
 a. Does the first \$1000, the deductible in the Self Insured Fund contribute to the erosion of the aggregate?

ANSWER: No.

- b. Does the first \$50,000 of each claim, the drop down maintenance deductible that will be in place if the aggregate is met, contribute to the erosion of the/an aggregate?

ANSWER: At the point where a \$50,000 deductible is applied to an occurrence, the annual aggregate has already been met. There is no other aggregate that the \$50,000 erodes.

23. The expiring policy excludes Terrorism. Requested coverage includes Certified Acts. Can you confirm that you are looking for Certified Terrorism Coverage this year?

ANSWER: Certified Terrorism is excluded from the coverage requested. The following replaces that found in the RFP:

REVISED Exhibit C - Requested Commercial Insurance Program Coverages, Sublimits, and Policy Information

Policy Provisions	Commercial Excess Placement
Scheduled Locations	Blanket
Valuation	Various - Per manuscript form
Vacancy Provision Granted For Certain Properties	No vacancy restrictions
Extensions / Sublimits	
Accounts Receivable	\$25,000,000 per occurrence
Brands and Labels/Control of Damaged Property	\$10,000,000 per occurrence
Business Income	Included within Limits of Liability/Policy Limit
Business Personal Property (excludes Employee Theft)	Included within Limits of Liability/Policy Limit
Civil Authority	Included within Limits of Liability/Policy Limit, subject to a maximum of 45 consecutive days; 5 mile limitation; no waiting period
Consequential Loss	\$10,000,000 per occurrence
Contingent BI	\$25,000,000 per occurrence
Contractors, Subcontractors, and Vendors	Included within Limits of Liability/Policy Limit
Course of Construction	No coverage required in excess
Debris Removal / Cost of Cleanup	25% of the property damage or \$50,000,000 per occurrence whichever is greater
Decontamination Costs (see underlying policy)	\$25,000,000 per occurrence
Deferred Payments	\$1,000,000 per occurrence
Defense Payments	\$5,000,000 per occurrence
Demolition & Increased Cost of Construction	Included within Limits of Liability/Policy Limit
Destruction of Property at the Order of Public Authority	\$10,000,000 per occurrence
Electronic Data	\$25,000,000 per occurrence
Emergency Vacating Expense	\$5,000,000 per occurrence
Errors and Omissions	\$5,000,000 per occurrence
Extra Expense	Included within Limits of Liability/Policy Limit
Expediting Expense	See Extra Expense
Extended Period of Indemnity - Business Income Other than Rental Value	None
Extended Period of Indemnity - Rental Value	None
Fine Arts	Included within Limits of Liability/Policy Limit

Fire Department Service Charges	Included within Limits of Liability/Policy Limit
Fungus, Mold or Mildew	No coverage required in excess
Improvements & Betterments	Included within Limits of Liability/Policy Limit
Ingress/Egress	Included within Limits of Liability/Policy Limit, subject to a maximum of 45 consecutive days; 5 mile limitation; no waiting period
Interruption of Computer Operations	Excluded
Land Improvements (including Landscaping)	Excluded
Library Books	Included within Limits of Liability/Policy Limit
Loss of Tuition & Fees	Included under Business Interruption
Miscellaneous Unnamed Locations	Excluded
Money & Securities	Excluded
Newly Acquired Property	No coverage required in excess
Ordinary Payroll	Excluded
Ordinance or Law	Included within Demolition & Increased Cost of Construction sublimit
Professional Fees	\$1,000,000 per occurrence
Protection & Preservation of Property	Included within Limits of Liability/Policy Limit
Protection Systems	\$5,000,000 per occurrence
Pollution & Cleanup Removal	No coverage required in excess
Removal of Property (incl. temporary storage)	\$25,000,000 per occurrence
Research & Development	Included within Limits of Liability/Policy Limit
Service Interruption (PD & BI combined)	No coverage required in excess
Soft Costs	Included within Limits of Liability/Policy Limit
Terrorism (Certified)	Excluded
Transit	\$1,000,000 per occurrence
Valuable Papers & Records	\$50,000,000 per occurrence