



August 22, 2023

**REQUEST FOR PROPOSAL
TO PROVIDE
LIABILITY REINSURANCE, PROPERTY REINSURANCE, CRIME, CYBER and BOILER &
EQUIPMENT BREAKDOWN
INSURANCE BROKERAGE SERVICES**

NOTICE IS HEREBY GIVEN that the South Dakota Public Assurance Alliance (SDPAA) is soliciting proposals from qualified firms to provide Liability Reinsurance, Property Reinsurance, Cyber, Crime, and Boiler & Equipment Breakdown Insurance Brokerage Services.

IMPORTANT NOTE: This Request for Proposal (RFP) is not an authorization to approach the insurance marketplace or service agencies on behalf of SDPAA. SDPAA directs that no solicitation of insurance markets or market reservations be made on behalf of SDPAA. Failure to comply with this condition will be grounds for disqualification from this RFP process.

BASIS OF AWARD: SDPAA reserves the right to award a contract, or make no award, whichever is in the best interests of SDPAA. SDPAA also reserves the right to negotiate the terms and conditions of any contract resulting from this solicitation. Final award, if any, will be made by the SDPAA Board of Directors.

EVALUATION CRITERIA: All proposals received by the closing date and time will be evaluated by the Executive Committee of the SDPAA Board of Directors which will review and judge the merit of the proposals received in accordance with all criteria and specifications contained in the RFP.

The Executive Committee will create a short list of not more than three qualified firms from the proposals received in accordance with all criteria and specifications contained in the RFP document. An oral presentation and/or additional information may be required from the firms on the short list.

DEADLINE: Paper proposals must be received in the SDPAA office at 208 Island Drive, Fort Pierre SD 57532, ATTN: Lynn Bren, prior to the deadline of 5 P.M. Central Daylight Time, September 15, 2023. It is the responsibility of the respondent to see that any proposal sent through the mail shall have sufficient time to be received by the specified date and time. A PDF copy of the proposal should also be sent via electronic mail to lbren.sdpaa@sdmunicipalleague.org.

COSTS INCURRED BY PROPOSERS: All expenses involved in the preparation and submission of the proposal to SDPAA, or any work performed in connection therewith, shall be borne by the proposer(s). No payment will be made for any responses received, or for any other effort required of or made by the proposer(s) prior to the commencement of work as defined by a written agreement approved by the SDPAA Board of Directors.

INSURANCE REQUIREMENTS: The successful firm must meet all insurance requirements of SDPAA.

Cordially,

A handwritten signature in black ink, appearing to read 'Lynn M. Bren', written in a cursive style.

Lynn M. Bren, Executive Director
South Dakota Public Assurance Alliance

I. Introduction

The South Dakota Public Assurance Alliance (SDPAA) is seeking to obtain qualifications and conceptual proposals from a limited number of brokerage firms. From those submitting proposals, one or more firms will be selected to provide insurance brokerage services for SDPAA's liability reinsurance, property reinsurance, and boiler and machinery insurance lines. Firms may propose optional risk management services for SDPAA's consideration. The contract term will be for a period of one year, with the option for (4) one-year renewals, or a negotiated extended contract upon expiration of the initial contract.

Questions pertaining to the RFP should be directed to:

South Dakota Public Assurance Alliance
ATTN: Lynn Bren, Executive Director
208 Island Drive
Ft. Pierre SD 57532
605.254.6542
lbren.sdpaa@sdmunicipalleague.org

II. Background

The SDPAA, the largest liability and property public entity pool in South Dakota, was formed in 1986. SDPAA provides general liability, auto liability, public officials' liability, law enforcement liability, property, auto physical damage, crime, cyber and boiler & equipment breakdown coverage to over 450 public entity members. These include approximately:

- 183 municipalities
- 57 counties
- 84 townships
- 64 conservation districts
- 67 special districts

For more information, please visit our website www.sdpaaonline.org

III. Current Insurance Program

SDPAA's coverage program is outlined in Table III-1 below. All coverages are currently placed through Alliant Insurance Services.

Table III-1
SDPAA Property/Casualty Insurance Program 2023

Coverage	Limit	SDPAA's Retention or Deductible	Carrier
Liability (GL, AL, POL, LEL) (Occurrence coverage with risk attaching endorsement)	\$500,000 to \$6,000,000 per Occurrence/No Agg.	\$500,000 per Occurrence \$250,000 Corridor Deductible	Great American (reinsurance for the difference between \$500,000 & member's selected limit)
Property (Occurrence Coverage)	\$500,000,000 (with various sub-limits)	\$350,000 All Other Perils \$1.5M Wind/Hail	Multiple
Boiler & Equipment Breakdown	\$100,000,000 (with sub-limited coverage items) Spoilage endorsement required.	\$1,500/\$2,500	Travelers
Crime	\$1,000,000 per occurrence	\$100,000 per occurrence	National Union Fire
Cyber	\$500,000 per Member per Occurrence \$5M aggregate	\$100,000 per occurrence	AXA XL

Copies of current coverage documents may be provided upon request.

IV. Required Services

1. Prepare market analysis and forecasts by insurance line and present them to SDPAA in conjunction with the renewal marketing and service plan. The analysis should observe pricing and service trends, availability of markets, short-term factors affecting the markets, and projections of long-term market direction.
2. Advise SDPAA of insurance industry developments and effective strategies to manage these developments, including alternative insurance programs and/or coverage.
3. Meet with SDPAA regularly to identify and evaluate risks associated with SDPAA operations.

4. Develop and implement an annual renewal marketing and service plan for SDPAA's approval least 180 days prior to program renewal.
5. Assist SDPAA in the completion of applications and the collection and tabulation of underwriting data for market submissions.
6. Market the reinsurance/insurance on behalf of SDPAA, obtaining market indications 90 days prior to renewal and quotations at least 60 days prior to renewal. Include the SDPAA Executive Director in meetings with potential markets.
7. Evaluate market responses, provide a report comparing major features of each option, and recommend the program that best meets SDPAA's needs.
8. Report on the financial ratings by recognized financial rating firms (such as A.M. Best). Notify SDPAA whenever an insurer's financial rating falls below your recommended threshold.
9. Secure binders evidencing the program selected by SDPAA is in force with no lapse in coverage.
10. Review all reinsurance agreements/insurance policies within 30 days of receipt to verify coverage is as quoted, and identify any gaps or overlaps in the program; request and obtain changes as needed.
11. Provide complete and accurate reinsurance agreements/insurance policies within 90 days of renewal.
12. Review reinsurance/insurance invoices and use best efforts to resolve errors or discrepancies.
13. Monitor claims submitted by SDPAA to its carriers and advocate on behalf of SDPAA for their prompt and successful resolution.
14. At least annually, secure loss runs from each current and previous carrier.
15. Keep SDPAA informed on new and changing markets, forms, products, laws, government regulations, trends, and any other information that may affect the insurance placements.
16. Annually provide a written Stewardship Report and present it to SDPAA at a mutually agreed upon date. The proposal should identify the information your firm will include in this report. A sample stewardship report may be appended to the proposal. The sample stewardship report will not count toward the 20 page proposal maximum.

17. Secure and monitor the progress of independent audits to be conducted for Underwriting, Loss Control, and Claims Administration. These audits are to be conducted on an annual rotation. The most current audit for each area is:

Loss Control – 2023

Underwriting – 2021/22

Claims - 2020

18. Attend SDPAA Board Meetings, annually in person, and as requested by teleconference for the balance of the meetings. Meetings are typically held in April, July, October and December of each year. This schedule is set in advance and is subject to change.

19. Assist any subsequent broker to ensure a smooth contract transition.

V. Optional Risk Management/Property Appraisal Services

Proposals may include additional services likely to benefit SDPAA. These services will be considered optional. Proposals should clearly indicate whether these services are included in the proposed compensation for the core brokerage services, and if not, the cost for these services should be identified.

VI. Proposal Content

Proposals should not exceed 20 pages and should not include boilerplate marketing material. At a minimum each proposal is to include the following:

A. Company Profile

The proposal should briefly outline the firm's:

1. Years in business;
2. Principal place of business;
3. Number of employees;
4. A description of the firm's experience with public entity pool accounts; and
5. Relevant service capabilities.

B. Proposed Account Team

Identify the person(s) who will provide significant services to this account and include a brief bio for each. For each team member, specify:

1. Their office location;

2. Their specific role in serving SDPAA;
3. Why they were selected for this account;
4. Public entity pool experience;
5. Other relevant experience; and
6. Their education and professional credentials.

C. Proposal

The proposal must include:

1. The markets your firm would approach on behalf of SDPAA. Rank your firm’s top five markets in order of preference by line of coverage. Indicate the capacity of each market. Identify any wholesalers/intermediaries to be used and your firm’s relationship with those wholesalers/intermediaries. The proposal should use the following table format to supply this information:

Line of Coverage	Preferred Market	Intermediary (if any)	Market Capacity
Liability			
1.			
2.			
3.			
4.			
5.			
Property			
1.			
2.			
3.			
4.			
5.			
Boiler and Machinery			
1.			
2.			
3.			
4.			
5.			

2. Proprietary programs or exclusive underwriter relationships that would benefit SDPAA; and

3. Unique services your firm provides closely associated with the placement of the SDPAA program may also be included.

D. Work Plan

Using the Required Services and Optional Risk Management Services as a guide, outline a work plan, with target dates for beginning and completing steps necessary to meet the deadlines. Work plan should include: (1) the approach the firm will take to solicit bids from the commercial market; (2) the processes contemplated for program implementation; and (3) a description of how the firm plans to service the account following program placement.

Proposers are encouraged to distinguish between the work plan in year one of the contract and the plan to be followed in subsequent years.

E. References

The names and contact information of representatives from four pools or other public entity clients, served by team members in the past five years. SDPAA plans to contact these references during the bid process. For each reference, describe the services provided, the length of the relationship, and which of the account team members have worked on the account.

VII. Broker Compensation

The proposal must quote an annual fee for the Core Brokerage Services outlined in Section IV of this RFP, indicating allowable payment schedules of the annual fee (e.g. up-front payment vs. quarterly or monthly payment). Compensation should be broken out for each of the five years of the contract and by line of coverage: Liability, Property, Crime, Cyber and Boiler & Equipment Breakdown. It is expected that the flat fee is the sole compensation to be received by the Broker for placement of coverage. Brokers shall not enter into alternative or additional compensation arrangements with companies and/or organizations for providing and/or placing coverage, or other services to the SDPAA via the relationship with the Broker.

Proposals may offer alternative compensation models but should, at a minimum, provide a statement of fees as requested above. Any proposal that does not include fees that may be easily and fairly evaluated in accordance with these compensation guidelines may be rejected as non-responsive.

Proposals are to state whether the firm intends to collect commission or any other compensation from carriers or intermediaries. All compensation paid by carriers or intermediaries shall be disclosed to SDPAA at each policy renewal and in the annual stewardship report.

Compensation for services outside the core brokerage services may be priced separately according to the firm's preferred pricing structure.

If applicable, Broker shall include in their proposal any anticipated additional costs or fees associated with working with Alliant Insurance Services during the 2024 calendar year for transition of the SDPAA Account.

VIII. Selection Process

The proposed timeline for broker selection and the marketing process is outlined in Table VIII-1:

**Table VIII-1
SDPAA – Broker RFP Proposed Timeline**

Activity	Proposed Schedule
RFP Issued	August 22, 2023
Questions Due from Proposers	August 31, 2023
Respond to Questions from Proposers	Within 3 business days from receipt
RFP Responses Due	September 15, 2023
Notification of Firms Selected for Interview	September 30, 2023
Finalist Interviews with Executive Committee (In Person)	TBD October/November 2023
Presentation of Finalists to full SDPAA Board of Directors (via Zoom)	TBD not later than December 7, 2023
Notification of Selected Firm(s)	December 15, 2023

A. Proposed Timeline

SDPAA plans to adhere to the timeline outlined in Table VIII-1. Dates may change subject to SDPAA discretion.

SDPAA will work with Alliant Insurance Services to secure coverage placement for the coverage term 1/1/2024-2025.

It is expected that all future program renewals meet the following deadlines:

- Market indications 90 days prior to renewal (October 3 each year)
- Coverage quotations, prepared to bind, at least 60 days prior to renewal (November 2 each year)

B. Questions Regarding RFP

Questions pertaining to this RFP should be directed to Lynn Bren no later than 5 P.M. on September 8, 2023. Ms. Bren’s email address is lbren.sdpaa@sdmunicipalleague.org.

C. Proposal Submission Requirements

All proposals must be received **no later than 5:00 P.M. CDT on September 15, 2023.**

A PDF copy of the signed proposal must be submitted to SDPAA via email to Ms. Bren at lbren.sdpaa@sdmunicipalleague.org.

D. Evaluation Criteria

A committee comprised of representatives from SDPAA will review the submitted proposals, conduct interviews of finalist firms, and make the final selection. Proposals and firms will be evaluated on a variety of factors. Key considerations (not necessarily in this order) are as follows:

1. Qualifications of the Firm

Each firm's experience working with public entity pools or other relevant accounts; each firm's strength, stability, experience, and access to markets; responses of client references.

2. Staffing and Project Organization

The qualifications and relevant experience of staff to be assigned to the account and the location and adequacy of staff resources.

3. Conceptual Proposal

The depth, application, and demonstrated benefits of the concepts presented. Such concepts could include new markets, new coverages, new program structures, and other features.

4. Work Plan

The depth of understanding of SDPAA's service needs and overall quality (i.e. logic, clarity, and specificity) of work plan.

5. Value

The reasonableness of the total compensation in relation to the value of services proposed and the credentials and reputation of the firm and service team members.

E. Final Selection

For the January 1, 2025 insurance program renewal, SDPAA may:

1. Contract with a single firm to broker all lines of insurance;
2. Contract with more than one firm, assigning specific lines of coverage to each of the selected firms; or
3. Select more than one firm to broker the same lines of coverage, assigning different markets to the selected firms and requesting formal proposals from

each. In this case, the firm(s) with the most favorable coverage proposal would be awarded the contract.