



CITY OF HOUSTON

Administration & Regulatory Affairs Department
Strategic Purchasing Division

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March 5, 2010

SUBJECT: Letter of Clarification No.1
Insurance Broker of Record for Administration & Regulatory Affairs Departments

REFERENCE: RFP No.: S17-T23577

TO: All Prospective Respondents

This Letter of Clarification is issued for the following reasons:

• **To revise the above referenced solicitation as follows:**

Page 9 Section I, 9.0 invoicing, 9.1.1 is revised to read as follows,

City of Houston
Administration & Regulatory Affairs Department
Insurance Management Division
P.O. Box 1562

Page 12 Section I, 12.0 Insurance Requirements, 12.1.5.1 is revised to read as follows:
"\$2,000,000 per occurrence \$2,000,000 aggregate".

Page 23 Section III, 6.1 Financial Statement is revised to read as follows, "The City reserves the right to request financial statements from contractors that consist of your company's audited annual financial statements, in accordance with and as defined in the Financial Accounting Standards Board (FASB) regulation(s) for the past two years. In addition the City may request your Dunn & Bradstreet Report or Federal Tax Forms that are filed to the Internal Revenue Service (IRS) for the past two years."

Page 23 Section III, 7.1.7 is revised to read as follows, "Financial Statements are not required to be submitted with respondent's proposal"

Partnering To Better Serve Houston

Council Members: Brenda Stardig Jarvis Johnson Anne Clutterbuck Wanda Adams Mike Sullivan Al Hoang Oliver Pennington Edward Gonzalez
James G. Rodriguez Stephen C. Costello Sue Lovell Melissa Noriega C.O. "Brad" Bradford Jolanda "Jo" Jones **Controller: Ronald C. Green**

**LETTER OF CLARIFICATION 1
INSURANCE BROKER OF RECORD
SOLICITATION NO. S17-T23577**

- **The following questions and City of Houston responses are hereby incorporated and made a part of the RFP:**

1. We are recently in receipt of the BOR RFP and weren't aware of the pre-proposal meeting until today. This is unfortunate since I'm sure we missed some essential information and it would have given us a chance to meet you. However, we would like to submit a proposal, but will this disqualify us from responding?

Answer: No.

2. Will the City of Houston consider Brokers outside of the Houston area?

Answer: Yes, Consideration will be given to all proposers.

3. What is the City of Houston's current annual broker compensation?

Answer: The current broker compensation for basic services is \$160,000 annually.

4. Please provide a copy of the Request for Proposal documents in Microsoft Word

**Answer: PDF RFP documents can be downloaded at the following website:
http://purchasing.houstontx.gov/Bid_Display.aspx?id=T23577**

5. Please identify the insurance carriers and premiums for each line of insurance listed on the Insurance Schedule (Attachment I).

Answer: Please refer to the document entitled Attachment VI of the RFP at the following website: http://purchasing.houstontx.gov/Bid_Display.aspx?id=T23577

6. Is the City uninsured or does the City self-insure the following lines of insurance? If so, who administers the claims for these lines of coverage? Name of TPA?

- 2.7.1 General, Automobile and Law Enforcement Liability
- 2.7.2 Workers' Compensation and Employers Liability
- 2.7.3 Public Officials and Employment Practices Liability
- 2.7.4 Environmental Liability

Answer: The City is self-insured for liability and claims are administered internally; however, this does not preclude the broker from future marketing. Primary Workers' Compensation is outside the scope of services for this Insurance Broker of Record contract.

7. If the City administers, what is the technology platform for claims management?

Answer: Claim management technology will not be required for this Insurance Broker of Record contract.

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9. For Claims Review Analysis - what is the annual volume of claims by line for:

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- 2.9.1 General Liability
- 2.9.2 Automobile Liability
- 2.9.3 Law Enforcement
- 2.9.4 Workers' Compensation
- 2.9.5 Employment Practice Liability

Answer: There are no insured claims for these requested lines of coverage.

10. Does the City conduct or have conducted any actuarial services?

Answer: Actuarial services will not be required under the scope of services for this Insurance Broker of Record contract.

11. Does the City purchase any Liability or Statutory Workers' Compensation excess of self insured retentions?

Answer: The City has not purchased excess Workers' Compensation; however, upon the request of the City, the broker may consult and market the coverage.

12. Does the City employ "in house" Safety/Loss Control specialists? If not, does the city contract with a third party to provide Safety and Loss Control?

Answer: The City does employ Safety/Loss Control specialist.

13. Is the broker to provide Safety/Loss Control Services or act as Consultant/Coordinator of City's or TPA's services?

Answer: The broker will not be required to provide Safety/Loss Control Services, nor act as a Safety Consultant/Coordinator of City's or Third Party Administrator services.

14. What is the estimated number of annual staff meetings that the broker should expect to attend?

Answer: The broker should anticipate attending any staff meeting upon the request of the City.

15. Number of Council Sessions that the broker may expect to attend?

Answer: The broker should anticipate attending any Council Session upon the request of the City.

16. What is the estimated number of contracts the broker may review annually?

Answer: The broker should anticipate reviewing any contract upon the request of the City.

17. Does the City have a Contractors Management Program in place?

Answer: The City does not have a Contractors Management Program in place.

18. What is the estimated number of Certificates and Indemnities that the broker may be expected to review?

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Answer: The broker should anticipate reviewing 100 to 300 Certificates. The broker should anticipate reviewing any Indemnity agreements upon the request of the City.

19. How many personnel are in the City's Risk Management Department, including claims personnel?

Answer: There are five City personnel in the Administration & Regulatory Affairs Department/Insurance Management Division.

20. What is the City's position on the broker's use of wholesale/intermediary agents/brokers?

Answer: Historically, wholesale/intermediary agents/brokers have been used as needed to access insurance markets.

21. Can you tell us the total compensation paid to the current broker?

Answer: The Broker of Record compensation for basic services is \$160,000 per year or \$800,000 over 5-years (3-years plus two 1-year options). The total compensation paid for optional services over the term of the contract is \$8,491.50.

22. Can you tell us the current percentage paid to the MWBE?

Answer: The current MWBE participation goal is 24%.

23. Can you tell us who the current MWBE is on the program?

Answer: The current MWBE subcontractor is Protectors Insurance and Financial Services, LLC.

24. Can we get the total premium paid by the city for all of the lines of business (LOB)?

Answer: Please refer to the document entitled Attachment VI of the RFP at the following website: http://purchasing.houstontx.gov/Bid_Display.aspx?id=T23577

25. Can we get the premium broken down by LOB in a spreadsheet?

Answer: Please refer to the document entitled Attachment VI of the RFP at the following website: http://purchasing.houstontx.gov/Bid_Display.aspx?id=T23577

26. Can we specifically obtain the amount of premium paid for flood coverage the city has under the National Flood Insurance Program (NFIP)?

Answer: The City does not have coverage under the National Flood Insurance Program.

27. Can you tell us the number of properties the city has in its NFIP program?

Answer: The City does not have coverage under the National Flood Insurance Program.

28. Would you consider a proposal to award a specific LOB like NFIP to an MWBE in a stand alone contract? For reference, this is currently being done at the University of Houston, Houston ISD, Metro, HCCS & a number of other local public entities to insure quality work is been accomplished by the MWBE.

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When issued, Letter(s) of Clarification shall automatically become a part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the respondent to ensure that it has obtained all such letter(s). By submitting a bid on this project, respondents shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this bid.

If you have any questions or if further clarification is needed regarding this solicitation, please contact me.

Sincerely,

Handwritten signature of Murdock Smith III in black ink.

Murdock Smith III
Sr. Procurement Specialist
City of Houston, Strategic Purchasing Division
832-393-8725

End of Letter of Clarification 1

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