



## EDUCATIONAL SERVICE DISTRICT 112

### COUNTIES

CLARK  
COWLITZ  
KLICKITAT  
PACIFIC  
SKAMANIA  
WAHIAKUM

### SOUTHWEST WASHINGTON RISK MANAGEMENT INSURANCE COOPERATIVE

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September 14, 2018

TO: Interested Insurance Brokerage Firms

FROM: Jeff Boydston, Risk and Project Manager  
ESD 112 School & Agency Operations

SUBJECT: Request for Proposal for Insurance Brokerage Services for the Southwest  
Risk Management Insurance Cooperative  
Due October 19, 2018

### SUPERINTENDENT

TIM MERLINO

## I. Invitation

The Southwest Washington Risk Management Insurance Cooperative (the Risk Cooperative) is taking this opportunity to assess the capability of your firm to provide a cost projection for our excess or reinsurance coverages in the marketplace as compared to our current costs and coverages. This would include a coverage comparison of our existing coverages and finding comparable coverage in the excess or reinsurance marketplace.

If cost effective and comparable coverages are obtainable the Risk Cooperative may change its current excess coverages. The broker will be asked to place the coverage for 2020-2021. We will also assess the capabilities of your firm to provide a wide range of broker related insurance services, including but not limited loss control, claims dispute resolution experience, risk management information systems, obtain ancillary coverages (e.g. builder's risk), training and other similar services. We are asking for your qualifications in this proposal.

## II. Background

### Southwest Washington Risk Management Cooperative

The Southwest Washington Risk Management Insurance Cooperative (the Risk Cooperative) is an interlocal cooperative of member public school districts which provides a risk-financing program to fund the property and liability exposures of its participants. The Risk Cooperative was formed under Washington State's Revised Code of Washington (RCW) 39.34 and 48.62 that permit joint self-insurance. The spread of risk and buying power of these member districts allows for the establishment of a professional risk management program in order to reduce loss costs and efficiently provide loss control, claims services and cost-effective catastrophic insurance. (More information can be found on our website at [www.esd112.org/insurance](http://www.esd112.org/insurance).)

The Risk Cooperative has been in operation since 1986. The Risk Cooperative consists of 32 members, and is administered by Educational Service District 112, which itself is a member. Our five member Executive Committee provides governance to the Risk Cooperative.

**Current Property Casualty Program**

We currently obtain our excess coverage from Washington Schools Risk Management Pool, WSRMP, which is another school pool. They have a \$1 million self-insured retention and the additional coverages are placed through the insurance marketplace.

**Risk Cooperative Coverages**

| Coverage            | SIR                 | Carrier                      | Limit                           |
|---------------------|---------------------|------------------------------|---------------------------------|
| Property            | \$250,000           | Lexington                    | \$1,000,000,000                 |
| Equipment Breakdown | \$25,000 Deductible | Hartford Steam Boiler        | Included in the Property Limits |
| Crime Stand-Alone   | \$5,000 Deductible  | National Union & Fire        | \$1,000,000                     |
| Liability           | \$250,000           | United Educators and Layered | \$40,000,000                    |
| Network Security    | \$15,000 Deductible | Chubb                        | \$1,000,000                     |
| Tech E & O          | \$25,000 Deductible | Chubb                        | \$1,000,000                     |
| Terrorism           | 250,000 SIR         | Lloyds                       | \$100,000,000                   |

Please see coverage summary that follows.

**III. Administrative Requirements**

**A. RFP Coordinator**

All communications regarding this RFP must be directed to:

Jeff Boydston, Risk and Project Manager  
 Southwest Washington Risk Management Insurance Cooperative  
 C/o Educational Service District 112

2500 NE 65th Avenue  
 Vancouver, WA 98661-6812

Phone: (360) 952-3572  
 FAX: (360) 750-9836  
 Email: [Jeff.Boydston@esd112.org](mailto:Jeff.Boydston@esd112.org)

Questions about this RFP must be submitted in writing to the RFP coordinator. All questions posed and all responses provided will be posted on the ESD112 RFP webpage at <https://www.esd112.org/itb-rfp-rfq-contracts>. Written questions will be received until October 8, 2018

**B. Time Frame**

|                                   |                         |
|-----------------------------------|-------------------------|
| RFP distribution                  | September 14, 2018      |
| Deadline for written questions    | October 8, 2018         |
| Deadline for receipt of proposals | <b>October 19, 2018</b> |
| Finalists selected                | November 2, 2018        |
| Interviews with finalists         | November 13-16, 2018    |
| Final selection                   | December 7, 2018        |
| Broker contract effective date    | January 4, 2019         |
| Costs and coverages indication    | October 18, 2019        |
| Possible program effective date   | September 1, 2020       |

The firm’s proposal must be received at the office address noted above no later than 4:30 p.m. on Friday, October 19, 2018. Firms providing proposals that are incomplete or do not provide the information requested in this RFP may be disqualified.

**No authorization is being given at this time for brokers to approach insurers on the Risk Cooperative’s behalf. Doing so will be grounds for disqualification from further consideration.**

**C. Proposal Format**

One original copy of the proposal, signed by a person duly authorized by the firm to contractually bind the firm, plus one electronic copy emailed to the RFP Coordinator must be submitted by the deadline for receipt of proposals on Friday, October 19, 2018. The firm must certify that its proposal will remain in effect for a minimum of 90 days after the proposal due date. The firm’s proposal, insofar as it is not inconsistent with the RFP, will be incorporated into the final agreement by reference.

**IV. Qualifications and Relevant Experience**

The following are requests for information that will allow the Risk Cooperative to learn more about your firm and its capabilities. Please provide specific information about the office and servicing team that will be directly involved with this account. The level and extent of your ongoing services will be carefully considered in the broker selection process.

- A. Name of firm and a brief history and description of your firm (a brochure will suffice). Include information about the branch that will service the Risk Cooperative.

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- B. List the primary account executive, along with one backup account executive. List other key individuals (name and position) designated to service the account; include how long they have worked with the assigned account executive. For the account executives, provide resumes or describe qualifications, professional designations and membership in professional organizations. It is important that we clearly understand exactly what each individual assigned to the Risk Cooperative's account will do and their experience in handling public entity pools.
- C. Describe the experience of the firm, of the designated branch and of the designated account executive in servicing large self-insured clients and public entity pools and in providing risk management and insurance services to school districts.
- D. Provide the names and telephone numbers of at least four references of the designated account executive. Two of the references should be current clients. At least two of the references should be either public entity or intergovernmental-pool clients. Be sure to identify the lines of coverage and services for each reference provided.
- E. Describe what you will do to ensure that you thoroughly understand the Risk Cooperative's unique loss exposures for all of our members, which include the following:
  - 1. ESD112 has over 250 programs, including Construction Services Group, which provides school construction management services; Specialized Educational ESA, which provides special education services to 26 school districts; and the Southwest Washington Child Care Consortium which provides full day care and school age centers.
  - 2. Washington School Information Processing Center which provides school districts the Skyward School Management System; data management tools and other technology tools.
  - 3. KWRL which is a transportation cooperative formed by Kalama, Woodland, Ridgefield and LaCenter School Districts.
- F. Describe any special relationships with insurance markets specializing in coverage for school and public entity pools.
- G. Describe additional services available for this account.
- H. If your firm currently serves as Broker for any Washington school district or school pool, describe how you propose to serve both the Risk Cooperative and your other school clients.
- I. Provide a Certificate of Insurance evidencing professional liability insurance with limits of at least \$3,000,000.
- J. Provide a copy of current and valid Washington State Broker's License for both the firm and the primary account executive.

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K. If selected as a finalist, identify who will be attending the interview in our Vancouver, WA office?

L. Include the name and title of the individual who completed the proposal, and have him/her sign and date the proposal.

**V. Proposal**

A. Background Information

In order to retain its member districts, the Risk Cooperative expects to obtain a program that will improve coverage terms and conditions, reduce costs and obtain services that are responsive to the needs of the Risk Cooperative and its member districts.

B. Insurance Areas

The lines of coverage to address include:

1. General and automobile liability
2. Public officials' errors and omissions liability
3. Property, including earthquake and flood
4. Boiler and machinery
5. Crime and fidelity
6. Network Security and Privacy Liability
7. Technology Errors and Omissions

Other insurance that may be needed include, but is not limited to, builder's risk, special events, lawyers E & O, financial advisor E & O, public official bonds, notary and audiologist bonds. Please specify whether compensation for marketing and servicing these lines of coverage is included in the broker fee.

C. Conceptual Approach

Provide a conceptual plan for services, indicating markets that may be appropriate for the Risk Cooperative, **without approaching the insurance market**. Describe the insurance program (or alternative programs) that you believe may be most desirable to the Risk Cooperative. If practical, through charts or graphs, lay out the design of the program, showing limits, deductibles and the relationship of major insurance policies.

In describing the approaches you believe the Risk Cooperative should explore, describe any program features that would be particularly attractive to us. These features could include use of particular insurers, special rating plans, special types of coverages, multiyear contracts, etc.

Your approach to meeting the Risk Cooperative's needs is important. It will form the basis of the Risk Cooperative's evaluation of your understanding of its requirements and your ability to provide desirable types of programs. In considering a brokerage firm, an examination of the level and types of services that will be afforded to the Risk Cooperative is an important assessment. We will want you to thoroughly describe your proposed services in the interview.

**VI. Compensation**

Outline the compensation arrangements that your firm would expect for the services outlined above. Please provide a cost estimate for conducting the market coverage and cost analysis. Please also provide a cost estimate for your services if we decide to exit from our current insurance program.

**VII. Marketing Plan**

Describe the following:

- A. The data required to market the Risk Cooperative's insurance coverage.
- B. The marketing presentation you would prepare (e.g., how it is organized and the information it would contain).
- C. Your approach to obtaining the best pricing for the Risk Cooperative.
- D. The timing of your marketing effort for 9-1-2020 if we move from our existing current property casualty program.
- E. The activities you will complete in our marketing program.
- F. Specify how the Risk Cooperative's staff interact with you and/or the underwriters in this marketing process.
- G. Please list, in order of preference, the insurers that you expect to consider for providing coverage to the Risk Cooperative. For each insurer, identify the managing general agent or surplus lines broker that you would use and identify whether your firm has an agency contract with any of these insurers. Also, list the carrier's current Best's rating.

If your firm has any ownership in any managing general agent, surplus lines broker, reinsurance broker, insurer, reinsurer or other organization that you would use in placing the Risk Cooperative's insurance coverage, this should be plainly disclosed in the proposal. Also, please disclose any contingent commissions, production service agreements, or similar agreements.

**VIII, Additional Information**

Failure to properly address all items set forth above may disqualify the firm’s proposal from consideration.

Data and documentation included in the proposal become the property of the Risk Cooperative and become public information upon opening the proposals.

The Risk Cooperative reserves the right at its sole discretion, to award the contract to the broker of its choice or none.

**IX. Selected Underwriting Data**

The Risk Cooperative provides the following information. (Any additional questions or requests for information should be directed to the RFP Coordinator identified in Section II.)

- A. Selected exposure information:
  - 1. Student Full Time Equivalent: 30,696
  - 2. Building values: \$1,246,837,684
  - 3. Contents values: \$155,522,043
  - 4. Buses: 581
  - 5. Other vehicles: 289

- B. Loss summary for last five years:

| Policy Year | Total Paid | Recovery  | Reserves  | Incurred    | Claims |
|-------------|------------|-----------|-----------|-------------|--------|
| 2013-14     | \$813,975  | \$30,456  | \$783,516 | \$1,346,957 | 67     |
| 2014-15     | \$733,244  | \$113,896 | \$45,773  | \$665,121   | 47     |
| 2015-16     | \$392,738  | \$12,674  | \$20,659  | \$400,722   | 53     |
| 2016-17     | \$843,110  | \$33,369  | \$48,327  | \$858,068   | 71     |
| 2017-18     | \$328,210  | \$15,681  | \$52,061  | \$364,410   | 60     |

- C. A copy of the current actuary solvency report can be found at:  
<https://www.esd112.org/itb-rfp-rfq-contracts/>

**The Risk Cooperative appreciates your interest in this selection process. We look forward to receiving your proposal by Friday, October 19, 2018.**