



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO



OHIO DEFERRED
COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM



Request for Proposal

For:

Brokerage Services for Group Purchase of
Management Liability Insurance

Date:

January 30, 2012

Table of Contents

A. OVERVIEW	3
B. BACKGROUND	3
C. SCOPE OF ENGAGEMENT	5
D. TERM	5
E. PROPOSAL CONTENT	5
1. Cover Letter.....	5
2. Questionnaire	6
3. Understanding of Engagement.....	6
4. Work Plan (including timeline)	7
5. Deliverables.....	7
6. Broker Personnel.....	8
7. References	8
8. Cost.....	8
9. Sample Broker Agreement	8
10. Additional Information.....	8
F. EVALUATION AND NEGOTIATIONS	9
G. GENERAL TERMS AND CONDITIONS FOR SUBMITTING PROPOSALS.....	9
H. INSTRUCTIONS FOR SUBMITTING PROPOSALS	10
PROVISIONS.....	ATTACHMENT A
AUTHORIZED REPRESENTATIVES.....	ATTACHMENT B

A. OVERVIEW

The Ohio retirement systems listed on the cover page of this Request for Proposal (RFP) are asking qualified brokers to develop a program to purchase management liability insurance as a group.

B. BACKGROUND

HPRS, OPERS, SERS and STRS Ohio are statewide public employee defined benefit retirement systems and Ohio DC is a statewide 457 plan; throughout this document they will be referred to as “the Entities”. Each Entity is independent in terms of decision-making and contracting.

Highway Patrol Retirement System

In 1941, the Ohio General Assembly established the Highway Patrol Retirement System (HPRS) for troopers and communications personnel employed by the Highway Patrol. Membership in HPRS is limited to troopers with arrest authority and trooper cadets in training at the Highway Patrol Training Academy. The system, which has \$734 million in assets, provides age and service, disability, survivor, and death benefits, as well as health care coverage for benefit recipients and eligible dependents. General administration and management of the plan is vested in the Retirement Board established under [Chapter 5505](#) of the Ohio Revised Code.

HPRS serves more than 1,500 active members and over 1,300 retirees and surviving beneficiaries who receive monthly benefits.

Financial Information

The most recent HPRS Comprehensive Annual Financial Report is available on the HPRS website at: www.ohprs.org.

Ohio Public Employees Deferred Compensation Program

The Ohio Deferred Compensation Program (Ohio DC) is a supplemental retirement plan that offers all Ohio public employees the opportunity to accumulate tax-deferred assets to meet their long-term financial goals and to provide a desirable lifestyle and peace of mind in retirement.

Deferred compensation has been the Program's only business since it opened its first participant accounts in 1976. The Program is unique in that it is a public, non-profit organization created by Chapter 148 of the Ohio Revised Code. A 13-member Board comprised of public employees, retirees, and appointed investment experts governs the Program. The staff manages and administers the Program with public employees' best interests in mind.

Ohio DC serves nearly 200,000 members of 1,772 public employers and over 27,000 retirees and surviving beneficiaries who receive monthly benefits.

Financial Information

The most recent Ohio DC Comprehensive Annual Financial Report is available on the Ohio DC website at: www.OhioDC.org.

Ohio Public Employees Retirement System

In 1935, the Ohio Public Employees Retirement System (OPERS) began a tradition of providing excellent retirement benefits for state employees. With approximately \$69.5 billion in assets, the System provides retirement, disability, and survivor benefit programs for public employees throughout the state who are not covered by another state or local retirement system. General administration and management of the plan is vested in the Public Employees Retirement Board established under Chapter 145 of the Ohio Revised Code.

OPERS serves more than 781,777 members of 3,714 public employers and over 218,054 retirees and surviving beneficiaries who receive monthly benefits.

Financial Information

The most recent OPERS Comprehensive Annual Financial Report is available on the OPERS website at: www.opers.org.

School Employees Retirement System of Ohio

Established in 1937, the School Employees Retirement System of Ohio (SERS) is the \$10.9 billion statewide pension fund providing pension benefits and access to post-retirement health care coverage to Ohio's non-teaching public traditional and charter school employees. General administration and management of the plan is vested in the School Employees Retirement Board established under [Chapter 3309](#) of the Ohio Revised Code.

As of June 30, 2011, SERS serves more than 125,000 active members and 67,221 retirees and beneficiaries receiving monthly benefits.

Financial Information

The most recent SERS Comprehensive Annual Financial Report is available on the SERS website at: www.ohsers.org.

State Teachers Retirement System of Ohio

STRS Ohio is a statewide benefit program for teachers employed in the public schools and universities of Ohio. Membership consists of approximately 475,000 active, inactive and retired Ohio public educators. Investment assets are \$68.0 billion as of June 30, 2011, and STRS Ohio paid more than \$5.2 billion in benefits to more than 138,000 individuals. Benefit features include defined benefits and/or defined contribution retirement security accumulation vehicles, disability recipients and their dependents. General administration and management of the plan is vested in the State Teachers Retirement Board established under [Chapter 3307](#) of the Ohio Revised Code.

Financial Information

The most recent STRS Ohio Comprehensive Annual Financial Report is available on the STRS Ohio website at: www.strsoh.org.

C. SCOPE OF ENGAGEMENT

The Entities are seeking a qualified insurance broker to develop a group program for the acquisition of management liability insurance. The Entities believe that by contacting the markets as a group, instead of individually, that management liability insurance for each Entity can be obtained at a lower cost and with broader terms and conditions. The program will include the following:

- Coverage including fiduciary liability, directors and officers liability, employment practices liability, and crime as determined by each Entity
- Individual policies for each Entity
- Individual limits as determined by each Entity
- Individual retention limits as determined by each Entity
- No pooling or sharing of risk by the Entities in the group
- Same inception date for all Entities

The Entities will consider alternative programs to the one described above but do not contemplate entering into a program where the limits or risks are shared by the members of the group.

D. TERM

The Entities anticipate that the selected broker remains as the broker of record for a three-year term followed by two possible one-year renewals, exercised at the option of each Entity. Each year subsequent to the initial three-year period shall be renewed based on the satisfactory performance during the preceding term, ability and willingness to continue to provide professional services and competitive prices, terms and conditions for the insurance coverage provided under the original contract. The total duration of each contract (including years renewed) shall be for a period of no more than five (5) consecutive years.

E. PROPOSAL CONTENT

At a minimum, the proposal must include the following information. For ease of review, each requirement should be addressed in a separate section preceded by an index tab to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents.

1. Cover Letter

The Broker must include a cover letter, which will be considered an integral part of the proposal, in the form of a standard business letter, and must be signed by an individual who is authorized to bind the broker contractually. It must include:

- 1.1 A statement regarding the Broker's legal structure (e.g. an Ohio corporation), Federal tax identification number, and principal place of business.
- 1.2 Broker's primary contact on this RFP, who has authority to answer questions regarding the proposal:
 - 1.2.1 Firm Name
 - 1.2.2 Contact's Name
 - 1.2.3 Additional Contacts
 - 1.2.4 Contact's Address
 - 1.2.5 Contact's Phone and Facsimile Numbers
 - 1.2.6 Contact's Email Address

- 1.3 A statement that the Broker's proposal meets all the requirements of this RFP.

- 1.4 A statement that the Broker has not submitted its proposal with the assumption that there will be an opportunity to negotiate any aspect of the proposal.
- 1.5 A statement that the Broker acknowledges that all documents submitted pursuant to this request may be subject to disclosure under Ohio's Public Records Act, see Section G(1) of this RFP.
- 1.6 A statement that the Broker acknowledges and agrees that the contract provisions contained in Attachment A shall be included in any contract with the Entities that may result from this RFP, and such contract provisions shall control in the event of any conflict

2. Questionnaire

Please provide the following information:

- 2.1 Broker's domestic office locations (a link to a website is acceptable), identifying which location will be assigned this project.
- 2.2 Broker's organizational structure, including subsidiary and affiliated companies, and joint venture relationships.
- 2.3 How many years has Broker been in business?
- 2.4 Yes/No: Has Broker undergone any material change in its structure or ownership within the last 18 months? If yes, please describe.
- 2.5 Yes/No: Is any material change in ownership or structure currently under review or being contemplated? If yes, please describe.
- 2.6 If available, please provide a report, study, or assessment of your company, prepared by an unbiased independent third-party source, concerning client satisfaction and measures of your firm's strengths and weaknesses vis-à-vis your key competitors.
- 2.7 Please indicate your firm's specific, relevant experience in brokering/developing group purchase programs. Please provide a description of those programs, including details such as policy year, limits purchased, and cost savings realized by individual members in those group purchase program.
- 2.8 Please describe your group purchase program for management liability insurance.
- 2.9 Please indicate your firm's specific, relevant experience with public employee retirement systems.
- 2.10 Please provide your most recent financial statements including a statement of financial position, an annual income statement and balance sheet.
- 2.11 Please describe any material litigation to which your company is currently a party. In addition, please describe any litigation involving public retirement systems during the last 3 years.
- 2.12 Please provide a list and describe litigation brought or threatened against your company by existing or former clients during the past 5 years.
- 2.13 Please describe any relationships that your company has with insurance companies, including any potential fees or other remuneration your company may receive for recommending their products or services.

3. Understanding of Engagement

- 3.1 Please describe in detail your organization's understanding of the services requested in this RFP.
- 3.2 Please describe areas or processes not included in this RFP that your company may examine in order to provide more complete services.

- 3.3 Please provide a narrative that supports why your company believes that it is qualified to undertake the proposed engagement.

4. Work Plan (including timeline)

The proposal should set forth a work plan including:

- 4.1 A description of how the Broker will consult with and make presentations to the Entities during the engagement.
- 4.2 Broker should allow ample time to for completion and review of applications and for compiling required underwriting documentation.
- 4.3 A tentative schedule for performing the services. The Entities anticipate that the policy inception date will be July 1, 2012.

5. Deliverables

The Broker selected as the broker of record for the Entities' management liability insurance group purchase program shall provide the following services:

- 5.1 Have personnel available during the Entities' business hours (generally, 8:00 a.m. to 5:00 p.m. ET) to answer management liability insurance-related questions.
- 5.2 Procure management liability insurance, including marketing, at an annual renewal or periodically as requested by each Entity.
- 5.3 Act as the liaison and advocate with the insurer, gathering and presenting required data and applications for procuring management liability insurance coverage.
- 5.4 Verify the accuracy and adequacy of the policies including coverage, endorsements, exclusions and premiums, noting in writing any variations from the previous year or from the required specifications of the current year.
- 5.5 Issue and review insurance binders immediately upon binding and all other documentation (including policies) within three (3) months of the beginning of the policy term.
- 5.6 Process all payments made by the Entities to the insurance carrier in a timely manner.
- 5.7 Assess carrier stability, solvency and service record, and provide the A.M. Best rating of all insurance carriers approached.
- 5.8 Assist in resolution of coverage issues, including coverage interpretations, disputes, reservation of rights letters, etc.
- 5.9 Provide advice regarding risk management and insurance coverage issues.
- 5.10 Advise of any changes or developments in the insurance market that would affect the Entities' risk or insurance coverage.
- 5.11 Submit an annual stewardship report, including benchmarking data and additional data and analysis to assist in determining appropriate limits each Entity should carry.
- 5.12 Perform other services customarily expected of an insurance broker for the duration of the contract.

6. Broker Personnel

6.1 For each individual that you propose to assign to this engagement, please provide a narrative with the following information:

- 6.1.1 Employee name and title
- 6.1.2 Proposed position on this engagement (manager, supervisor, officer, etc.)
- 6.1.3 The month and year that the employee began working for your organization
- 6.1.4 Employee work history
- 6.1.5 Employee's specific, relevant experience in brokering/developing group purchase programs.
- 6.1.6 Employee's specific, relevant experience with management liability programs.
- 6.1.7 Employee's specific, relevant experience with public employee retirement systems

6.2 Please describe your firm's procedures in the event that a contact person assigned to this engagement leaves your firm during the term of the engagement.

7. References

7.1 List of public employee retirement system clients, specifying coverage placed, premium volume and the length of time the accounts were handled (prefer at least three references).

7.2 The name and telephone number of a responsible official who may be contacted as a reference.

8. Cost

8.1 Submit a conceptual estimate of each Entity's management liability programs, including premiums and coverage. The conceptual programs would be based solely on your experience in the market. **Do not approach insurance companies for detailed quotes.**

8.2 The broker will describe the method of compensation. If the compensation is fee-based, then the fees proposed shall be considered payment for all broker services listed in Section E.5 as well as any additional services offered in the broker's proposal. Any additional fees for services beyond the scope of the engagement must be approved in writing and in advance by the Entity(ies) responsible for paying the additional fees.

8.3 Indicate how fees will be allocated to each of the Entities.

8.4 State whether the Broker will negotiate its proposed fee if the Entities decide negotiation is appropriate as to any aspect of the proposals, including the fee, with the finalist(s). In no case, however, will the negotiated fee be higher than the fee submitted in the proposal.

9. Sample Broker Agreement

Please provide a sample broker agreement with your proposal for consideration if you are selected for this engagement, along with a copy of your certificate of insurance. The agreement should reflect the specific scope and deliverables of this engagement as well as hourly fees for any potential work outside the scope of this engagement and response times.

10. Additional Information

The Broker should provide any other information it believes relevant to the engagement.

F. EVALUATION AND NEGOTIATIONS

The authorized representatives of each Entity listed in Attachment B will evaluate all timely and complete responses. The Entities reserve the right to request that any response be clarified or supplemented. The Entities will make final decision to award the contract.

Of the proposals evaluated using the proposal criteria, the most qualified brokers shall be selected for a presentation and interview by the Entities' representatives. By submitting a proposal, the Broker agrees to send representative(s), at the Broker's expense, to Columbus, Ohio for the presentation (tentatively scheduled for March 13, 2012). These representatives should be the same people who will be the service team should the Broker be selected. Under no circumstances will the presentation and interview be conducted by telephone or video conference.

Proposals will be evaluated based on the following criteria, (each criteria may be weighted, if desired):

1. Understanding of the project
2. Broker's experience with group purchase programs
3. Broker's experience with management liability programs
4. Broker's experience with public employee retirement systems
5. Overall quality of the proposal/conformance to requirements
6. Services offered (required and additional)
7. Individual qualifications of the assigned staff
8. Cost (fees, commissions, premiums)

After interviewing the finalists, each entity's representative will grade independently the Brokers and then the Entities, as a group, will jointly select the successful Broker. The Entities reserve the right to negotiate a broker agreement with the Broker selected by the Entities. Upon negotiation of an acceptable contract, said Broker will be appointed as each Entity's broker of record for management liability insurance. The Broker will commence working on July 1, 2012 renewals immediately.

G. GENERAL TERMS AND CONDITIONS FOR SUBMITTING PROPOSALS

1. Broker acknowledges that the Entities are subject to the Ohio Public Records Act, and the documents submitted pursuant to this RFP may be subject to a public records request. Accordingly, Broker must identify any material or documents that are confidential and clearly mark those items or documents at the time of submittal. If as a result of the position taken by Broker regarding the confidentiality of the information the Entities are assessed any damages or fees, Broker shall indemnify the Entities for such damages or fees. If no documents or materials are identified and marked by Broker as confidential, Broker will be deemed to have consented to the release of the document or material, and to have waived any cause of action against the Entities resulting from the release of the documents or materials.
2. Regardless of cause, late proposals, in whole or in part, will not be accepted and will automatically be disqualified from further consideration. It shall be the Broker's sole risk to ensure delivery at the designated office by the designated time. Late proposals will not be opened and may be returned to the Broker at the expense of the Broker, or destroyed if so requested.
3. The Entities reserve the right to reject any or all proposals submitted, and to waive as to any broker or as to all brokers, any informality or irregularity in a proposal or proposals or any failure to conform to the instructions in this RFP.
4. This Request for Proposal is not a contract, not meant to serve as a contract, and does not constitute a promise to enter into a contract.
5. All documents, proposals and other materials submitted in response to this RFP will become the property of the Entities and will not be returned to Broker.
6. By submitting a proposal, the Broker agrees to maintain transparency of all work performed by the Broker on behalf of the Entities, including disclosure of all revenue streams resulting from said work. Broker also agrees to provide the Entities with documentation of all of its marketing efforts by means of both a summary of quotes and

options as well as a copy of actual insurer quotes. Broker further agrees that it will not accept contingency compensation from the insurers with which it places the Entities' management liability insurance. Such contingency compensation includes, but is not limited to, Broker's use of placement service agreements and market service agreements.

7. Broker should not approach any insurer in connection with management liability program for the Entities.
8. Broker agrees to comply with all terms, conditions and requirements described in the RFP. Any failure by any responding Broker to so comply shall be grounds for rejection of that Broker's proposal, as determined by the Entities in their discretion.
9. If a contract results from this RFP, neither the successful responding Broker, nor anyone on its behalf (including its agents, affiliates, subcontractors and/or brokers), shall publish, distribute or otherwise disseminate any press release, advertising and/or publicity matter of any type or kind (collectively "advertising material") having any reference to the Entities, this RFP or the resulting contract, unless and until such advertising material first shall have been submitted to and approved in writing by the Entities.

H. INSTRUCTIONS FOR SUBMITTING PROPOSALS

1. If the Broker intends to respond to this RFP, a notice of intent to do so should be sent by February 20, 2012. The notice should be sent by email or fax to the contact for each Entity listed in Attachment B and contain the Broker's name, its intent to respond, the name of a contact person and the contact person's telephone number, email and fax number. Submitting this notice will not obligate a broker to submit a response, but will allow the Entities to send out any necessary information to interested brokers. Upon the receipt of the notice of intent, the Entities will provide the specifics of each Entity's management liability program.
2. Please provide two (2) hard copies (*including one complete and one redacted copy for public record requests*) and two (2) electronic copies (*including once complete and one redacted copy for public record requests*) of your proposal by 5:00 Eastern Time, on February 24, 2012, to each Entity listed in Attachment B.

Transmissions submitted via fax or email are not acceptable and will not be considered.

3. Questions concerning this Request for Proposal must be submitted via email to each Entity listed in Attachment B. Questions must be submitted by February 10, 2012. Answers will be completed by February 17, 2012. Questions and answers will be posted on each Entity's website.
4. No Broker shall attempt to communicate with the Entities concerning this RFP in any manner or at any time other than during the question and answer period (see H-3), or the finalist presentations (see section F). An exception to this rule applies to brokers who currently do business with an employee of the Entities, but any contact made by such broker(s) with these persons should be limited to that business, and should not relate to this RFP. Communication with the Entities, other than as previously described, will result in immediate disqualification.
5. This Request for Proposal is issued on January 30, 2012, The Entities reserve the right, in its sole discretion, to amend or cancel this RFP.

ATTACHMENT A

- **BROKER'S REPRESENTATIONS, WARRANTIES AND COVENANTS:** Broker represents, warrants and covenants that: (a) it has the authority to enter into the Agreement and perform the services provided thereunder; (b) it shall comply with all applicable federal, state and local laws in providing services under the agreement, including, but not limited to the reporting requirements contained in Sections 101.90 et seq. (Joint Legislative Ethics Commission) of the Ohio Revised Code, and the laws contained in Chapter 102 (Ohio Ethics Commission) of the Ohio Revised Code governing ethical behavior, understands that the provisions apply to persons doing or seeking to do business with the Entities, and agrees to act in accordance with the requirements of such provisions; and, (c) it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to the Entities or any of its members, officers, board members, employees, or agents, or any third party in connection with its engagement under the agreement or otherwise, including, but not limited to a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.
- **CONFIDENTIALITY AND PUBLIC RECORDS:** Broker shall not disclose to any other person or use any information concerning the Entities' members, or any other confidential information obtained in providing services under the agreement, without the prior written consent of the Entities. Broker acknowledges that the Entities are subject to the Ohio Public Records Act. If as a result of the position taken by the Broker regarding the confidentiality of the information the Entities are assessed any damages or fees, the Broker shall indemnify the Entities for such damages or fees.
- **ADVERTISING AND PUBLICITY:** Neither the Broker, nor anyone on the Broker's behalf (including its agents, affiliates, subcontractors and/or vendors), shall publish, distribute or otherwise disseminate any press release, advertising and/or publicity matter of any type or kind (collectively "advertising material") having any reference to the Entities or the agreement, unless and until such advertising material first shall have been submitted to and approved in writing by the Entities.
- **INDEMNIFICATION AND LEGAL ACTION:** The Broker agrees to indemnify and hold harmless the Entities, their members, officers, board members and employees for damages, costs, losses or any other claims arising from the negligent or intentional acts of the Broker, its officers, employees or agents under the agreement. Broker shall reimburse the Entities for any judgments rendered against the Entities for the Broker's actions. Broker agrees to defend the Entities against any such claims or legal actions if called upon to do so. The Entities shall not indemnify Broker for damages, costs, losses or any other claims of any nature that may arise under the agreement. To the extent that the Broker may be damaged or may be required to assume a liability as a direct result of the actions taken or not taken by the Entities, the parties agree that Broker may sue or take legal action against the Entities to seek recovery of such damages.
- **GOVERNING LAW AND FORUM:** Issues concerning the Entities' existence and/or authority shall be governed by, construed and enforced in accordance with, the laws of the State of Ohio. Any litigation arising out of or related in any way to the Entities' existence and/or authority shall be brought only in the state or federal courts sitting in Franklin County, Ohio, and Broker irrevocably consents to such jurisdiction. The Entities shall not waive its right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or related in any way to the agreement or the actions of either party in the negotiation, administration, performance or enforcement thereunder, unless the Ohio Attorney General consents to such waiver.

ATTACHMENT B

Authorized Representatives

Mark Atkeson
Executive Director
HIGHWAY PATROL RETIREMENT SYSTEM OF OHIO
6161 Busch Boulevard, Suite 119
Columbus, Ohio 43229
614.430.3557
614.431.9204 (fax)
matkeson@ohprs.org

Paul Miller
Assistant Director – Finance
OHIO PUBLIC EMPLOYEE DEFERRED COMPENSATION PROGRAM
257 East Town Street, Suite 400
Columbus, Ohio 43215
614.466.7245
614.728.2601 (fax)
pmiller@ohiodc.org

Jay Yoho
Purchasing Supervisor
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 East Town Street
Columbus, Ohio 43215
614.225.1997
614.857.1101 (fax)
jyoho@opers.org

Carla Marshall
Assistant Director – Finance
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
300 East Broad Street, Suite 100
Columbus, Ohio 43215
614.222.5861
614.340.1089 (fax)
cmarshall@ohsers.org

Stanton West
Director, Portfolio Services
Real Estate
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
275 East Broad Street
Columbus, Ohio 43215
614.227.7843
614.233.8784
wests@strsoh.org