

RFP #032219  
Insurance Consultant Services  
ADDENDUM NUMBER 2

The following questions were submitted by those attending the April 15, 2019 pre-bid meeting for the above-referenced RFP. Written questions were received through April 22, 2019. BRIM now provides responses to those questions.

1. QUESTION: Your bid asks us not to include proprietary information that we don't want disclosed, yet you require detailed contact information on our clients. We would prefer not to disclose detailed client lists to the public. Therefore, would we be able to submit that information separately or at the oral presentation if we were chosen to present?

ANSWER: Paragraph 4.3.1.2 requests a minimum of 3 references from other clients with complete contact information for the client's manager, CEO, or other person with authority and knowledge necessary to respond to inquiries about the vendor. We assume this is the paragraph you are asking about.

In order to evaluate the bid submissions, BRIM requires business references from a few other clients in order to confirm that the vendor has experience and expertise needed for this project. You will have to make the decision on what you are able to share with the understanding that we cannot agree to keep your bid submission confidential. We are not asking for a detailed client listing, but rather a minimum of 3 business references that reflect past work that would be representative of the services we seek through this proposal. All the information we consider, including business references, must be in a form that can be reviewed to assess our selection should such need arise.

2. QUESTION: Are there any penalties or other issues (political, personnel or otherwise) that would make it difficult to terminate the AIG contract that is currently in place?

ANSWER: BRIM's business relationship with AIG is complex. The contract expires on June 30, 2020. BRIM has no way of knowing today what the scope of any recommendations made by the vendor following its review and analysis may be, and what actions by the BRIM Board and management may be needed to implement any such recommendations. It is certainly possible to decide not to continue the current business arrangement with AIG following this contract term, however we know that "unwinding" the arrangement would take time and such a decision would need to consider how best to terminate the current program given AIG's current contractual obligations and the best interests of the state. Regardless of the process used, a good deal of legal and financial analysis would be needed. The goal of this RFP, however, is to ensure that the state's insurance program continues to meet statutory requirements and is in the best interests of the state.

3. QUESTION: Can you please outline the process of the cost and technical proposals relative to how you would like them delivered? I believe there was a discussion at yesterday's

meeting regarding one or two large envelopes containing a number of smaller envelopes, and I didn't pick up all the details.

ANSWER: All copies of the technical proposal can be in one envelope and all copies of the cost proposal can be in a separate envelope, with each marked appropriately. All cost information must be segregated from the technical information and must be in an envelope clearly marked as being the cost proposal.

4. QUESTION: Section 4.3.2.5. Can you advise what type of State Authorizations would be needed to act as a consultant to BRIM?

ANSWER: The intent of paragraph 4.3.2.5 is to ensure that the vendor and any subcontractors or anyone on the vendor's team created for the purpose of performing work on this contract are appropriately licensed and authorized to perform work in West Virginia. You should consult the West Virginia Secretary of State's Office and State Tax Department for further guidance on these requirements, however BRIM cannot advise you on any legal requirements for doing business in West Virginia and you will need to perform your own due diligence to ensure that the vendor is properly authorized to do business in our state.

5. QUESTION: Will we have access to the claims on-line to perform our review?

ANSWER: The eRIMS (BRIM's current risk management information system, still under construction) system only has limited data on BRIM claims. However, the focus of this project isn't intended to be a detailed review of the quality of adjusting individual claims, but rather a review of the process at a somewhat higher level to determine if the process and costs associated with handling claims represent the most appropriate use of state dollars and meet program needs; for example, use of a TPA vs. in-house claim handling, etc. With that said, BRIM will ensure that the successful vendor has access to any data needed for the review that is available.

6. QUESTION: Does BRIM have regular independent claims reviews? If so, can we place reliance on the reserving practices? If not, are you wanting a review of the claim files to determine the adequacy of the case reserves and the appropriateness of the methods?

ANSWER: Similar to previous response, we believe a detailed review of claim files to determine adequacy of claim reserves is more granular than needed. Rather, this project will involve analysis of claim handling and reserving in a more general way, with a focus on whether it is being done efficiently and cost effectively, and meeting program needs/requirements. BRIM will ensure that the successful vendor has a full understanding of reserving practices and methodologies.

7. QUESTION: Will we be able to get the raw actuarial data in Excel or similar format?

ANSWER: The successful vendor will have access to actuarial data in Excel once the contract is awarded.

8. QUESTION: The RFP requires we understand the VA (sic) statutes and common law identified in the RFP. Is BRIM seeking any type of legal opinion in regards to the duties and responsibilities of BRIM or just an understanding of what BRIM is doing to comply with the laws and where we might see a need for a change or enhancement?

ANSWER: This project will not require a legal opinion as to what BRIM's legal duties and responsibilities are. The expectation is that the review of statutes, rules and common law will be to explain whether BRIM is complying with these requirements and if changes would produce cost savings, efficiencies, or other improvements. This can be in the form of a professional (non-attorney) opinion.

9. QUESTION: Can we place reliance on the CPA report and the supporting schedules in the CAFR? We will be able to get the detail behind the schedules in Excel or similar format?

ANSWER: Yes. The CPA report and supporting schedules in the CAFR can be relied upon. The detail behind the schedules will be available in excel or similar format for the successful vendor.

10. QUESTION: Do you seek a professional opinion or a legal opinion on statutory compliance (4.2.1.1)?

ANSWER: See response to question number 8.

11. QUESTION: Are you seeking a review and report on the investment and credit risk management of BRIM (4.2.1.2)?

ANSWER: No. The expectation is for a comparison of BRIM's current program structure with other models. It will be necessary to fully understand the investment strategy and credit risk management, but the strategy/management itself isn't a subject of the review.

12. QUESTION: Does BRIM have a compilation of case law based on the manuscript policy terms?

ANSWER: No. The relevant case law can be found in *Michie's West Virginia Code Annotated*, at W. Va. Code § 29-12-1 *et seq.* The annotations following the code sections provide the history of the section, editor's notes, effect of amendments, and discussion of relevant case law.

13. QUESTION: Can we obtain a list of participating entities in the State and SB3 Programs?

ANSWER: BRIM currently provides property and liability insurance for 163 state agencies, boards and commissions (which covers all operations of state government). In the Senate Bill 3

program, BRIM provides coverage for the number of insureds shown in the following rate classes:

Boards of Education	62
County Commission	3
Cities/Towns	83
Transit Authorities	12
Housing Authorities	31
Volunteer Fire Departments	3
For Profit Ambulances	3
Public Service Districts	43
Solid Waste Authorities	23
Other Governmental	99
Health Clinics	6
Health Rights	5
Public Defenders	7
All Other Non-Profits	587

The successful vendor will have access to further relevant details on all BRIM's insured.

14. QUESTION: In Section 4 of the RFP, is the use of the terms State (defined)/state and Agencies (defined)/agencies intended to be interchangeable?

ANSWER: As we understand the question, the definition section of the RFP defines "agency or agencies" to be the entity soliciting bids for this project, which is BRIM. The definition of "state" is the State of West Virginia and any of its agencies, boards or commissions as required by the context. There could be instances where, in context, the term "agency" refers specifically to BRIM. Generally, however, in the context of the entities insured by BRIM in the state program, the terms "state" and "agency/ies" should be interchangeable.

15. QUESTION: Does BRIM currently utilize the services of a risk management consultant?  
a) If so, please provide copies of service contract and reports submitted in the last 12 months.  
b) If not, please discuss motivation for this RFP.

ANSWER: BRIM currently has contracts for certain services relating to risk management. BRIM's current vendor contracts are for inspections to identify and address property and liability exposures and inspections of boilers and large HVAC units. BRIM does not utilize the services of a "risk management consultant" per se. The successful vendor will need to understand BRIM's processes around management at BRIM and in our Loss Control Department specifically, which includes consultation visits, education and outreach with BRIM insured, and BRIM's Standards of Participation Program (loss control credits/surcharges). The successful vendor will have access to any of these vendors' reports needed. They are fairly voluminous.

16. QUESTION: Please provide any additional documents describing the programs administered by BRIM in greater detail.

ANSWER: We believe most relevant documents are available on BRIM's website. These documents include the CAFR, annual reports (which contain minutes of all Board meetings), insurance policies, and access to statutes and legislative rules.

17. QUESTION: Please provide copies of any insurance policies not posted on the BRIM website.

ANSWER: BRIM's current and recent policies are available on its website.

18. QUESTION: Please provide copies of broker/TPA/other vendor contracts and stewardship reports, if available.

ANSWER: The successful vendor will have access to these contracts and any other information needed to perform the review. BRIM has contracts with adjusters, engineering firms, actuaries, producers, specialized legal support, insurers, building inspectors, and boiler/HVAC inspectors.

19. QUESTION: Does BRIM require a fixed price bid on the required tasks or is an hourly rate acceptable or an adjust clause if actual hours exceed estimate by more than 5% with prior notice?

ANSWER: The cost bid must conform with the cost sheet in the RFP. The inclusion of hourly rates is acceptable, as long as the cost sheet is also completed. BRIM is not seeking a cost bid that includes a methodology to account for hours exceeding the estimate. Rather, BRIM is seeking a cost bid that estimates the hours required for each deliverable and a resulting cost for that deliverable.

20. QUESTION: What is the required billing and payment protocol? What is the required billing interval, e.g. monthly? What supporting documentation is expected?

ANSWER: Invoices for services performed must be submitted monthly. Invoices must contain the following elements: billable hours by classification/title/name and explanation of the specific area(s) of the work relating to the project requirements including estimated percentage of completion.

21. QUESTION: Which insurance brokers does BRIM currently utilize?

ANSWER: BRIM currently utilizes the services of USI, Arthur J. Gallagher, Hoxton Agency, and Bray & Oakley.

22. QUESTION: Please provide copies of the renewal specifications used for BRIM's most recent insurance renewals.

ANSWER: This information will be available as needed to the successful vendor. Generally, BRIM provides the following types of data during the renewal process:

Customer Type  
Vehicle Type  
Employee Type  
Revenue  
Payroll  
Expenditures  
Medical Encounters  
Property Square Footage  
Property Structure and Content Values (TIV)  
Current Premiums  
Claim Data by customer type and coverage type

TIV for FY2020 - \$21,819,974,432

Claims for FY2019 - \$32,492,483

23. QUESTION: What is the expected frequency of in-person meetings with BRIM? Once a week, month?

ANSWER: It is difficult to say with certainty before the project begins. However, BRIM anticipates monthly meetings and weekly “update” conference calls. It is likely that meetings or calls will be more frequent in the early stages of the review, and BRIM understands the time and cost that can be involved with frequent in-person meetings. BRIM management will ensure that the successful vendor has access to any information needed and will make every effort to avoid unnecessary travel time and cost.

24. QUESTION: What is the status of new RMIS system implementation? Please provide details of specific modules that Emerson is building out – whether custom or stock.

ANSWER: BRIM purchased the claims module as a “stock” product, however it is being customized to meet the unique needs of the agency. BRIM has also contracted for the vendor to create modules for Underwriting, Loss Control, certain aspects of Finance. The project continues to be a work in progress.

25. QUESTION: What is the current trend line for new and open claims, what is the trend line for average paid losses by type of claim, what is trend line for aging per type of claim?

ANSWER: The successful vendor will have access to any such information that is available. By way of example, the following information on liability claims was presented at the BRIM Board meeting on March 19, 2019:

**PAID CLAIMS (November 2018 Data)**

YTD Indemnity payments total \$39,398,483 vs. PYTD payments of \$32,690,365, an increase of 20.52%.

YTD Legal payments total \$14,733,130 vs. PYTD payments of \$17,892,910, a decrease of 17.66%.

**OUTSTANDING CLAIMS (November 2018 Data)**

YTD Indemnity reserves total \$50,664,554 vs. PYTD Indemnity reserves of \$47,284,938, an increase of 7.15%.

YTD Expense reserves total \$19,352,189 vs. PYTD Expense reserves of \$19,021,566, an increase of 1.74%.

**CLAIMS COUNTS (November 2018 Data)**

New claims YTD total 3677 vs. PYTD of 3200, an increase of 14.91%.

Closed claims YTD total 4023 vs. PYTD of 3282, an increase of 22.58%.

Open claims YTD total 1072 vs. PYTD of 1143, a decrease of 6.21%.

**DURATION – CLOSED CLAIMS (November 2018 Data)**

YTD Duration of 131.159 Days vs. PYTD Duration of 134.339 Days, a decrease of 2.37%.

**CLOSING RATIO (November 2018 Data)**

YTD Closing Ratio of 109.4% vs. PYTD Closing Ratio of 102.6%, an increase of 6.63%.

26. QUESTION: Please provide latest property and casualty actuarial reports.

ANSWER: The successful vendor will have access to this information.

27. QUESTION: Does BRIM practice ERM, e.g. maintain a risk register, risk owners, risk mitigation plans, have risk appetite statements, perform solvency stress tests etc.?

ANSWER: BRIM does not formally engage in these practices – we address certain aspects of these practices individually but not on an enterprise basis. BRIM provides or performs various services that are considered risk assessment, e.g. property and liability inspections, Boiler/HVAC inspections, Loss Control department programs, etc. but BRIM does not have a true enterprise risk management report that presents a cohesive record as a single source of the agency's activities.

28. QUESTION: Which loss control consultants does BRIM currently utilize?

ANSWER: BRIM currently utilizes the services of Aon (property inspections) and Liberty Mutual (Boiler/HVAC inspections) for the tasks described in some of the above responses. In addition, BRIM's Loss Control Department provides consulting services to our insured to help them develop their own risk management policies to mitigate property and casualty insurance claims. Areas for consultation include fleet management, employment practices, occupational safety and health, physical hazard inspections, boiler/machinery preventive maintenance, cyber security and privacy.

29. QUESTION: Are any transit authority risks currently insured by BRIM?

ANSWER: Yes – There are 12 Transit Authorities currently insured by BRIM.

30. QUESTION: Are insurance placement restrictions contained in West Virginia Code section 29-12-7 (c) and (d) still in effect?

ANSWER: This code section is still the law. With that said, some of the statutes relating to BRIM were enacted at a time before BRIM utilized the current blanket state insurance policies. Therefore, the applicability of some of these laws has lessened through the years.

31. QUESTION: Section 3: General Terms and Conditions -- The contractual language does not mention any limitation of liability. Our management requires a limitation of liability on all assignments. Is this an item that can be discussed/negotiated?

ANSWER: The RFP document and the WV 96 form contain provisions typical of all contracts with the state of West Virginia. The RFP and WV 96 provisions exist to satisfy constitutional restrictions prohibiting the state from taking on the debts of another and extending its credit. With that said, it is possible that this item can be discussed with the successful vendor to determine how a liability limit would relate to the actual cost associated with the contract risk, and whether a limitation of liability can be agreed to while still complying with constitutional requirements.

32. QUESTION: Is the 2018 Annual Report available, in either final or draft form? If so, then please send.

ANSWER: The 2018 Annual Report is now on BRIM's website.

33. QUESTION: Could you describe each program including the policyholder-type, policy-type with 2018 premium and loss figures?

ANSWER: The response to question number 13 provides some detail on policy holder type in the state and Senate Bill 3 programs. In addition, the information below relates to 2018 premium and loss figures.

Premiums:	
State	\$47,489,732
Boards of Education	\$13,914,854
County Commission	\$1,121,856
Cities/Towns	\$3,212,771
Transit Authorities	\$1,113,128
Housing Authorities	\$863,045
Volunteer Fire Departments	\$130,194
For Profit Ambulances	\$226,899
Public Service Districts	\$797,237
Solid Waste Authorities	\$257,556
Other Governmental	\$1,544,440
Health Clinics	\$196,748
Health Rights	\$99,299
Public Defenders	\$30,384
All Other Non-Profits	\$6,934,885

Losses:	
State	\$17,672,674
Boards of Education	\$6,062,134
County Commission	\$222,692
Cities/Towns	\$1,598,116
Transit Authorities	\$800,206
Housing Authorities	\$570,716
Volunteer Fire Departments	\$13,726
For Profit Ambulances	\$59,426
Public Service Districts	\$773,660
Solid Waste Authorities	\$44,475
Other Governmental	\$287,564
Health Clinics	\$317
Health Rights	\$2,528
Public Defenders	\$0
All Other Non-Profits	\$4,384,249

34. QUESTION: Please describe the extent to which non-employee agents are engaged in account management.

ANSWER: BRIM is uncertain what is meant by “non-employee agent” and “account management”. BRIM uses the services of a limited number of producers to interact with insurers, provide insurers information relating to losses, etc. These producers may be present at meetings to discuss renewals and policy wording changes and may offer input. The producer may go to market each year to determine if there are advantages to other markets for BRIM to consider.

35. QUESTION: Would the following analysis be sufficient to meet Item #3 of your Deliverables:

We do not practice law and cannot render a comprehensive analysis on the viability, scope or application of constitutional immunity of the State of West Virginia. However, we can review the plain meaning of Chapter 12 of the West Virginia Code and the several appellate court rulings interpreting the Chapter and compare that understanding with the operations and programs of BRIM. This commentary would be from a layman's perspective, but perhaps could lay a foundation for further inquiry.

ANSWER: The wording you've suggested describes the type of legal review and analysis contemplated by the RFP. However, the wording you choose is up to you.

36. QUESTION: The loss level in premium is based upon which of the following: expected losses, discounted expected losses or losses stated at a higher confidence level? If higher confidence level, what confidence level is it set at (e.g. 75%)?

ANSWER: Premium is based on discounted expected losses and are based on the projected loss pics as determined by the actuaries.

37. QUESTION: Would it be possible to get a copy of all of the actuarial reports delivered in 2018?

ANSWER: All such reports will be made available to the successful bidder.

38. QUESTION: What is the distribution network used for selling insurance policies?

ANSWER: Any licensed producer in WV can place business in the Senate Bill 3 program and all state agencies, boards and commissions are required by state law to obtain their property and liability insurance directly through BRIM.

39. QUESTION: Would it be possible to get a sample (100 – 1000 claims) with all fields included so as to identify/see the fields available to work with?

ANSWER: The successful bidder will have access to available claim information. BRIM has several programs and different data fields are available for the different programs. BRIM has claim data dating back to the 1970's. BRIM collects the standard types of data that one would expect an insurance program to have.

The following is a non-exhaustive example of the claim data fields that will be available to the successful bidder:

Fiscal Year

Claimant

AIG claim number

Mainframe claim number

Notice Date  
Loss Date  
Coverage Type  
Loss Type  
Status  
Paid Amount  
Pending Amount  
Loss Description

40. QUESTION: We understand that BRIM offers a fronted policy. Can you provide us with details for the basis of using a fronting insurance carrier?

ANSWER: BRIM management determined at the time the decision was made that a fronted policy provided a better solution for the state than a true transfer policy based on cost, scope of coverage, local control of the program, and many other considerations. Based on the analysis at the time, this is the method chosen.