

ADDENDUM TWO, QUESTIONS and ANSWERS

Date: December 22, 2017

To: All Bidders

From: Michelle Thompson/Teresa Fleming, Buyers
AS Materiel State Purchasing Bureau

RE: Addendum for Request for Proposal Number RFP 5719 Z1
to be opened January 5, 2018 at 2:00 P.M. Central Time

Questions and Answers

Following are the questions submitted and answers provided for the above mentioned Request for Proposal. The questions and answers are to be considered as part of the Request for Proposal. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

The State has posted a REVISED Attachment 2 – Loss Run Report along with this Addendum.

<u>Question Number</u>	<u>RFP Section Reference</u>	<u>RFP Page Number</u>	<u>Question</u>	<u>State Response</u>
1.			Whether companies from Outside USA can apply for this? (like,from India or Canada)	Yes, provided the bidder can perform the services required as outlined in the RFP.
2.			Whether we need to come over there for meetings?	Yes, the contractor must travel to Nebraska for meetings.
3.			Can we perform the tasks (related to RFP) outside USA? (like, from India or Canada)	See the response to Question #1.
4.			Can we submit the proposals via email?	See Section VI.A.1: Sealed proposals must be received in State Purchasing Bureau by the date and time of proposal opening per the schedule of events. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
5.	Loss History		a. Are the claim volumes provided in the loss history by incident/Occurrence or at the feature/ sub claim level?	The claim volumes provided in the loss history are by Incident/Occurrence.
6.	Loss History		b. What is the breakdown of your Auto Liability claims by Property damage and Bodily Injury	Claims are maintained by incident / occurrence only Risk Management does not utilize sub claim levels. Each claim has its own Claim Number as an example a claim with Bodily Injury and Property Damage both involved would have one claim number for the Bodily Injury and one for the Property Damage. The State may use the sub claim level in the future. See Exhibit 1, State AL Claims.

7.	Loss History		c. Are there open claims from prior fiscal years? If so how many in each Line of business.	*See the table following the questions and answers. There are no open claims prior to 2014.
8.	Loss History		d. Do you have any general liability claims beyond the Foster Parent Program claims that the TPA will be handling? If so, please provide the breakdown by : i. Open/Closed ii. Fiscal Year iii. Bodily Injury /Property Damage	No, not at this time.
9.	Loss History		e. What drove the significant increase in Auto Liability claims between 2016 and 2017? On average, how many auto liability claims does the State receive each year?	It is unknown what drove the significant increase in Auto Liability claims between 2016 and 2017. There is no way to quantify as the number of vehicles owned or operated by the State did not change significantly over that time period. 2016 – 409 2015 - 364 2014 - 497
10.	Loss History		f. How many of the open liability claims are litigated? What is your average litigation rate for liability claims?	At this time, claims are not coded when in litigation. It is estimated that less than 5% of claims are in litigation. See Section V, G. Scope of Work, 5. Litigation.
11.	Loss History		g. Are subrogation claims included in the loss history provided? What is the average number of	Yes. On average, the current TPA handles 15-20 claims each year that have

			subrogation claims handled by the TPA per year?	subrogation involved. The current TPA also assists agencies getting repairs completed direct by adverse insurance companies where technically there is not a subrogation claim handled.
12.	Loss History		<p>h. How frequently will the TPA be involved in handling claims for:</p> <ul style="list-style-type: none"> i. Aviation ii. Cyber Liability 	<ul style="list-style-type: none"> i. At this time, the current TPA has not yet handled aviation claims on behalf of the State. However, this may change if claims experience or business practices changes. ii. Currently, The State does not have cyber liability insurance. However, experience in this line of coverage will more than likely be needed in the future.
13.	Loss History		i. The RFP indicate the TPA adjuster should have experience handling WC claims. To what extent would the TPA be handling WC claims	Basic knowledge of workers' compensation and when a claim needs to be referred over to the State's workers' compensation program.
14.	Current TPA Staffing		a. How many FTE adjusters does the current TPA have handling State claims?	The current TPA has three (3) FTE adjusters handling State claims.
15.	Current TPA Staffing		b. Are they dedicated?	Yes, they are dedicated.
16.	Current TPA Staffing		c. Where are they located?	They are located in Lincoln, NE
17.	Current TPA		d. Can the staff be housed at one of the State's	No, Contractor staff cannot be housed at one of the State's

	Staffing		offices?	offices.
18.	Current TPA Staffing		e. Do they handle field investigations?	Yes, they handle field investigations.
19.	Current TPA Staffing		f. How much time will be dedicated to risk control/loss preventions and risk consulting?	This is unknown at the time. However, it is required that the TPA be able to meet with the State Risk Manager and other State Agencies as needed to provide insight into the State's insurance program and assist with advancements with the program..
20.	Claims Management System		a. Will the TPA be able to use it's own claims management system?	Yes, the TPA will be able to use its own claims management systems.
21.	Claims Management System		b. Would the TPA have need to access the State's claims/ risk management information system? If so, for what purposes?	No, the TPA will not have access to the State's claims / risk management information system.
22.			I was trying to identify who the insurance broker is for The State of Nebraska for property and casualty insurance.	AON Risk Services is the current insurance broker.
23.	Section I, Letter H	Page 3	Should the Technical and Cost proposals be in the same binder or do they need to be in separate binders?	Per Section I, I Submission of Proposals, "The Technical and Cost Proposals Template should be presented in separate sections..."
24.	Section III, Letter G	Page 17	Please confirm that Certificates of Insurance don't need to be send with the response to the extent they will only be required from the successful bidder.	The Certificate of Insurance may be provided in the proposal response. The awarded contractor will be required to provide a compliant Certificate of Insurance during the contract finalization period.
25.	Section III,	Page 21	Please confirm that a Disaster Recovery Plan	Per Section V, J. Additional

	Letter M		doesn't have to be submitted with the RFP response.	<p>Items to be Submitted as Part of the Proposal Response, the Disaster Recovery is requested to be included in the proposal Response.</p> <p>Section V, H. Technical Requirements, 5. Disaster Recovery are items in regards to the disaster recovery that the State is requesting to be part of the proposal response.</p>
26.	Section V., Letter C	Page 25	Does the State currently have a loss control program in place for its property and casualty program – as identified in this RFP? If so, please provide an overview. Also, if a loss control program is in place how many hours of consulting services does the State's current business partner provide on an annual basis?	No. However, it is the State's intent to develop a loss control program in the near future.
27.	Section V., Letter E., Question 2	Page 26	Please provide historical insight into claim surges to include frequency. Also, does the State currently adjudicate some property and casualty claims internally? If so, please provide insight into the type of claims handled and annual claim count by line of coverage.	<p>Claims surges typically come related to weather issues i.e. hailstorm in the summer of 2014 and the windstorm in the summer of 2017. The other weather factor is that when there is colder weather or more snow, the level of auto liability and APD claims goes up due to those conditions. This also causes the likelihood of freezing claims and fire losses with respect to real property damages.</p> <p>Yes, the State currently adjudicates some property and casualty claims internally (Tort, Miscellaneous Claims).</p>

				There are approximately 700 – 800 of those claims per year.
28.	Section V., Letter w.	Page 32	How often are meetings currently held with the State?	For non-emergency meetings, the State will provide 24 hours' notice and the contractor will need to participate in person.
29.	Section V., No. 6.	Page 33	What are the average caseloads for the State's current liability claims adjusters? For its property claims adjusters?	The current TPA staff are multiline and each adjuster handles both property and liability claims for the State. The current TPA do not maintain specific caseloads averaged by adjuster.
30.	Section V., No. 6	Page 33	Please provide a copy of the in-force service instructions used by the State's current third party administrator (TPA).	The Contractor will be required to work with the State to develop written in-force service instructions.
31.	Section V., No. 7.	Page 34	How many claims adjusters comprise the State's current service team. Please breakdown between liability and property adjusters.	Three (3). All three adjusters held both liability and property claims.
32.	Section V., No. 10., Letter f.	Page 39	With respect to data consolidation, please identify the potential data source(s).	Data consolidation will take place at the expiration or termination of the contract. Please see Section II, R. Contract Closeout.
33.	Section V., No. 10., Letter i.	Page 39	How many State employees need access/User IDs for this program?	Approximately, three (3) State employees will need access/user IDs.
34.	Section V., No. 10., Letter i.	Page 44	As a representative example is it the State's expectation that we will provide 3 personal references for each team member such as adjuster, supervisor, account manager, etc.?	See Section VI, A, 2, I, "...Resumes should not be longer than three (3) pages. Resumes should include, at a minimum, academic background and degrees, professional certifications, understanding of the process,

				and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.”																																		
35.	Attachment 1, Cost Proposal	Page 1	The State has provided historical loss runs identifying open claim inventory with its current TPA. Will open claim files – as of July 1, 2018 – be transferred to the extent another organization beside the incumbent is awarded the State’s contract?	Yes, all open claims will be handled by the awarded contractor.																																		
36.	Attachment 2, Loss Runs	Entire Document	<p>The first pivot table below provides claim counts, by line of coverage, for the last two years. Please comment on the total variance between these two years to the extent the 2017 frequency is some 30% greater.</p> <table border="1"> <thead> <tr> <th>Row Labels</th> <th>Sum of Count</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>251</td> </tr> <tr> <td>Business Automobile Liability</td> <td>60</td> </tr> <tr> <td>Crime</td> <td>2</td> </tr> <tr> <td>Foster Parent</td> <td>4</td> </tr> <tr> <td>Personal Property - Automobile Physical Damage</td> <td>171</td> </tr> <tr> <td>Personal Property - Building & Contents</td> <td>12</td> </tr> <tr> <td>Personal Property - Inland Marine</td> <td>2</td> </tr> <tr> <td>2017</td> <td>361</td> </tr> <tr> <td>Business Automobile Liability</td> <td>115</td> </tr> <tr> <td>Crime</td> <td>1</td> </tr> <tr> <td>Foster Parent</td> <td>4</td> </tr> <tr> <td>Personal Property - Automobile Physical Damage</td> <td>215</td> </tr> <tr> <td>Personal Property - Building & Contents</td> <td>20</td> </tr> <tr> <td>Personal Property - Inland Marine</td> <td>5</td> </tr> <tr> <td>Pursuit</td> <td>1</td> </tr> <tr> <td>Grand Total</td> <td>612</td> </tr> </tbody> </table>	Row Labels	Sum of Count	2016	251	Business Automobile Liability	60	Crime	2	Foster Parent	4	Personal Property - Automobile Physical Damage	171	Personal Property - Building & Contents	12	Personal Property - Inland Marine	2	2017	361	Business Automobile Liability	115	Crime	1	Foster Parent	4	Personal Property - Automobile Physical Damage	215	Personal Property - Building & Contents	20	Personal Property - Inland Marine	5	Pursuit	1	Grand Total	612	<p>The State is unable to determine the variance between 2016 and 2017.</p> <p>See the response to Questions # 9 and 27.</p>
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37.	Attachment 2, Loss Runs	Entire Document	<p>Please validate the open claim counts, by line of coverage, in the second pivot table below.</p> <table border="1" data-bbox="680 342 1333 548"> <thead> <tr> <th>Sum of Count</th> <th colspan="3">Column Labels</th> </tr> <tr> <th>Row Labels</th> <th>2016</th> <th>2017</th> <th>Grand Total</th> </tr> </thead> <tbody> <tr> <td>Business Automobile Liability</td> <td>5</td> <td>25</td> <td>30</td> </tr> <tr> <td>Foster Parent</td> <td></td> <td>1</td> <td>1</td> </tr> <tr> <td>Personal Property - Automobile Physical Damage</td> <td></td> <td>31</td> <td>31</td> </tr> <tr> <td>Personal Property - Building & Contents</td> <td>3</td> <td>12</td> <td>15</td> </tr> <tr> <td>Personal Property - Inland Marine</td> <td></td> <td>2</td> <td>2</td> </tr> <tr> <td>Grand Total</td> <td>8</td> <td>71</td> <td>79</td> </tr> </tbody> </table>	Sum of Count	Column Labels			Row Labels	2016	2017	Grand Total	Business Automobile Liability	5	25	30	Foster Parent		1	1	Personal Property - Automobile Physical Damage		31	31	Personal Property - Building & Contents	3	12	15	Personal Property - Inland Marine		2	2	Grand Total	8	71	79	<p>*See the table following the questions and answers.</p> <p>There are no open claims prior to 2014.</p>
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38.	Loss Runs	Entire Document	<p>The State's loss runs only provide insight into open and closed claims for the 2016 and 2017 years. In that context, are there open claims that predate 2016? If so, please provide claim counts, broken down by line of coverage, for all years where there are open claims.</p>	<p>*See the table following the questions and answers.</p> <p>There are no open claims prior to 2014.</p>																																

*Questions #7, #37, and #38 Open Claims by year and description

Description	2014	2015	2016	2017	Grand Total
Business Automobile Liability		5	6	25	36
Foster Parent				1	1
Personal Property - Automobile Physical Damage				31	31
Personal Property - Building & Contents	2	2	3	12	19
Personal Property - Inland Marine				2	2
Grand Total	2	7	9	71	89

This addendum will become part of the proposal and should be acknowledged with the Request for Proposal.

