



Putting Your Insurance Program Out to Bid

A Risk Management Web Seminar
October 6, 2006

Presented by:

Melanie L. Herman
Executive Director
Nonprofit Risk Management Center
1130 17th Street, NW - Suite 210
Washington, DC 20036
(202) 785-3891; (202) 296-0349
www.nonprofitrisk.org
e-mail: Melanie@nonprofitrisk.org

Generous funding to support this program was provided by the
Public Entity Risk Institute. For more information on PERI, visit www.riskinstitute.org.

What is an insurance provider?

The term “insurance services provider” refers to either an insurance professional (an agent, broker or consultant), an insurance carrier, or another firm providing insurance-related services, such as claims handling/management or actuarial services. An insurance professional is an individual with expertise who advises clients about their insurance needs, purchasing options and processes. Insurance companies (also called *markets*, *carriers*, or *insurers*) rarely sell policies directly to organizations. Most commercial insurance — coverage sold to organizations, including nonprofits — is marketed through insurance professionals who sell the products of more than one insurance company. The alternative is to purchase coverage from a *direct writer* such as State Farm, Allstate, Nationwide or Liberty Mutual. These companies work directly with insurance buyers through their employees, who are termed exclusive agents.

Every nonprofit organization needs a trusted insurance advisor — an agent or broker — to advise it about insurance-related matters. With respect to the distinction between agents and brokers, brokers are typically licensed by a state to place insurance on behalf of clients (individuals and organizations) with any number of companies (insurers). Agents are also licensed by state regulatory agencies. However, they are restricted in the marketing and placement of coverage to those carriers with whom they have a contractual relationship. Some agents have relationships with a number of companies, while others represent a single insurer. Under this construct, a broker technically represents the client, while an agent represents the company or companies with whom he has a relationship. In either case, brokers and agents alike serve two masters: they are motivated to please their customers, and they are motivated to maintain good working relationships with the insurance markets with which they place business.

Insurance agents and brokers typically receive their compensation in the form of a commission from the insurance companies that *underwrite* a client’s insurance policies. The commission rate varies by *line of business* and the size of the account. According to a recent *Cost of Risk Survey* published by the Risk and Insurance Management Society (RIMS) and Tillinghast-Towers Perrin, typical commission rates on property coverage are in the 10-15 percent range, general liability and auto commissions average 8-12 percent (note: for smaller insureds a commission of 15 percent for general liability and auto commissions is common), workers’ compensation commissions average 8-10 percent, and commissions on bonds average 20-30 percent.

This fee structure means that the dollar value of the commission an insurance professional earns from a small account may be minimal (\$150 commission on a D&O premium of \$1,000). As a result, it may be economically impossible for an insurance professional to provide the level of service that he or she is in a position to offer to larger accounts. Ironically, smaller accounts — for example, small to midsized nonprofits — may require greater assistance understanding basic policy concepts and terms, particularly if the organization is purchasing insurance coverage for the first time. Once a nonprofit’s insurance

program is up and running, smaller accounts require less assistance and involve infrequent contact with an advisor when compared with larger, more complex insurance programs.

According to Christopher Duncan, author of *Managing Service Providers*, the first step in the process of selecting insurance providers is “understanding what you want your providers to do and why you need their help.” Duncan further illustrates the process in what he terms a *Circle of Service*. The next section of this handout offers detail about how your nonprofit can use the Circle of Service concept as a framework for selecting and working with insurance service providers.

Step 1 Determine Service Needs and Expectations

Begin with identifying what your nonprofit needs and expects from its insurance providers. The insurance providers for a small nonprofit generally consist of an agent or broker, and one or more insurance companies. Larger nonprofits may additionally use the services of a third party administrator, claims management company, and risk management consulting firm. A nonprofit’s agent or broker should be regarded as a professional business partner similar to its accountant or attorney. Even for a small account, your agent can be a valuable resource for answering your insurance questions.

Consider a Range of Services

With respect to an organization’s agent or broker, the first expectation is that he or she will help your organization purchase adequate insurance coverage at an acceptable price. However, beyond that basic service, what can you expect from your insurance professional? Additional services can include:

- claims management — assistance in reporting and handling claims and acting as your advocate;
- premium and loss reports on a periodic basis;
- contract review for insurance implications;
- loss-control and prevention activities;
- risk management services;
- educational resources, for example, provide training sessions for employees, volunteers and the board of directors;
- account reports and updates throughout the year;
- annual stewardship report; and
- client advocacy and business partnership.

Take a Closer Look

A nonprofit that works with persons with developmental disabilities may be concerned about its escalating workers’ compensation premiums. This frustration may translate into dissatisfaction with the nonprofit’s insurance broker, who surfaces on an annual basis with a proposal for an even larger premium. A closer examination of the nonprofit’s loss experience reveals that it needs assistance preventing worker injuries and reducing the average lost-workdays per injured worker. With this understanding, the nonprofit may then decide to seek a *full-service* provider that can both broker the

coverage and provide loss-prevention assistance. Or it may decide to retain one firm as its broker and another firm to provide consulting assistance on loss prevention.

Another aspect of determining your nonprofit's service needs is to consider the type of support you will need with the insurance buying process. If your nonprofit has a staff member who is knowledgeable about the insurance industry and familiar with policy language, your needs will differ from an organization that is assigning someone brand new to the world of insurance as the person responsible for the organization's insurance program. In the former instance, the nonprofit may be looking for a sophisticated insurance provider with proven experience serving similar nonprofits — both with respect to size and nature of operations. In the latter instance the nonprofit may be seeking an insurance professional who can translate insurance terms into language the organization and its board of directors will understand, provide assistance completing various application forms, instruct the nonprofit about how to maintain its insurance files, and serve on the risk management committee.

Step 2 Evaluate Your Current Provider

If your nonprofit does not currently purchase insurance of any kind, you should skip this step. If you do have an insurance program in place, albeit one that is underdeveloped or consists of only one or two coverages, you need to proceed with evaluating your current provider. The Nonprofit Risk Management Center receives countless calls each year from nonprofits that are seeking to purchase coverage. Surprisingly, although many already have an insurance broker or agent, they often wish to bypass this individual when considering new coverages. Why? Often it is because the organization is not fully satisfied with the services it is receiving, the broker has indicated that he or she cannot assist in the coverage area, or the nonprofit simply did not understand the potential role of this professional in helping the nonprofit obtain new coverage.

You must determine for your nonprofit what items you will examine in undertaking a review of your current service provider. For many nonprofits, the following areas are important:

- Responsiveness* — Does the provider return calls in a timely fashion? Does the provider follow-up on other matters as requested and without repeated reminders?
- Timeliness* — Are renewal quotations provided in sufficient time or at the last minute? Are requests for certificates of insurance, additional insured endorsements and actual policies delivered in a timely fashion?
- Credibility* — Is the provider a credible professional advisor who appears to be knowledgeable about and well connected within the insurance industry? Is the broker someone you would confidently schedule to deliver a briefing to the risk management committee or board, or someone you would rather these leadership groups never meet?
- Commitment* — Has the provider been willing to take the time required to understand the nonprofit's operations and risks? Or does he or she often refer to the organization in a way that suggests little knowledge about your services and clients?

- ❑ *Claims Handling* — If the nonprofit has filed one or more claims under any of the policies purchased with the provider, was the provider helpful in handling the claim? If expected to manage claims, did the provider deliver as expected?
- ❑ *Accuracy* — Is the information you receive from your provider accurate? Have policies been thoroughly checked and corrected? Are vehicle numbers correct?
- ❑ *Results* — Did the broker obtain the coverage you requested? Did he or she obtain the number of bids required under your purchasing process? Are you satisfied with the breadth of coverage obtained by the broker? Are you confident that the pricing and terms of your coverage are competitive?

One way to approach the evaluation is to first determine which of the above criteria are important to your nonprofit. Then develop a scoring system that allows you to distinguish between *meets expectations* and *does not meet expectations*. For example, your system might allow up to 10 points for each of the seven criteria. A total score of 0-30 points might equal *does not meet expectations*. A score of 31-49 would indicate that the provider *partially meets expectations*. A score of 50+ points would indicate that the provider *meets expectations*. Ranking all of the listed criteria would lead to a maximum possible score of 70 points. How does your current provider stack up against perfection?

Step 3 Choose a New Service Provider

There are three commonly used ways to go about finding a new insurance services provider. While a small percentage of nonprofits are required to solicit competitive bids due to organizational policy or funder requirements, most nonprofits are free to choose an approach that works best for the organization.

Prepare Specifications

The first step in all three approaches is to develop insurance and service specifications. The term specifications (also called *specs*) refers to the information you will be providing to bidders. For a nonprofit with a mature insurance program, specifications might include a list of a half dozen policies currently in place with desired limits, retentions, financial security requirements, with required policy terms noted. For example the specification for one nonprofit's directors' and officers' liability coverage might indicate:

Directors' and Officers' Liability Insurance (including Employment Practices Liability), \$2 million per occurrence/aggregate limit, deductible of not more than \$10,000, Duty to Defend, Defense Coverage outside limits, coverage for administrative complaints, as well as lawsuits. Financial security: A.M. Best Rating of "A+5" or better-rated admitted carrier.

Additional items that should be included in your *insurance specs* are exposure information, loss data and service requirements.

Determine Your Proposal Requirements

We will discuss three approaches to soliciting bids in the next section. Under the first of the two approaches your nonprofit should expect to receive detailed proposals. These proposals should include, at a minimum, the following information:

A. Carrier Information

- Financial security ratings from at least one* rating agency (for example, A.M. Best's, Moody's)
- Claim resources
- Loss and risk control services (including whether services are included in the premium you pay or require a separate fee)

*Some risk management experts recommend that you consult two rating agency assessments when conducting due diligence on a prospective insurer.

B. Coverage Information

- Limits of liability
- Deductibles and/or self-insured retentions
- Outline of major terms, conditions and all exclusions
- Specimen policies, including all endorsements and manuscript wordings
- If applicable, comparison to existing coverage

C. Cost Information

- Gross premiums for each line of coverage quoted
- Payment terms and timing (direct to insurer or through agent/broker)
- Full disclosure of all fees and commissions
- Financing options available

D. Broker Service Information

- Names and qualifications of account representatives who will assist nonprofit throughout year with questions about coverage
- Names and qualifications of persons to whom nonprofit's questions about claims should be addressed
- Willingness of broker to serve on nonprofit's risk management committee, and name of person proposed for this assignment
- Willingness of broker to deliver a presentation on the insurance program to the nonprofit's board of directors, including name of person proposed for this assignment and whether this service will be provided pro bono or for a fee
- Loss control or risk management services/assistance available from the broker, and whether these services are available free of charge or at what fee
- References from a minimum of three current nonprofit clients, including organizations with operations that resemble your nonprofit

The framework described above was adapted with permission from Christopher Duncan and Seawrack Press.

Choose an Approach to Obtaining Bids

Now it's time to look at the mechanics of three approaches to choosing a provider (or providers): *open bidding*, *market assignment* and *conceptual competition*.

#1 - Open Bidding

In an open bidding process your nonprofit produces its specifications document and forwards this information to firms that may be interested in submitting a bid for your business. Some nonprofits develop a list of bidders by asking similar nonprofits in their community or network for the names and addresses of their insurance providers. Others simply pull a list together from an association directory or other published source of agents and brokers.

Under this approach your nonprofit seeks both a proposal from the broker about the services it will provide accompanied by a proposal to underwrite coverage from one or more carriers. In many cases, you will select the lowest bidder, assuming your minimum conditions are met. The most significant potential downside of an open bidding process is that for desirable accounts (potentially large accounts from the insurer's perspective), the process may lead to wasted time by potential bidders, causing some capable potential service providers to drop out of the process. For example, two interested brokers may both approach the same insurance carrier on your behalf. The carrier will only respond to one broker. The second broker will be discouraged that someone beat him to the prospective carrier and may decide not to continue in the process.

The second major disadvantage of this approach is that the lowest bids may not be from the firms best suited to meet your insurance needs. If you choose open bidding, make certain that your selection criteria and requirements are clearly specified in the request for proposal or RFP. That way you will be in position to reject a low bidder who does not have the critical skills or expertise you are seeking, such as experience working with nonprofit social services agencies.

#2 - Market Assignment

A second approach to obtaining bids is to select several insurance agents or brokers as bidders for your account, and assign one or more insurance companies (*markets*) to each. The bidders approach only those markets specified by the nonprofit. This approach prevents brokers from approaching the same markets, and works well for a nonprofit whose insurance staff member is knowledgeable about the potential markets for the nonprofit's coverage. If this is not the case, as an alternative consider inviting each of two or three brokers to submit a list of markets they would like to approach. Then you can respond by either approving the lists (assuming they are mutually exclusive), or dividing up the markets requested by two or more brokers. Keep in mind that if your nonprofit is small, it will be difficult to get two or more insurance agents or brokers interested in bidding on your account. Here's a step-by-step approach to market assignment:

Step 1. *Ask the agents/brokers you are seeking bids from to identify (in priority order) the insurance companies they want to approach on your behalf and submit their list to you by a certain deadline.* Once you receive this information, review their selections and decide which companies

to assign to each broker. If applicable, the incumbent agent should have the right to contact your current insurance companies.

Confirm in writing with each agency/brokerage firm which companies have been assigned to them.

Step 2. Distribute the insurance specifications/RFP to the appropriate agencies/brokerages with a deadline for the receipt of their proposals. Stipulate that they should quote as per the specifications and then offer any enhancements or changes as alternative quotations. Remind bidders of any *absolute musts* with respect to the bids or items that will disqualify a bidder from consideration.

Step 3. Receive the proposals, review them, and make a selection. If two or more of the proposals are comparable, consider inviting the top bidders to make a presentation to the persons involved in the selection process for your nonprofit (see the information under “Conceptual Competition” for suggested criteria in rating the performance of interviews). Review your selection criterion for awarding the contract.

Step 4. Notify the winning bidder of your decision. Schedule a meeting to discuss the development of a written agreement setting forth your expectations with respect to the nonprofit’s relationship with the agent/broker. (See the suggested elements of a Service Provider Agreement under “Manage the Relationship.”) Notify the bidders not selected as your service provider of your decision. If there were one or two principal reasons for your decision (for example, the depth of the winning bidder’s experience with nonprofits, or the availability of free loss-prevention assistance), consider including this information in your letter.

#3 - Conceptual Competition

Under the third approach, your nonprofit seeks principally to establish a comfortable relationship with a new insurance professional (agent, broker or consultant) prior to obtaining firm coverage proposals. The emphasis in a conceptual proposal is on the service to be provided and the players involved. Under this approach, you might issue an RFP that specifies your service and relationship requirements, an overall description of your insurance program and expectations, and an outline of the process you will use to select a new provider. An example of a nonprofit’s insurance program expectations is the desire to obtain higher limits of liability for all coverages. Another nonprofit may seek to obtain several coverages for the first time.

Consider the following reminders if you choose a conceptual competition as the approach to bidding out your insurance program.

- Explicitly remind potential bidders that they should not contact insurance markets on your behalf or represent themselves as the nonprofit’s broker or agent while conducting research.
- Consider limiting the number of firms invited to bid to a manageable number — perhaps less than 10 but more than two.
- Make certain you can spare the time required to thoroughly *vet* the proposals you receive — generally the process includes in-person interviews/presentations by the

representatives of the top three or more bidders. These presentations could take two hours or more per bidder.

- Include in your RFP a requirement that the bidders identify the person(s) who will service the nonprofit's account if the bid is accepted. Many bidders will use marketing/sales personnel to attract new business. Not surprisingly, these personnel may have a finely honed customer-service orientation that might be lacking in the actual account reps you are assigned to once the bid has been accepted. Consider requesting that service personnel, not sales personnel, deliver the presentation.
- Ask bidders to comment on the potential markets for the nonprofit's insurance program, including any difficulties they expect to encounter in marketing the program, and how they propose to overcome these difficulties.
- Consider developing a grading sheet to rate bidders on the day of the in-person presentations.

The following factors may be helpful categories on your grading sheet:

- knowledge of the nonprofit, its history, services and clients;
- professionalism and candor;
- evidence of thorough preparation;
- commitment and capability of the actual account/service team (a zero score is deserved if the bidder, despite your request, sends marketing personnel only);
- evidence of teamwork within the account team;
- technical knowledge, including that of potential markets for the nonprofit's program;
- creativity;
- perceived value compared to cost of services;
- specific experience the account team has working with nonprofits (longevity, number of clients, depth of experience), including similar nonprofits (social services agencies, recreation centers, cultural arts organizations, etc.); and
- chemistry among the nonprofit's staff members and the account team members.

The information above was adapted with permission from *Managing Service Providers* by Christopher Duncan. Other items that should be requested in your RFP include:

- list of items needed from the nonprofit in order to market the account;
- a narrative describing the bidder's understanding of the nonprofit's operations and scope of insurable risk;
- a sample of any reports that they will provide to you, such as insurance company premium and loss-runs, in-house reports, and an annual stewardship report;
- references — Ask bidders to provide contact information including name, title, telephone number, and e-mail address for 20 nonprofit clients. You should select three to five of the references and call them for insight into the firm; and
- proposed compensation arrangement (fee for services or commission).

Some of the advantages of a conceptual competition include the opportunity to develop a strong working relationship with an insurance advisor and work in partnership to put the nonprofit's best foot forward to markets. The greatest risk is the possibility that an account team/provider will be chosen based on the promises made and sales appeal, but subsequently will fail in delivering on its promises. The insurance manager at your nonprofit and/or the risk management or insurance committee should carefully review the service commitments contained in the written conceptual proposal. It is important to keep in mind that small and midsized nonprofits will encounter the most difficulty finding several agencies willing to participate in a conceptual competition for the nonprofit's business. As the nonprofit's insurance program grows in size (and commission income), the account will generally become more attractive to potential service providers.

Conclusion

Evaluating your nonprofit's insurance professional and putting your insurance program out to bid are time-consuming tasks. As a dedicated steward of your organization's resources, you owe it to your nonprofit to ensure that you are receiving skilled assistance you deserve and the breadth of coverage your agency requires.

Questions about any of the information presented in this handout may be directed to the workshop speakers, whose contact information appears on the first page of this document.

SAMPLE

**Request for Proposals to Provide
Risk Management and Insurance Services**

[Date]

Prepared by:

[Name and Address of Organization or Consultant]

Background on the Process for Submitting Bids

The [Organization] is a

Proposals are required to be received no later than 5:00 EST on [date]. The proposals should be submitted electronically (only) and delivered to:

[Recipient]

[Organization Name] reserves the right to accept and/or reject any proposal without explanation to the proposing sources and is not obligated to accept the lowest dollar proposal. [Organization Name] may waive any informalities, irregularities, omissions and/or errors in the proposals. All proposals must remain valid for a period of forty-five (45) days from the date of submission.

Specifications

The specifications contained in this document are to be considered an outline of the desired services. [Organization Name] will consider any additional services or activities that go beyond the services described in the specifications and it encourages bidders to be creative in developing a proposed menu of services and describing the ways in which services will be delivered. Should a bidder wish to deviate from the specifications and provide a more limited scope of services, this intent should be clearly indicated on the proposal or by explanatory letter. Otherwise, the submitting company will be bound to provide the minimum services listed in the specifications.

Questions concerning the intent of the specifications and requests for additional information should be directed to:

{Name, Contact information}

Bidders are strongly encouraged to review the information featured at: [Web site] prior to finalizing their proposals.

Proposal Information

The enclosed information is furnished for the convenience of the service providers. While it is believed to be accurate and complete, it is not warranted.

Background on [Organization Name]

[Organization Name] is a.....

Principal Programs

[Description of principal programs/activities/services]

Background on [Organization Name] Insurance Program

In order to enable bidders to develop a better understanding of the complexity of [Organization Name] account, the following information is provided.

Staffing of the Risk Management and Insurance Function at [Organization Name]

Oversight of the insurance program is provided by [staff members]. These employees have [X] years and [Y] years of service respectively with the organization. In addition to these staff professionals, the organization benefits from the expertise and work of an active Finance Committee, which has shown a deep interest in insurance-related matters.

Recent Reported Incidents

Examples of reported incidents reflected in the numbers above include:

Insurance Summary

The following is a summary of the current insurance program for [Organization Name].

<u>Type of Insurance</u>	<u>Carrier</u>	<u>Limit</u>	<u>Coverage Period</u>	<u>Notes</u>
--------------------------	----------------	--------------	------------------------	--------------

Program Scope

[Organization Name] seeks proposals from a professional firm equipped to provide broking services for the organization's property and casualty insurance. The organization seeks proposals from firms that can also provide risk management support. The organization's expectations and requirements for these two categories of service are described in the next section.

Risk Management Services

[Organization Name] seeks to appoint an insurance broker that can also provide assistance and guidance on risk management matters that affect the organization's access to insurance as well as the cost of that coverage.

Bidders for this account should provide very specific information about the types of support and assistance that will be provided to [Organization Name]. A clear indication should be provided with regard to the type and scope of risk management support that will be provided at no additional cost to the organization, as well as the types and pricing of services available on a fee-for-service basis, if applicable. Proposals may indicate or explain an intent to provide services through another partner or affiliate organization, or indicate an inability to assist with risk management matters.

Bidders in position to provide risk management support and services are asked to address their competency and service plan for [Organization Name] in the following areas:

- A. *Exposure Identification and Analysis* – Please describe specific techniques, procedures, and resources that may be used to assist [Organization Name] in identifying and analyzing current exposures and methods to recognize potential new exposures.
- B. *Risk Management Techniques and Strategies* – Please describe your approach to recommending specific risk management techniques to be implemented at [Organization Name] and your experience providing recommendations for similar client organizations.
- C. *Claims Management* – Explain how often you will process incident reports, review claims and reserves, prepare loss frequency and severity forecasts, loss development and perform trending analysis.
- D. *Insurers' Loss Control Services*: What risk and loss control services do you contemplate being provided by insurers, how frequently, and how do you propose to review and monitor these services?

Insurance Services

[Organization Name] has retained the services of several brokers during the past decade. The incumbent broker was selected in [Year]. The organization seeks a number of qualities in the firm providing professional broking services. The most important qualities are:

- *Responsiveness*—The client requires a broker committed to following up all requests from the organization within 48 hours. The successful bidder must demonstrate its ability and track record of responding effectively to a wide range of client requests and needs.
- *Professionalism*—The staff at [Organization Name] seek a broker that will consistently demonstrate a high level of professionalism. Examples of appropriate professionalism include a commitment to respond in writing to questions from the organization and the willingness to deliver occasional presentations to the organization's Finance Committee.
- *Thoroughness and Commitment to Understanding the Account*—Bidders should be aware of the organization's expectation that the broker will provide a range of services for this account, including the issuance of certificates of insurance, tracking incident reports, and

obtaining Motor Vehicle Reports for prospective staff. [Organization Name] expects that bidders will have experience working with other child welfare agencies, however, the successful bidder will demonstrate how it intends to gain a full understanding of the organization and what process or approach is required in order to provide appropriate advice and service. Due to the scope of services offered and other considerations, this account is unlikely to be a “typical” client for any bidder.

- *Advocacy*—[Organization Name] seeks an effective advocate and advisor on insurance matters. Through its work on the organization’s behalf, a successful provider will demonstrate its understanding of the role of an advocate. The nature of the organization’s services requires a strong insurance advocate. The service mix and clientele result in a large number of incident reports and occasional, serious claims against the organization.
- *Credibility and High Ethical Standards*—The winning bidder for this RFP must demonstrate its credibility in the industry, adherence to high standards of ethics in all facets of broking operations, and commitment to transparency with regard to its relationship with [Organization Name] and markets where the organization’s accounts are placed.

Specifications

The specifications below are to be considered an outline of the desired insurance services. [Organization Name] will consider any recommended changes in the specifications and will issue amended specifications as needed. At the option of the vendor, proposals for more extensive services may be quoted. However, any deviations from the specifications for more limited services must be indicated on the proposal or by explanatory letter. Otherwise, the submitting company will be bound by the terms of the specifications.

Conceptual Approach

Each bidder must submit as a part of its proposal a narrative describing the conceptual approach it will take to providing broking and risk management services to [Organization Name]. The conceptual narrative should address the firm’s capability with regard to serving a child welfare agency’s insurance needs using a creative approach to secure affordable, broadly worded coverage from financial stable providers.

Since this RFP seeks conceptual proposals, ***under no circumstances should any insurance markets be approached on the organization’s behalf.*** However, we do require that bidders identify, in priority order and by line of business, the insurance companies the bidder proposes as primary prospects for this account. If selected, [Organization Name] will, after consultation with the winning bidder, advise the firm about its preferences concerning the selection of markets.

The successful bidder’s account service team must provide the following services to the [organization name].

- Marketing of Coverages* – Assist [Organization Name] in identifying its insurable risks, preparing its insurance specifications and taking the account to the insurance marketplace to secure the appropriate coverages at the appropriate price.

- Risk assessment – Identification of insurable exposures
- Explore alternate risk financing strategies as appropriate (captive, self-insurance, pools, risk retention groups, etc.)
- Prepare appropriately detailed coverage/service specifications for client approval
- Submit specifications to selected markets/vendors
- Negotiate coverage and pricing at decision making level
- Once the account is placed, verify the accuracy of all binders including policy terms, conditions, rates and premium
- Conduct annual pre-renewal review of [Organization Name] insurance program
- Monitor insurer financial security

☐ *Policy Service and Administration*

- Preparation of insurance policies summary
- Provide advice and counsel on all insurance matters to [Organization Name]
- Review all non-insurance contracts for insurance implications
- Prepare certificates of insurance for [Organization Name]
- Process endorsements and policy change requests in a timely fashion
- Monitor insurance companies' services capabilities and performance
- Act as [Organization Name]'s liaison to insurance companies (troubleshooting)
- Prepare insurance data for the organization's annual financial audit or other needs
- Verify insurance company premium calculations and policy revisions
- Manage provision of loss prevention and control services provided by broker or insurers
- Provide on-going exposure identification and analysis including new trends emerging within the nonprofit sector and child welfare arena
- Prepare an annual stewardship report
- Meet twice per year with [Organization Name] personnel to review current status of account, losses and any emerging trends
- Work with the Finance Committee to forecast and address [Organization Name]'s risk financing needs

☐ *Claims Management*

- Establish and document claims handling procedures for all lines of insurance
- Provide assistance in the preparation and formulation of claims
- Give professional advice and service to ensure satisfactory claims settlements
- Monitor the performance of loss adjusters' and insurers' claims settlement and administration
- Where required, provide analysis of claims and uninsured losses
- Provide quarterly programs reports on any outstanding claims of \$10,000 or higher
- Provide loss reports as mutually agreed upon with [Organization Name]

Proposal Format

The proposal should be submitted using the following format. The proposal should be based on the activities of your office, unless directed otherwise. If expertise from other offices will be available and/or necessary in servicing [Organization Name] account, please specify these services, the office(s) and personnel to be involved.

General Information

1. **Name of firm:**

Contact Name & Title:

Address:

Phone:

Fax:

Facsimile:

Web site:

Contact's email address:

2. **Annual gross income of your office (or firm)**

A. Premium:

B. Commissions:

C. Fees:

D. Other sources of income including contingency arrangements:

3. **Nonprofit expertise**

A. Total number of clients or accounts:

B. Number of social service agency clients or accounts:

C. Number of nonprofit clients or accounts:

D. Number of years working with nonprofit clients:

E. List membership or participation with professional associations and/or nonprofit organizations

F. Describe your experience with nonprofit organizations generally and social services agencies in particular. Include specific examples of "success stories" or other achievements in your work with social services agencies or nonprofit organizations.

STAFFING

4. **Agency Principals:** Names of principals resident in your office, their experience, and professional qualifications.

5. **Account Service Team**

A. *Principal:* Name of principal who will have primary responsibility for [Organization Name] account. The person indicated as the principal on the account should be the individual who will be the primary point of contact for the staff at [Organization Name]. Provide a brief bio (one or two paragraphs only) indicating this individual's professional qualifications and educational background.

B. *Support Staff/Service Team:* List the personnel who will be assigned to work on this account in support of the assigned principal, including their job title and primary area of responsibility or expertise. Include brief information on the professional qualifications of each service team member.

SERVICES

6. Services

Overall Approach to this Account: In this section of your proposal we ask that you describe your firm's proposed overall approach to this account. Based on your understanding of [Organization Name] and the breadth of the current insurance program, what initial recommendations would you make with regard to expanding or otherwise changing the scope of the insurance program? Why? What do you believe are the organization's prospects for success in this regard? If you propose marketing the account to alternative markets, which ones and why?

Services and Time Estimate: Describe the services to be provided and based upon your knowledge of [Organization Name], your estimate of the person-days required of your staff to service the account annually. By service, identify the personnel and the area(s) of responsibility of each employee assigned to the project.

The service areas are:

- A. Risk Management and Loss Control
- B. Marketing of Coverages
- C. Policy Service and Administration
- D. Claims Management

7. **Insurance Licenses:** List the states and types of licenses held by your firm.

8. **Major Insurance Markets:** Please indicate the principal markets used by your office for nonprofit and or social service agency risks and the number of current clients placed with each market.

A. Property insurance

(1)

(2)

(3)

B. *Liability insurance (general and auto)*

(1)

(2)

(3)

C. Umbrella or excess liability

(1)

(2)

(3)

D. Workers Compensation

(1)

(2)

(3)

E. Crime and/or Bonds

(1)

(2)

(3)

F. Professional liability and specialty coverage (specify if varies by types of coverage)

(1)

(2)

(3)

G. Sexual Abuse/Molestation

(1)

(2)

(3)

H. Directors' and Officers' Liability

(1)

(2)

(3)

CLIENTS

9. **Three Largest Accounts:** Please list by name your three largest accounts.

A.

B.

C.

10. **Social Service or Nonprofit Accounts:** Please list by name (and include web sites) for your three largest social services or nonprofit accounts, or list three accounts whose operations you believe are closest in scope to [Organization Name].

A.

B.

C.

11. **References:** Provide the names, addresses, phone numbers and email addresses of at least three references from current child welfare agency or nonprofit accounts. Also include reference information for three accounts that have recently left your firm.

A. *Current Clients:*

(1)

(2)

(3)

B. *Previous Clients*

(1)

(2)

(3)

Additional Information

Attach any additional information regarding your abilities to provide the services required by [Organization Name].

Compensation

Please outline a proposed compensation arrangement and cost structure for providing the services described in your proposal including any reimbursable expenses. Indicate the basis of the fees if the charge is variable (e.g., hourly). If your preference is to receive commissions as your source of income for [Organization Name] account, please disclose your commission arrangements and any contingency or special fees your firm is eligible to receive from any insurance company you believe are leading prospects for this account. Note: [Organization Name] does not have a preference with regard to the compensation method for its insurance provider. The incumbent provider is compensated on a commission basis.