

Office of the Special Deputy Receiver
222 Merchandise Mart Plaza
Suite 1450
Chicago, IL 60654
312-836-9500
www.osdchi.com

REQUEST FOR PROPOSALS

CORPORATE
PROPERTY & LIABILITY INSURANCE
BROKER SERVICES

Proposal Deadline – October 29, 2010

October 11, 2010

Introduction

The Office of the Special Deputy Receiver (“OSD”) requests proposals for brokerage services with respect to OSD’s corporate property and casualty insurance needs (the “RFP”). The OSD currently carries various corporate package policies which include: (i) general liability; (ii) hired and non-owned auto; (iii) property coverage on contents, EDP and valuable papers; (iv) workers’ compensation; (v) crime; (vi) fiduciary liability; and (vii) directors & officers liability and EPL protection. While not technically accurate, the OSD has historically been deemed a “financial institution” by its insurance carriers. The OSD is seeking a firm that can provide brokerage services which will result in reliable, comprehensive insurance coverage with an Illinois licensed insurance company with an A+ or better rating at a reasonable cost. The OSD is seeking a firm that can effectively negotiate necessary coverage, service the policies it places, and assist the OSD on an ongoing basis with policy related claims and issues that may arise from time to time.

Background

Pursuant to Article XIII of the Illinois Insurance Code, 215 ILCS 5/187, *et seq.*, the Director of Insurance of the State of Illinois is appointed as Receiver of Illinois domestic insurance companies which have been determined by the state courts to be impaired and/or insolvent and, therefore, subject to conservation, rehabilitation or liquidation proceedings. The Director is empowered by statute to appoint a Special Deputy as his agent to assist in the administration of the business and affairs of the insurance companies placed in receivership. The Office of the Special Deputy Receiver, a private not-for-profit corporation, supports the Special Deputy in fulfillment of those appointed duties.

The activities of the OSD are conducted at its offices located at 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654. The OSD currently has sixty-five (65) employees. At times, OSD employees temporarily conduct receivership activities at the offices of companies in receivership at locations throughout the United States. The OSD is not a state agency or a part of the Illinois Department of Insurance. Accordingly, the employees of the OSD are not state employees. The OSD, its employees, property and assets are not covered by any state insurance programs. The OSD exists to serve the interests of the policyholders and creditors of the insurance company receivership estates under the control of the Director, as Receiver.

Objectives

The OSD currently has insurance coverage in place, as follows:

Liability

General Liability
Personal/Advertising Injury
Medical Expense
Terrorism
Employee Benefits Liability
Umbrella

Business Auto – Hired Autos

Auto Liability
Physical Damage

Workers' Compensation

Workers' Compensation (Ill. WC Law)
Employer Liability

Property

Blanket Contents & EDP
Portable Computers
Newly Acquired Property
Property in Transit
Property at Temp. Locations
Terrorism
Business Income & Extra Expense
Equipment Breakdown
Valuable Papers

Crime Shield

Employee Theft
ERISA Bond (401K)
Depositors Forgery/Alteration

Fiduciary Liability

Benefit Plans

Directors & Officers

D&O Liability & EPL
E&O Not Excluded

The OSD has policies with more than one carrier and the current in-force policies have varying expiration dates. The OSD will need to renew all the above coverages during the upcoming year [2011]. The OSD seeks advice relating to the overall adequacy of its current insurance program including the adequacy of the policy limits attached to the various policies it holds. The OSD is seeking a firm that can provide brokerage services which will result in reliable, comprehensive insurance coverage with an Illinois licensed insurance company with an A+ or better rating at the most reasonable costs the marketplace can provide. The OSD is seeking a firm that can effectively negotiate necessary coverage, service the various policies it places and assist the OSD on an ongoing basis with policy related claims and issues that may arise from time to time.

Proposals

All proposal packages must be actually received by the OSD no later than 4:00 P.M. Central Time on October 29, 2010. Send or deliver your proposal to:

Dale A. Coonrod
Deputy General Counsel, Risk Manager
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 1450
Chicago, IL 60654

Although other OSD employees will participate in the selection process, the OSD Risk Manager, Dale Coonrod, and his assistant, Venesha Lee, will be the initial and primary point of contact for questions and requests during the RFP process. Send written communications to him/her at dcoonrod@osdchi.com/vlee@osdchi.com.

Each responding organization will bear all expenses associated with preparing, providing, and presenting their response to this RFP.

During the OSD's evaluation and selection process, we will consider proposals received in response to this RFP. Proposals should include the following types of information:

- Name of firm and addresses of the firm's headquarters and the location of the office or offices that will provide the brokerage services.
- Names and contact information for the organization's primary and alternate contacts.
- Background and ownership of the company including years in business and number of employees.
- Descriptions of bidder's areas of expertise and experience in providing this type of broker consultation.
- Descriptions of similar projects for similar sized companies within the past three years.
- Reference contacts from those client companies – names and contact information.
- List of individual employees that would work with directly with the OSD, including a resume for each.
- List of insurers you would recommend using to write the OSD business, and why.
- Description of your historical relationship with those recommended carriers.
- An explanation of the evaluation process you would use to determine OSD's corporate insurance needs and the time-frame for completing the evaluation.
- An explanation of the service model you would use on an ongoing basis to provide service to OSD.
- A statement explaining the broker fee structure for this engagement. You should address all possible sources of compensation, including but not limited to, direct or indirect compensation, current and future compensation, placement or administrative fees, contingent commissions, renewal commissions, service fees, and any other form of compensation. The OSD will consider bidders whose brokerage fee arrangements are usual and customary within the industry.
- A statement of your understanding of the assignment as well as the need for specific information from OSD to perform this work.

If deemed necessary and appropriate, the OSD may invite company representatives to separate meetings to discuss the OSD's corporate insurance program and the broker candidate's proposal related thereto during the weeks of November 1 – 5 and 8 – 12. Firms must treat all OSD information provided as confidential and may be required to sign a confidentiality/nondisclosure agreement.

Evaluation and Selection

The OSD intends to enter into a contract with the firm that in the OSD's opinion best meets its corporate insurance program needs. This RFP does not commit the OSD to select or enter into a contract with any organization that may submit a proposal, and the OSD reserves the right to reject all proposals. The OSD will use a committee to review and evaluate proposals.

Evaluation of Compliance

The OSD will determine whether all submitted proposals comply with this RFP. Failure to meet the requirements set forth in this RFP, in whole or in part, will affect our evaluation and may result in rejection.

Evaluation of Responsiveness

The OSD often, but not always, uses a point ranking system or other evaluation methods to aid in the evaluation process. The OSD reserves the right to use its discretion to eliminate proposals deemed unacceptable.

We will separately determine how well proposals satisfy the RFP objectives in terms of responsiveness, and we will rank proposals, using a point ranking system (unless otherwise specified). The OSD will consider references during this portion of the evaluation. After the evaluation process is complete, the OSD will select the insurance broker of its choice.

The following list describes the responsiveness evaluation system.

1. The maximum number of points for responsiveness is 100.
2. The following table identifies the responsiveness criteria and their relative weights (points).

	Responsiveness Criteria	Points (maximum)
1	Firm's qualifications and ability to perform	30
2	Understanding of OSD's business and related insurance needs	25
3	Qualifications and experience of proposed team members	20
4	Input from reference contacts	15
5	Quality and comprehensiveness of the proposal – Compliance w/RFP	10
	Total (maximum)	100

Alternative Evaluation

If the OSD receives three or fewer proposals, we may evaluate them using a simple comparative analysis of the elements of responsiveness and compensation instead of the above scoring method.

Standard Terms and Conditions

The OSD recognizes that although it is a private not-for-profit corporation organized under the laws of the State of Illinois, its activities are assigned by the Illinois Director of Insurance when acting in the capacity of statutory and court-affirmed Receiver of insurance companies. The OSD further recognizes that its representation of the Director of Insurance, as Receiver, arises from the powers of attorney given by the Director to the Special Deputy who also fills the positions of President and Chief Executive Officer of the OSD. Accordingly, it is the policy of the OSD not to contract with any person or entity that is in violation of the laws of the State of Illinois or is barred from contracting with the Illinois Department of Insurance, under Illinois Public Act 095-0971, or otherwise. OSD Requests for Proposal and resulting contracts require purchaser compliance with state law.

This RFP does not commit the OSD to select an insurance broker or enter into a contract with any party. The OSD reserves the right to amend, rescind or revoke this RFP prior to the execution of a contract with the chosen broker. The OSD may in its sole discretion: reject a proposal if it is non-responsive or non-compliant with the requirements set forth in this RFP; or waive minor discrepancies in any proposal.

The OSD may seek clarification of the proposal from you at any time, and failure to respond is cause for rejection. Clarification is not an opportunity to materially change the proposal. Submission of a proposal confers on you no right to an award or to a subsequent contract. The RFP process is for the OSD's benefit only and is to provide the OSD with competitive information to assist in the selection process. All decisions on compliance, evaluation, terms and conditions will be made solely at our discretion and made to favor the OSD.

You may submit your proposal by mail, courier service, or hand-delivery. We do not allow computer, fax, or other electronic submissions. We must actually receive proposals as specified. It will not be sufficient to show that you mailed or commenced delivery before the due date and time. All times are State of Illinois local times.

The content of a proposal submitted by a firm is subject to verification. Misleading or inaccurate responses will result in disqualification.

Proposals become the property of the OSD and will not be returned. Your proposal will not be confidential, unless you request in your proposal that we treat certain information as proprietary.

Firms must be prepared for the OSD to accept the proposal as submitted, but contract negotiations may be necessary or desirable, at the OSD's sole option. If negotiations do not result in an acceptable agreement, the OSD may reject the proposal or revoke the award and may begin negotiations with another firm. Final contract terms must be approved or signed by the appropriately authorized OSD official(s). We will post a notice to the OSD web site, www.osdchi.com, identifying the chosen broker.

This RFP and the resulting contract are to be governed by the laws of the State of Illinois, without regard to the applicable choice of law principles. Changes in applicable laws and rules may affect the award process or the resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. All litigation or actions commenced in connection with this RFP and the resulting contract will be brought in the Circuit Court of Cook County, in Illinois. We do not allow binding arbitration.

RFP Timetable

October 11, 2010

October 29, 2010, 4:00 P.M. C.T.

November 1 – 12, 2010

November 19, 2010

TBD

RFP Published

Proposal Deadline

Contact with and Presentations by Firms

Decision on Proposals

Court Approval if Required

Inquiries

Please submit all questions concerning this RFP to the OSD's Risk Management Department at dcoonrod@osdchi.com; or vlee@osdchi.com.

Thank You