

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**REQUEST FOR PROPOSALS FOR INSURANCE BROKER SERVICES
FOR AVIATION COVERAGE AND TRANSIT COVERAGE
RFP # AV/TR-03122013**

QUESTIONS AND ANSWERS

March 29, 2013

Q-1. Who is/are the current broker(s) for the Aviation and the Transit placements?

A-1. Aon Risk Services, Inc.

Q-2. Is it possible to obtain a schedule of the current policies, premiums and associated fees for these policies?

A-2. Attached is a summary of the commercial policies for Aviation Coverage and Transit Coverage. Policy information is also posted on the State Treasurer's website at: www.treasurer.state.md.us. Under the heading of Reports, click "Insurance Reports" and then "Commercial Insurance Policies Report."

Q-3. Who is your current London Broker?

A-3. Upon Contract award, the selected broker will be provided the necessary information regarding current placements.

Q-4. How is the compensation for the London Broker and Bermuda Broker handled?

A-4. Please refer to Section 3.02 Insurance Broker Services, items 12 and 14 regarding intermediary use. All costs, including intermediary commission, is to be included on the invoice with the policy premiums and broker fee.

Q-5. How do we track the past losses to allow for the required annual reporting and who services the Open claims going forward?

A-5. The State expects the selected broker to obtain loss runs from the carrier in order to complete the required services. Open claims are handled primarily by the carrier. On coverages where there are deductibles or retentions either the State Treasurer's Office (the "Office") Insurance Division will handle the loss, or in the case of the Maryland Transit Administration (the "MTA") Excess Liability, MTA has a dedicated claims unit that handles those claims. The broker can be involved, but the level of service needed would depend on the nature and/or severity of the claim.

- Q-6. What is the anticipated service load for these particular policies, other than the referenced annual meetings and claims spreadsheets?
- A-6. In Section 3.02 Insurance Broker Services, we have outlined the services that a broker can anticipate the State will request for the coverages described in the RFP.
- Q-7. How many meetings did the current broker attend in the past year?
- A-7. In the past year, there were six meetings held regarding the aviation coverage and seven meetings regarding the transit coverage.
- Q-8. What is the approximate length of the meeting(s)?
- A-8. Each meeting lasted approximately 60 to 90 minutes.
- Q-9. Page 24. 4, Firm's Broker Services Experience item A. "list of a minimum of three public entity (preferably state) customers.... Does not having public entity clients disqualify the bidder?"
- A-9. No, this is not a minimum qualification. However, Firm's Insurance Broker Services Experience is ranked second in order of importance for the technical evaluation.
- Q-10. What is the significance of the January 1, 2009 date?
- A-10. We are looking at relevant experience within the last four years.

Aviation Coverage

Aircraft Hull & Liability

- Q-11. Losses on page 13; 6/30/08-09 and 6/30/09-10. How much of the loss is for Hull vs. Liability?
- A-11. The 2008-09 loss was \$4,064, 890 for hull and the balance was liability/medical payments. The 2009-10 loss was all hull damage.
- Q-12. Was the broker involved with these claims? If so, please estimate the number of hours the State believes the broker spent with their involvement
- A-12. The broker was involved in the 2008 claim however, the Office is not aware of broker involvement in the 2009 claim. The State does not track the number of hours the broker spends on losses, therefore is not able to provide an estimated number of hours brokers spent on any particular claim. Further, the amount of time a broker may spend on claims would vary according to the specifics of the loss.

Q-13. Does the number appearing behind each year of loss information represent the total number of claim(s) for that year?

A-13. Yes.

Q-14. Have new Helicopters been put in service?

A-14. Six new helicopters have recently been delivered to the Maryland State Police Aviation Command. However, they are not currently providing medevac operations, which is their primary function.

Q-15. Is the vendor/supplier of new Helicopters responsible for the liability during training on the new equipment?

A-15. No. They are now covered by the commercial insurance policy.

Q-16. Does the State have any other Non-Owned Aircraft Coverage Placements?

A-16. Section 3.05 Aviation – Coverages Required in the RFP provides the current commercial aviation exposures.

Q-17. Does the State Police air ambulance operations train/educate other municipality personnel in life saving support?

A-17. Not that we are currently aware of.

Airport Liability

Q-18. Page 14 states the FAA operates the tower. Is there a contingency plan in place should the air traffic control tower at BWI be affected by the "Sequestration"? If not, is the State looking for assistance from the Broker?

A-18. We do not foresee the broker being asked to assist the airport in securing air traffic control operators. However, as with any issue that may occur, brokers may be asked to share their aviation expertise and/or consult on aviation related matters.

Q-19. Are claims reported through the Broker or directly to the insurance company/TPA?

A-19. Claims are first reported to the Office's Claims Department, and then forwarded to the broker and the carrier.

Transit Coverage

Q-20. The chart on the last page of the RFP shows that there is no "drop-down" (i.e. a feature where exhausted limits are replaced by insurance limits higher up on the tower). Please confirm. See Exhibit 3 (page 70) of RFP. Does the liability program include "drop-down"?

A-20. The current liability program does not include "drop-down."

MTA Liability

Q-21. Page 18 lists losses for only 3 years. What were the losses in 7/01/07-08 and 7/01/08-09?

A-21. Full details will be provided to the selected broker.

Q-22. Page 18, indicates no Incurred Losses Carriers, however, a large amount of Incurred Losses MTA. Did any of the losses approach the Insurance attachment point?

A-22. Based on recent information supplied by MTA, it appears none will approach the attachment point.

Q-23. How many losses were incurred?

A-23. We understand your question to mean how many claims. MTA's reported number of claims for the past three years is as follows:

7/1/09-10	5,340
7/1/10-11	5,416
7/1/11-12	5,318

Full details will be provided to the selected broker.

Q-24. Was the current broker involved /assist with any of the self-insured losses?

A-24. No.

Q-25. If so, how many and how much time was involved?

A-25. The current broker was not involved.

MTA Railcar

Q-26. Page 20 C General Terms item 4. Why does the state want to exclude loss of revenue?

A-26.. MTA and the Office discussed loss of revenue coverage and MTA determined not to include this coverage on the current policy.

<u>State owned Aircraft</u>			
	<u>Carrier</u>	<u>Premium</u>	<u>Annual Broker Fee</u>
2007-08	Chartis	\$680,023	
2008-09	Chartis	\$485,969	
2009-10	Chartis	\$484,747	
2010-11	Chartis	\$596,702	
2011-12	Chartis	\$602,043	
2012-13	Chartis (1 policy)	\$602,043	\$55,000
<u>Airport Liability</u>			
	<u>Carrier</u>	<u>Premium</u>	<u>Annual Broker Fee</u>
2007-08	Ace	\$885,643	
2008-09	Ace	\$559,207	
2009-10	Ace	\$559,171	
2010-11	Ace	\$372,171	
2011-12	Ace	\$290,003	
2012-13	Ace & Lloyds (2 policies)	\$284,202	\$55,000

<u>MTA Excess Liability</u>			
	Carrier	Premium	<u>Annual Broker Fee</u>
2007-08	Primary Lexington	\$4,766,776	
2008-09	Primary Lexington	\$4,766,776	
2009-10	Primary Lexington	\$4,768,736	
2010-11	Primary Lexington	\$4,682,444	
2011-12	Primary Lexington	\$4,704,187	
2012-13	Tower sent in RFP	\$ 4,680,030	\$87,500
<u>MTA Rail Car Floater</u>			
	Carrier	Premium	<u>Annual Broker Fee</u>
2007-08	Lexington	\$846,782	
2008-09	Lexington	\$814,253	
2009-10	RSUI/Landmark	\$600,000	
2010-11	Ace	\$540,544	
2011-12	Ace	\$575,356	
2012-13	Ace (1 policy)	\$ 530,784	\$87,500