

MARYLAND STATE TREASURER'S OFFICE

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

QUESTIONS AND ANSWERS FOR REQUEST FOR PROPOSALS FOR BROKER SERVICES FOR LIABILITY COVERAGES, CATEGORIES A, B, C AND D RFP #LIA-02142023

March 7, 2023

Q-1. Who are the current brokers involved on the State's program by Lot?

A-1. **Liability A – Willis Towers Watson Southeast (WTW)**
Liability B – Aon Risk Services
Liability C - Aon Risk Services
Liability D – Willis Towers Watson Southeast (WTW)

Q-2. What is the annual firm fixed fee, inclusive of all services for the incumbent brokers?

A-2. **Brokers are paid on a fixed annual fee.**

RFP Section	Annual Broker Fee
Liability A - Miscellaneous	\$75,446
Liability B - MDTA B&T Liability	\$20,000
Liability C - MPA Ports Liability & Terrorism	\$17,500
Liability D (New) - Cyber	\$67,000

Q-3. What is the hourly rate for Loss Control Services?

A-3. **No additional charges, included in fees.**

Q-4. What is the current commission cap on existing lines of coverage which may be payable in addition to the fee paid by the State, by line of coverage?

A-4. **There are no commissions except for the Fiduciary and Ports Terrorism. In these cases, the annual fee is reduced to offset the commission.**

Q-5. What is the negotiated commission cap on new lines placed mid-term?

A-5. **New lines, if placed, are negotiated as an additional fee without commission.**

Q-6. Does the State require the broker to disclose income from all sources (such as wholesale and/or intermediary fees) and how is that reconciled?

A-6. **Contingency fees or similar income sources for brokers are not permitted.**

Q-7. Is the State willing to negotiate the contract language at a later time upon award?

A-7. **Please see explanation of changes to RFP and Contract in Section 4.17 of the RFP.**

Q-8. Can you provide a list of what agencies are included under the various policies?

A-8. **The RFP identifies the State agency insured under the policies, for example under Liability A, Maryland Public Television is the insured for their general liability, umbrella and E&O policies.**

Q-9. What type of risk management loss control consulting services is your current Broker(s) providing?

A-9. **Broker loss control staff coordinate inspections by insurance companies, review resulting recommendations and provide guidance. Broker loss control staff typically participate in claim review meeting between carriers and State agencies and are a resource for sample risk management programs.**

Q-10. Is there a conflict with responding to one category as a prime and being the MBE subcontractor on other categories?

A-10. **No there is not a conflict.**

Q-11. What is the duration of the contract?

A-11. **The initial term of the contract is from July 1, 2023 to June 30, 2027 with two one-year optional renewals.**

Q-12. For the required 15% MBE Participation—is that 15% of commissions, total fees, or something else?

A-12. **The 15% would be calculated on the total amount of dollars paid to the broker.**

Q-13. What services does the MBE perform?

A-13. **The role of the MBE subcontractor is determined by the selected offeror(s).**

Q-14. Is the state required to select the lowest bid?

A-14. **No, the selection of the offeror(s) is based upon specific evaluation criteria which will be rated during the Oral Presentations.**

Q-15. Referring to Page 13 of 78, Section 2.7.1.2 - Should \$25,000,000 Excess of \$100,000,000 really be \$50,000,000?

A-15. **Correction: The 3rd excess/bumbershoot limit is \$50,000, not \$25,000.**

Q-16. Please confirm how non-Port, MDOT traditional exposures (i.e. road design, maintenance, tort claims, etc.) are insured or self-insured. Does the \$151M Port Liability Insurance program capture the entirety of the MDOT exposures?

A-16. **MDOT is insured under the Ports Liability insurance program for claims arising from MPA operations only. MDOT is similarly insured under the Bridges & Tunnels Liability insurance program for claims arising from MDTA's operation of the Bridges & Tunnels only. Other State operations of MDOT are either self-insured or insured under a separate program.**

Q-17. What types of analytical tools do you use to determine your risk capacity, risk appetite, and risk tolerance for discrete risks?

A-17. **Commercial insurance policies are procured to cover catastrophic liability claims and to fulfill obligations derived from State contracts, statutes and regulations.**

Q-18. How do you ensure that your risk financing program is aligned?

A-18. **For liability programs, benchmarking for other states purchasing similar commercial insurance policies is useful to compare limits.**

Q-19. What type of risk management information system do you use? Is it currently meeting your needs?

A-19. **Trending and analysis of liability claims utilizing the State's claim management system (CMS) for self-insured programs, carrier loss runs for commercial insurance programs, tracking carrier recommendations and agency compliance for loss prevention, reviewing industrywide loss metrics available from brokers, STRIMA, etc.**

Q-20. What types of consulting services other than loss control is your current broker(s) providing?

A-20. **Important broker services include 24/7 claims assistance, expert opinions, online certificate issuance, educational resources and publications on relevant risk topics.**

Q-21. Which of the consulting services are of value, and most important to you today?

A-21. **Important broker services include 24/7 claims assistance, expert opinions, online certificate issuance, educational resources and publications on relevant risk topics.**

Q-22. What are the State's top risk management strategic goals, objectives, and priorities for the next 3-5 years?

A-22. Mitigate exposure to risk, reduce the total cost of risk and maintain the stability of commercial insurance programs.

Q-23. Can you provide a list of risk control services currently provided by the carrier and the broker.

A-23. See response to question 10 for broker loss control services. Carriers perform inspections, develop recommendations and occasionally conduct training.

Q-24. Can you confirm that the requirement in Section 3.5.1.7. of the RFP does not include typical work from home remote connections?

A-24. US Datacenters are required for all work under the Contract. That includes remote work from home that must be through a US Datacenter and NOT outside of the US.

Q-25. What is the expiring Annual Fixed Fee, for Category A, B, C, and D, charged by the incumbent?

A-25. See response to question 3 for broker fees.

Q-26. Is there any insurance commission paid to the current Broker(s) or intermediary or wholesaler? If so, on which lines of insurance coverage?

A-26. See response to question 2 and 5 for broker compensation. Use of intermediaries and wholesalers must be disclosed as outlined in the RFP, compensation details are negotiated with brokers, not the State.

Q-27. Can you provide an updated spreadsheet of the current policies, insurance companies, brokers, premiums, and fees in place at this time?

A-27. The current policy, carrier and premiums are listed on the State Treasurer's Office webpage at: <https://www.treasurer.state.md.us/insurance/commercial-insurance-policies.aspx>

Q-28. Can you provide detailed loss runs for 5-10 years, for each line of coverage included under this RFP?

A-28. Loss runs will be provided to the successful bidder.

Q-29. Have you experienced any major claim events or challenges in claim handling in Categories A/B/C?

A-29. No.

Q-30. How are the limits in Category B and C determined?

A-30. Limits were determined in consultation with the Attorneys General, the Agencies and Insurance Division staff.

Q-31. Is the Law Enforcement Liability a separate placement and if so, who are the carriers providing the cover and associated premium?

A-31. The lead policy for Bridges & Tunnels Liability includes Law Enforcement Liability coverage. The current carrier is General Star.

Q-32. Does the MDTA have holding cells and then transfer arrested person(s) to the closest County jurisdiction or is the MDTA managing prisons?

A-32. MDTA has holding cells but does not operate prisons.

Q-33. Can you provide the length of the highway in miles covered?

A-33. The MDTA's eight toll facilities-two turnpikes, two tunnels, and four bridges are approximately 120 miles - see MDTA website <https://mdta.maryland.gov>

Q-34. What are the annual Toll Revenues?

A-34. Approximately \$700M - see MDTA website <https://mdta.maryland.gov>

Q-35. How many claims have exceeded the tort claims act in the past 10 years?

A-35. The Maryland Tort Claims Act (MTCA) does not apply to this RFP, commercial policies are purchased for matters not subject to the MTCA. We are not aware of any that have exceeded the tort claims cap, there are claims which do not fall under MTCA which are subject to the Board of Public Works approval.

Q-36. For Category B, Toll Facilities Liability, how is the primary liability structured? Does MDTA still selfinsure a \$5 million retention?

A-36. The SIR under the Bridges & Tunnels liability program is \$5,000,000. The lead policy affords a \$10,000,000 aggregate limit, with a \$5,000,000 each occurrence limit for Law Enforcement Liability.

Q-37. Can you advise if there are any third-party intermediaries or wholesalers placing the insurance on behalf of the current broker for Category B and C?

A-37. There may be third-party intermediaries or wholesalers participating on Liability B and C programs from time to time, depending on market conditions.

Q-38. Who are the other participating carriers on the Bumbershoot?

A-38. Primary is with AIG effective 1/31/2023, excess/Bumbershoot layers are placed through Lloyds.

Q-39. Is the Terrorism a stand-alone placement and if so, who is the carrier?

A-39. Terrorism is a stand-alone placement through Lloyds.

Q-40. What are the vessel calls per annum?

A-40. Details needed to respond to this question – intent is not clear.

Q-41. What is the annual revenue for MPA?

A-41. Approximately \$50M.

Q-42. How does MPA transfer Vessel P&I coverage – via traditional insurer and to whom?

A-42. There is a separate P&I policy for State vessels, Atlantic Specialty is the insurer, the policy includes MPA vessels.

Q-43. Is the underlying Auto policy only covering port related Autos? Who is the market? Loss activity?

A-43. Yes. Utica. Loss information will be provided the successful bidder.

Q-44. Are Port employees allowed to take Port-owned vehicles home?

A.44. Yes, but limited to a few individuals.

Q-45. How does the Port evaluate and enforce proper contractual risk transfer from tenants and other 3rd parties?

A-45. Assistant Attorney General working with MPA reviews contracts for insurance and other obligations of tenants and third-party marine operators.

Q-46. We understand MPA contracts security services with Securitas, Inc. but the Port employs two Senior Security Specialists and one Security Information Specialist. <https://mpa.maryland.gov/Pages/port-security.aspx> Is this still accurate? Does the Port foresee this contractual risk transfer changing to thereby require the Port to employ their own security staff or police personnel?

A-46. MDTA police service the Ports. This information will be provided to the successful bidder. We are not aware of expected changes.

Q-47. How does the current MPA Liability Program capture and insure environmental liability exposures? Does Maryland Environmental Service maintain any separate environmental coverage?

A-47. Sudden and Accidental environmental coverage is included under the Ports Liability policy for dredge material sites, we are not aware of separate environmental coverage for Maryland Environmental Service.

Q-48. Does the State manage the Ports or are they managed by a third party?

A-48. Most of the Ports are managed under contract by third-parties.

Q-49. How many site visits are made to any of the Toll Facilities or Port does the current broker make annually?

A-49. Typically, one visit per year to each Agency, but may change depending on circumstances.

Q-50. Can you provide a copy of the current cyber policies and last year's application?

A-50. This information will be provided to the successful bidder.

Q-51. Is the current cyber insurance program subject to any restrictive terms/sublimits such as ransomware sublimit, ransomware, NFT exclusions, or higher retentions for any participating agencies or universities?

A-51. Yes. This information will be provided to the successful bidder.

Q-52. Does the cyber program include dependent business interruption coverage, including coverage for system failure? If so, is it covered at the full limits of the program or is it sublimited?

A-52. Yes. This information will be provided to the successful bidder.

Q-53. Does the program include physical damage loss arising from a ransomware attack, such as bricking? If so, is the coverage at full limits or is it sublimited?

A-53. Yes. This information will be provided to the successful bidder.

Q-54. Is the insurance able to share their most recent submission materials with us? If not, are they able to affirmatively confirm the following controls are in place:

- Multifactor authentication (MFA) for remote access and admin/privileged controls?
- Endpoint Detection and Response (EDR)?
- Secured, encrypted and tested backups?
- Privileged Access Management (PAM)?

- Segregation of end of life (EOL) systems?

A-54. **This information will be provided to the successful bidder.**

Q-55. Has the insured conducted an incident response tabletop exercise in the last 12 months? Are the results of the exercise available for review?

A-55. **This information will be provided to the successful bidder.**

Q-56. Does the State have a preferred cyber security vendor or retainer for incident response, forensic investigation and other response activities in the event of a cyber attack? If so, are the firms and their rates pre-approved by the insurer?

A-56. **Yes. This information will be provided to the successful bidder.**

Q-57. Have there been any losses paid under this program in the last five years?

A-57. **Yes.**

Q-58. Has the State conducted any loss modeling arising from a cyber event? If so what Recovery Time Objective was used in the modeling and what other assumptions were made with respect to the data inputs?

A-58. **No.**

Q-59. Is the Police Liability limited to specific highways and does authority cease at the end of the Exit ramp?

A-59. **MDTA Police operate on the Bridges & Tunnels, Intercounty Connector and parts of transit corridors, the State Ports and Airports.**