Midwestern Higher Education Compact
Program Administrative Services for MHEC's Programs of Insurance
Questions & Answers from the Pre-bid Webinar, January 25, 2012, and submitted questions

1. Regarding the overall program, do you have any idea of the volume and size of the ancillary policies issued directly to members?

   The current ancillary policies under the Master Property Program consist of three crime policies which do not exceed $15,000 in combined premium. The terms and conditions of such coverages and services, as well as the compensation, are determined on a case by case basis between the individual institution and the program administrator.

2. Who currently performs the engineering services for the program?
   - The Engineering Third Party Administrator of the Master Property Program currently coordinating and overseeing all engineering services is Global Risk Consultants (GRC).
   - Optional appraisal services are now offered through CBiz.
   - Hartford Steam Boiler provides boiler inspections.

3. In regards to marketing, do you have a growth plan that you work on with the program administrator to identify targeted growth?

   Annually, MHEC sits down with the program administrator and discusses growth and this is done in conjunction with Leadership. This is reviewed in a regular process throughout the year, generally monthly conference calls individually by program administration with MHEC, WICHE, and NEBHE. Staffing time is needed for preparation for calls. Staffs of the compacts are aggressive in identifying 5-7 key prospects a year (some years vary differently where this number could be lower/higher), per compact, and generally require a couple of site visits annually.

   While the MPP does not have a specific targeted growth plan, all Leadership Committee members do identify specific targets that they feel would be a good fit for the program.

   There is prospects procedure in place which is an approval process for prospects. Under this process a prospect does not automatically get quoted, but would go through an approval process by current membership to ensure any potential prospect is not bringing in an unnecessary risk to the program.

4. What is the general amount of sponsorship provided for the annual workshop, in regards to providing speakers, and financial support for meals and breaks?

   The program administrator historically has provided a sponsorship level of $5,000. They have also worked with the insurance carriers and engineering vendors to secure an additional amount of sponsorship funds of approximately $16,000 annually.

   In addition to the financial sponsorship, the program administrator makes available expert speakers for the annual workshop. In total the program administrator brings an estimated 10 to 15 personnel to the annual meeting and workshop.

5. Who is the current Third Party Administrator for your claims?

   The current TPA for claims is Cunningham Lindsey. Cunningham Lindsay acquired GAB Robin's U.S. loss adjusting business in January, 2011. Cunningham Lindsey is selected by our primary insurance company, Lexington.

6. On the financial side, does the program administrator help much with figures on financial statements? Does the property program do separate financial statements, actuarial reports, how much help is needed here?

   The financial process is overseen by the program administrator but the majority of this work is done by Captive Resources LLC, in terms of accounting, financials, and actuarial work.

7. Do you have a risk management information system the program administrator will need to interact with?

   The program administrator would have to provide a system for the participating institutions to interact with. Currently, institutions use the MIMS system, which is the current program administrator's proprietary system. The institutions also interact with MHEC's Online Discussion board, of which the program administrator is given access, to post messages and information for the participating institutions.

8. The contractual arrangements with the vendors, e.g. engineering is the administrator involved or are these direct contracts?

   In almost all cases, the program administrator is the contract-holder with the third party administrator.

9. Other than the annual meeting what is your expectation for the program administrator for other committee meetings?

   This information can be found on Page 15 of the RFP in section J. Program Administrative Services, 3. Meeting Preparation.

10. You mentioned earlier the potential of K-12 schools having some benefit from MHEC in general, have you ever thought about having K-12 as part of the program?

    The MHEC Risk Management Committee, of which the winning bidder would serve as program administrator, would be charged with reviewing the feasibility and development of a program tied to K-12. This is a topic that has been and continues to be explored. The potential K-12 program could be some type of property program that may bring a benefit for higher education and at some level share risk, but the opportunity would have to be explored by the Risk Management Committee and, at least initially, would likely be outside of the current Master Property Program.

11. What are the current engineering services provided by Global Risk Consultants?

    The listing of engineering services include: building inspections (guidelines in place), infrared scanning, arc flash training, maximum foreseeable loss studies, data gathering, and plan review for new construction. More information is detailed in the RFP Page 8, Section F, paragraph seven (7).

12. Would GRC, the firm for engineering services, be open to a new administrator or is that a Marsh exclusive or would we need to find somebody brand new?

    Although the agreement is between the current program administrator and the engineering service company, GRC could tie in with the new program administrator through a new contractual arrangement. It is not an exclusive to the incumbent.

13. More questions after the fact, should be directed to Mary Roberson?

    Yes, any additional questions should be provided to Mary Roberson (maryr@mhec.org) by February 8. All questions and answers will be provided to the contact for each company.

    It is important to note that all correspondence should go through Mary. Some attendees on the call may know the committee members and the committee members have been instructed to redirect through Mary. We want to ensure a consistency of message.

14. Please advise how long Marsh has managed the current program and is it still being managed out of the Detroit office?

    Johnson and Higgins – Detroit office was the initial program administrator at the inception of the program in 1994, however, Johnson and Higgins merged with the Marsh & McLennan companies in 1997. Marsh-Cleveland's higher education practice began managing in 2000.

15. Our firm has several specialty services and/or programs currently provided to higher educational entities and our staff works with a large number of MHEC institutions. Because of that relationship, we may be in a position to increase overall participation within the program because of the existing relationships. If that occurs, has MHEC approved any additional brokerage compensation in the past for that activity?

    Bringing in new institutions into the Master Property Program has been a factor when determining overall compensation for the program administrator. Prospective providers should include all forms of compensation, and the method for calculating the compensation, when submitting their bid.

16. In additional to what we may bring because of existing relationships to the MHEC property program, can you confirm that the expected activity for business development is 5 to 7 key institutions each year? Could that figure be higher? If additional institutions are added, can the fee be adjusted mid-contract to reflect the additional work and unexpected expenses? Is it possible that more than 5 to 7 institutions could be added? If so, would travel related expenses, if any, be reimbursed for those beyond a set number?

    Please see the prospect estimation in Answer #3.
    Fees may be adjusted in subsequent contract years. Should there be significant changes in any of MHEC's programs of insurance exposures that affects the nature and scope of MHEC's programs of insurance and/or service needs, MHEC could renegotiate compensation in good faith as appropriate.

17. Can you confirm whether or not Marsh representatives visited each program member campus during the past 12 months? If not, how many did they visit?

    No. Traditionally, the program administrator does not visit every program member campus during a 12-month period. Although the program administrator did visit several of the member campuses this past year, the committee is not clear as to the number of campus visits this year. See also answer to question # 37.

18. Marsh typically prepares, discusses, and distributes annually a "stewardship" report. May we receive a complete copy of the last report provided please, which should have been supplied prior to the 2011 renewal. If that is not available, may we receive a copy of the 2010 report?

    Scores cannot be provided, however, MPP leadership committee members provide weighted scores to evaluate the current program administrator on the following categories:

    - Quality of Placement
        - Structures programs of insurance to meet defined needs
        - Obtains market-driven pricing
        - Full discloses cost of services
    - Provide useful independent advice/service

    - Provides reports on current market condition and changes in exposures
    - Assists with coverage questions
    - Clarifies policy coverage including securing additional endorsements when necessary
    - Provides new risk transfer products
- Provide services in timeframe
    - Timely renewal and/or market strategy plans and placement of coverage
    - Timely issuance of Certificates
    - Timely provision of meeting materials
    - Timely issuance of reviewed policies
- Quality of individuals assigned to the service team
    - Knowledge of assigned personnel
    - Quality of experience of assigned personnel
    - Availability of specialized experts
- Claims Advocacy
    - Assists in identifying coverage for claims
    - Works on behalf of insured when dealing with insurer
    - Provides guidance in the settlement of claims
- Coordination and organization
    - Periodic meetings include relevant information and topics of interest
    - Handles issues throughout service year via phone and e-mail
- Clarity and conciseness of meeting materials/placement options
    - Sufficient information provided
    - Clarity, accuracy, quality and organization of material submitted

19. During the conference call, you indicated that institutions may or may not use the selected broker to manage ancillary policies. Please confirm that fees proposed do not include those policies. Also, can you provide a listing of policies by institution that would be included within that overall group?

    Please see Answer #1.

20. Did you confirm that GRC is open to work with any broker? If so, do you have a contact name and phone number? If not, may we have a copy of their last service proposal?

    Please see Answer #12. The appropriate parties to contact at GRC will be provided upon the awarding of the bid.

21. Are actuarial services contracted separately or are they to be included within the fee? If included, please confirm the name of your actuary and advise as to the amount of the fee and hours expended during the last policy term.

    Please see Page 14 of the RFP, Section J. Programmatic Administrative Services, first paragraph.

22. What is the expected level of financial support expected annually for your conferences from the broker?

    Please see Answer #4.
    Please see Page 16 of the RFP, J. Program Administrative Services, Section 3. Meeting Preparation.

23. What was the total fee paid for overall brokerage services? How many hours did that include for direct brokerage activity? If loss control services are included within the overall fee, please advise as to the amount and number of hours expended for loss control services over the past policy term.

    Please see Page 39 of the RFP, Appendix K.

    Please Note: The winning bidder will serve as the program administrator for the MHEC Master Property Program. Individual participating institutions can continue to use or retain their own broker while participating in the program. Some of the institutions participating in the program choose to exercise this option.

24. Do you want travel and related expenses broken out separately within the overall fee proposal?

    Please see Page 20 of the RFP, Section L. Submission of Proposals, 6. Pricing. The prospective provider can break out the separate components of the fee in any manner it deems appropriate as long as the requirements of this section and the other program administrator responsibilities of this RFP are met.

25. What level of reinsurance or other support is Lexington purchasing or disclosing in the placement of this program?

    This is determined by Lexington.

26. Does your current Client Service Agreement contain a limit of liability?

    Yes. The terms of the Client Service Agreement, including liability limits if any, will be negotiated between the winning bidder and MHEC.

27. Are there any insurance company inspections or surveys conducted other than boiler / machinery jurisdictional requirements? If so, are those reports going to be released?

    Yes, annual loss control inspections of buildings are conducted by GRC. Also each campus is afforded 2 days of Infrared scanning. There is no plan to release these reports.

28. Can you confirm the list of the 13 members of The Leadership Committee that will be evaluating the RFP's? And / or the additional members of the Ad Hoc Subcommittee that is chaired by Michael Doxey to coordinate the selection of a program administrator?

    The list of Leadership Committee members were released in the Pre-bid Webinar on Slide #24. Also participating in the evaluation are Dana Biernbaum, Western Illinois University, and compact staffs.

29. Within the fee agreement, is brokerage services and wholesaler (Excess & Surplus markets) involvement fall within the same quotation, or are E&S placements considered outside this fee?

    The current administrator absorbs the costs associated with the use of wholesale markets at no additional cost to MHEC or the participating membership.

30. Can the MHEC provide a copy of the current engineering service agreement?

    No. Please see Answers #12 and #20.

31. Can the MHEC speak to the rationale of the RFP in respect that the broker / program administrator decision is being made two weeks prior to the program renewal date of July 1st and 10 weeks prior to the contract effective date of September 1st? Traditionally an RFP will select the program administrator prior to the renewal date and negotiate the program renewal.

    Per the January 12th addendum to the RFP, the effective date of contract is now October 1, 2012.

    The rationale for the date: MHEC is currently bound by a contract with the incumbent through the MHEC's Master Property Program renewal date of July 1. Since work on the program renewal starts several months prior to the actual renewal date, there would not be adequate time for a new program administrator to go through the transition and effectively renew the program for the participating institutions.

32. If your broker could do just one thing that would take the most pressure off / add the most value for the MHEC, what might it be?

    This question will be deferred to the live presentation with the finalists.

33. How many full time (FTE) staff do you believe is needed to adequately administer your program?

    Although, the current program administrator has several staff working on the program we estimate the number to be in the range of 5-7 FTE. This is only an estimate and we will accept other numbers of FTE provided it is adequately supported by a proposal and meets the requirements of the program.

34. Do you prefer dedicated staff or an allocation of individual's time?
    We prefer dedicated although we will accept other alternatives.

35. How is the current administrator structured, FTE total, solely dedicated or an allocation of time, or a combination of both?

    Combination of both.

36. What is the expectation and/or past average number of site visits by the Program Administrator loss control consultants to member campuses?

    Engineering services include annual inspections of property (generally buildings in excess of $5 million of total insured value subject to change by the Leadership Committee) as required by the insurance carriers, maximum foreseeable loss studies, plan review, and consultative services. Please see also Answer #37.

37. Approximately how many report generating property loss control surveys are conducted by the property engineering vendors each year?

    The number of engineering surveys done by the engineering vendor (currently GRC) fluctuates each year depending on our members' total insured values and values of individual buildings. Based on the frequency approved, generally the number of visits per year will vary between a low of 74 and a high of 121 depending on the year. This range is based on the existing membership and TIVs for October 2010.

38. How often does the Loss Control Subcommittee meet both in person and via tele/web conference?

    Please see Pages 15 of the RFP, J. Program Administrative Services, Section 3. Meeting Preparation.

39. Will the Program Administrator simply maintain the COPE data repository and member institutions themselves add/modify their own data in an agreed-upon format/proprietary system?

    Please see Page 15 of the RFP, J. Program Administrative Services, Section 2. Account Services, Letter o).

40. Will the program administrator be expected to actively solicit, gather and compile the COPE summary information?

    Yes, the program administrator will coordinate the maintenance of property data with the selected engineering vendor.

41. Regarding plan review; approximately how many active construction projects above $20M TIV are in process?

The Committee does not have an exact number but estimates there were approximately 16 such projects last year. This number obviously fluctuates over time.

42. What are the three top goals for the Master Property Program over the next year or two?

Strategic growth, market stability, and member value.

43. Do any of the Subcommittees have unique goals related to continuous improvement of the program?

Yes. These goals are all tied into the program's strategic plan. The subcommittees, along with the full Leadership Committee and the program administrator, work to define and then carry out these goals.

44. Given that alternative risk financing programs such as this have historically enjoyed increased demand in a hardening market, how would you describe your appetite for growth?

MHEC, WICHE, and NEBHE are actively seeking new participants for the Master Property Program.

45. Is the Committee anticipating any struggles with the renewal this year given Lexington's push for rate increases on their Property book?

Every renewal year has its own set of unique challenges and the committee expects this year to be no different.

46. What technology tools are provided by the current Administrator, either to the Leadership Committee or to individual members? Could we have temporary access in order to understand its functionality, or provide us with screen shots and/or a site map?

Please see Answer #7.

47. Are there any technology needs not being addressed now that would be helpful for the future?

The Leadership would like to have one system that encompasses insured values, engineering report results, COPE data, etc. There are no other current pressing technology needs at this time. The Leadership Committee works with the program administrator to continually evaluate the program needs, including those in technology.

48. Are wholesale brokers utilized in the placement of any coverages? If so, how are they compensated?

    Please see Answer #29.

49. Can the amount of ancillary business to the Administrator be estimated? If so, can that be released?

    Please see Answer #1.

50. Under what circumstances might an institution outside MHEC, WICHE and NEBHE be eligible for membership?

    It is determined on a case by case basis by the Commission (MHEC's governing body). At this time, it is not a likely option. MHEC does not have an agreement in place with its southern counterpart – the Southern Regional Educational Board (SREB). Institutions in states currently not members of the four higher education compacts (currently NY, NJ, & PA) are eligible to participate on a case by case basis.

51. Would it be possible to attend the 2012 Loss Control Workshop in St. Louis at our expense?

    MHEC offers the workshop free of charge to all of its participating member institutions and to the support staff of the current program administration, engineering vendors, and/or local brokers that are representing clients.

    Guests are welcome to attend the 2012 Loss Control Workshop in St. Louis at their own expense. MHEC requires all guest institutions and vendors to pay a $150 fee to attend. All attendee guests must register as "guest" via the www.mhec.org/workshop link. The fee may be paid by contacting MHEC Business Manager Kristin Coffman (kristinc@mhec.org) or 612-626-5482 where she can provide an invoice for payment.

    Given space restrictions we respectfully request that you only attend the workshop. The annual meeting of all insured members is a large meeting with limited seating and Master Property Program participating institutions are asked to keep their representation to one participant from their institution and one local broker, where applicable.

Noted at the end of the mandatory pre-bid webinar:

- Please note the Timeline Slide in the Pre-Bid Webinar incorrectly stated the Effective Date of Contract, per the addendum, the date is Monday, October 1, 2012.
- Please pay attention the submission deadline details outlined in the RFP.
- The Pre-bid Webinar with corrected information on the timeline will be posted at www.mhec.org/rfps.