

ATTACHMENT F
Form for Submission of Questions

#	RFQ Reference	Question	Answers
1		Should the Builders Risk Fee Percentage reflect Flood & Earthquake? If so, how much limit should be reflected in the costs?	Yes, but the amounts will be subject to: 1) Recommendations by the broker in the program design phase of the required services, and 2) Market conditions year to year
2		What limit of liability should be proposed for the General Liability Risk Fee calculation?	The AOC has provided alternative insurance language in all SB 1732 construction documents that states a limit of \$25 million would be made available for the project. Within the final program design these limits can be provided on a per project basis thereby pyramiding limits provided by insurers providing insurance for the OCIP, or a program aggregate of at least \$200 million would be appropriate.
3		Will Public Officials Liability, Crime Insurance or and other Financial Product be included in the RFP Response?	No
4	P. 6, 3.5, 2nd bullet:	Please define specifically how many full-time onsite safety professionals should be include in the RFP response. Also, please clarify specifically that safety professionals should be broker provided. (As opposed to insurer provided) The objective here is to understand what safety resources AOC expects from the broker specifically (as opposed to for example, insurer provided).	The AOC does not require a full time safety professional at each job site. Rather the broker must provide sufficient loss control staffing to enhance the contractor and sub-contractors site safety and security programs. The broker must explain its rationale in response to question B.12 of Attachment B to the RFP, and must translate that rationale to its fee proposal.

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5	P. 8, 4.4;	Please clarify or elaborate on the requirement that 50% of commission paid to an excess/surplus lines broker or MGA, must translate to a credit by your OCIP Broker back to AOC. Are you in essence saying that 50% of all commissions or fees charged by an intermediary must be credited back to AOC by way of an equivalent reduction in the OCIP Broker fee? If stated correctly, please explain the intention?	The AOC understands the importance of the excess and surplus lines marketplace to the success of many construction insurance programs. However, the AOC is not interested in receiving a fee quotation from a broker that is artificially low because the broker routinely receives considerable additional compensation from excess and surplus lines brokers. Therefore, the broker must quote its fee based on total insurance premium costs, less what the broker would otherwise receive as compensation, as the originating broker, from an excess and surplus lines broker.
6	P. 5 of 13, section 3.5	Is the AOC's intent for the selected broker to provide at least one full time safety representative for each project? What safety resources will be required of the selected construction management firm?	See answer to question #4. The selected construction management firm must provide a full time safety representative at the job site. However, this person can be the job superintendent.

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7	Attachment B4, item C	Project Insurance Costs and Insurance Premiums are used interchangeably in reference to Compensation. Please provide a definition of Project Insurance Costs, and clarify if that is the basis to be used for pricing.	<p>See answer to question 8 and the clarification provided below:</p> <p>The basis for compensation will be:</p> <ol style="list-style-type: none"> 1) The minimum and deposit premium paid to insurers providing insurance for the OCIP, plus 2) The earned premiums in addition to the minimum and deposit premiums paid to insurers providing insurance for the OCIP, plus 3) The premiums paid to insurers to maintain claim payment accounts at predetermined levels, plus 4) Any audit premiums paid to insurers providing insurance for the OCIP. 5) Fees will not be paid on amounts that the AOC must place into an designated account as security for deductibles or self-insured retentions

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8	Attachment B4, item C	Does the AOC intend for responders to estimate the insurance premiums (or Project Insurance Costs) for the SB 1732 and SB 1407 projects, or will the AOC provide an estimated insurance premium (or Project Insurance Cost) amount to enable all responders to have an equal basis to bid upon?	<p>In response to this question the AOC is providing the following guidance to be used by each broker in developing its fee proposal. All percentages are to be applied to the “Construction Cost” indicated in Attachment D and Attachment E to the RFP, regardless of the actual basis for premium development by insurers providing insurance for the OCIP.</p> <table border="1" data-bbox="1272 526 2013 967"> <thead> <tr> <th data-bbox="1272 526 1766 688">Coverage</th> <th data-bbox="1766 526 2013 688">Benchmark % of Construction Cost</th> </tr> </thead> <tbody> <tr> <td data-bbox="1272 688 1766 727">Workers Compensation</td> <td data-bbox="1766 688 2013 727">1.50%</td> </tr> <tr> <td data-bbox="1272 727 1766 766">General Liability</td> <td data-bbox="1766 727 2013 766">0.25%</td> </tr> <tr> <td data-bbox="1272 766 1766 805">Pollution Liability</td> <td data-bbox="1766 766 2013 805">0.10%</td> </tr> <tr> <td data-bbox="1272 805 1766 844">Builders Risk</td> <td data-bbox="1766 805 2013 844">0.10%</td> </tr> <tr> <td data-bbox="1272 844 1766 883">Builders Risk Earthquake</td> <td data-bbox="1766 844 2013 883">0.25%</td> </tr> <tr> <td data-bbox="1272 883 1766 967">Total</td> <td data-bbox="1766 883 2013 967">2.20%</td> </tr> </tbody> </table>	Coverage	Benchmark % of Construction Cost	Workers Compensation	1.50%	General Liability	0.25%	Pollution Liability	0.10%	Builders Risk	0.10%	Builders Risk Earthquake	0.25%	Total	2.20%
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9	Attachment B, Item B. OCIP SPECIFIC - 1, 1a	Could you please share how AOC plans to take into consideration broker responses to the inquiries on administered premium volume, into your evaluation process. For example, will greater weight (and scoring) be given to brokers with larger OCIP premium volume?	Large OCIP related premium volume is an indicator of OCIP Program Design Experience and Technical Expertise in Program Implementation and Administration and will be factored into the score given in these 2 categories.														

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10	Attachment B, Item B. OCIP SPECIFIC - 1b. – Administered OCIP premium volume	In some instances and on some projects, a broker may play a pure administrative role performing OCIP Administration work, and as a result be unaware of the premium value on those specific projects which they administer, as an alternative, will you accept a response that includes both OCIP premium volume placed by the responding broker, and construction values for projects where “administration only” work was performed? This would allow for your consideration of quantifying the experience for firms whose past OCIP experience includes performing specific OCIP functions, but did not include actual policy placement.	Given this circumstance the responding broker should indicate its role in specific OCIP programs and state its inability to provide specific premium volume amounts.
11	Attachment B, Item C. – Compensation	The first paragraph of this section indicates the AOC is looking for the broker fee to be based on a “decreasing percent of OCIP insurance premiums”. Could you please further explain what is meant by “decreasing percent”, and could you confirm that the format for presenting the fee proposal as outlined in this section, A.1. contemplates the presentation of a “decreasing percent of OCIP insurance premiums”?	The AOC understands that there may be “start up” costs to be factored it to the fee proposal for earlier projects, e.g. SB 1732 projects, and therefore the fee may be higher for these projects than it would be for SB 1407 projects. Further, as the program matures the broker may find that the actual work requirements are less. While a fee based on a decreasing percent of OCIP insurance premiums is a goal of the RFP it is not a requirement if the broker feels that it can spread its “start-up” costs across the entire program.

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12	P.8 of 13, section 4.5	If an affiliated reinsurance broker places reinsurance via <u>treaty</u> , as opposed to a facultative reinsurance placement, the reinsurance broker's compensation on the specific OCIP placement may not readily be known or determined, so cannot readily be disclosed to AOC. How does AOC recommend this disclosure requirement be addressed or is the disclosure requirement meant to apply to only a <u>facultative</u> placement directly related to AOC's project?	The AOC understands that there will be circumstances where an owned or affiliated reinsurance broker may be involved in placing reinsurance by treaty programs, as opposed to facultative reinsurance placements. In these situations disclosure of the reinsurance brokers involvement in the program to the extent known is required. For facultative reinsurance placements disclosure of the transaction and the compensation is required.
13	P.11 of 13, section 8.0	How will the Fee weight of 20 points be applied to the different fees expected to be received from different brokers? A sliding scale proportionate to the range of fees proposed? Other distribution?	The score for fee will be based on 3 areas of consideration: <ul style="list-style-type: none"> 1) The actual amount of the fee proposed compared to the mean of all fees proposed as part of proposals responsive to the RFP 2) The relationship of the fee proposed as compared to the services being offered by the broker to develop, implement, and 3) An assessment that the fee is sufficient to cover the services required of the broker so as not to shift the program administrative burden to the AOC.
14	4.1 Compensation	Will the AOC consider any fee options in addition to a fee based on a percentage of OCIP insurance costs?	No

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15	4.4 Compensation	What are the factors and when will the AOC decide what the surplus lines commission credit, if any, will be? If 50% is a minimum credit, is there a maximum? Will any consideration be given to whether or not the surplus lines broker is affiliated with or owned by the broker?	The minimum fee credit for surplus lines commissions. A greater may be mutually agreed upon between the broker and the AOC based on the specifics of a given transaction.
16	Attachment A - Section P.2 Payment and Withholding	Will the proposed 10% withhold be on an invoice by invoice basis or for each and every invoice? When will the withhold be decided?	The withhold amount will be initially negotiated at the time a contract is executed and will be reviewed annually thereafter.
17	Attachment B - Section C.1.A.1 Contract Amount	Please clarify the comment that the proposed fee "...is equal to a percent of the fully earned project premiums, including premiums paid into a claim payment fund...". Is the AOC suggesting that the proposed broker fee be a percent of the <u>total program cost</u> , premiums plus maximum aggregate claims? Typically, the claim payment fund is not considered a "premium". If "unused premiums" are ultimately returned to the AOC, will the AOC expect a credit on the broker fee charged against the return amounts?	See answers to questions 7 and 8
18		Please confirm that the DVBE Requirement is not part of the RFP response at this time	Response to the DBVE requirements are not required as part of the response to the RFP, but will be an issue for final contract negotiation.
19	P. 11, #8.0 Evaluation of Proposals – Item Fee	Please confirm that the fee criteria will be tiered in value regarding the points to the low bidder, i.e., low bidder receives 20 points, next low bidder would receive 18 points if the pricing was within 10%.	See answer to question 13

