THE RFP PROCESS

Calendar

The establishment of a plan of action detailing items needed with specific deadlines is essential. Some Boards require two meetings prior to the expiration date in the event they want to investigate other alternatives.

Identifying Bidders

Many of the potential bidders have already contacted the District. We suggest dating all letters and calling cards. Throw them away after each bid process.

- Send invitation letters and questionnaires to each name in your bidders' file.
- Advertise in the newspaper as required by the purchasing laws.
- Find the names of winning bidders from other districts or ask a consultant.

Agency & Company Assignments

Exclusive assignment of agencies and companies is important towards maximizing the pricing and service to the account:

An agent's ability to obtain not only the best price, but also the best service, particularly claims, is proportionate to the premium volume and loss ratio with an insurance company.

Insurance companies like assignments. When insurance companies are approached by several agents, they often receive conflicting information. If there is no assignment of companies, and the same quotation is received from several agencies, how will the selection of the agent of record be accomplished? Or worse, what if the insurance company will only recognize the first agent to bring them and application. That agent may will be the least qualified.

If insurance companies have more than one submission for a district, it is assumed that the account is being "shopped" in the marketplace with many companies competing. Typically, the insurance company will not place the same effort on an account for which it feels there is a lesser chance of obtaining an order. Some will even decline to offer a proposal. Most insurance companies are understaffed and will work the hardest on an account that they think they can write.

Proposer Questionnaires

Questionnaires are used to identify qualified agents. Important considerations in the assignment of agencies include:

- History and longevity of agency - track record
- Services available
- Location
- Number of schools insured
- Volume and profitability with insurance company.
- Knowledge, experience and availability of assigned personnel
- References of similar types of accounts

- Backup personnel
- Emergency contact information

Request For Proposal

The RFP should be thought of as a loan or bond packet. It is a sales document intended to get an insurance company to place its assets as risk for the District. The purpose of the RFP is to convince the company that the school is a superior risk, certainly better than the average. An underwriting theory is if the insurance company provides coverage for the better than average risks in a particular class, it will make money.

Narrative

It is important to get the underwriter's attention immediately by showing how the District is superior: its size, loss experience, loss prevention programs, hiring and training practices, protection, security, quality and spread-of-risk of physical properties, etc. If there have been any large losses, explain what steps that have been taken to prevent losses of the same type in the future. Describe anything that may show the school in a favorable light. Try to think like an underwriter.

Terms & Conditions

RFP delivery information, purchasing department language, specific coverage requirements, limits, deductibles and insurance agency requirements are listed. Required forms such as Residency and Conflict of Interest documents which require signatures are included.

Statistics

Show numbers of students, employees, teachers, numbers and types of vehicles, budget information, values of buildings and contents to demonstrate spread of risk.

Loss Information

Include loss dollars and numbers by year and line of insurance for at a minimum of five years. List any large losses.

Policy & Premium Information

List policies, showing insurance company and agency with premiums for each line of insurance by year for at least the past five years.

Spreadsheet Questionnaires

Proposals are easiest to evaluate and compare if the bidders are required to complete a spreadsheet questionnaire. Such a spreadsheet should require the inclusion of the name of the proposing insurance company, its Best rating, license information, limits, deductibles, premiums, optional deductibles, requested coverages, alternate coverages, coverages included (better understood with specific questions on the spreadsheet), additional features. Also, included are questions regarding pre-existing conditions, deductible carryovers and services provided.

Just reviewing insurance company proposals is not only difficult, but those proposals only show what the insurance company wants the District to see. Proposals typically do not address exclusions or uncovered conditions.

Risk Pool Information

Risk pool information is important. What reinsurance do they purchase? How many schools do they insure? Are they financially sound? Who provides claim service? How much sea coast exposure do they have?

Schedules

Schedules showing complete inventories of buildings (including square footage, year of construction, types of construction, replacement value and location), contents, portable buildings, vehicles, boilers, machinery, mobile equipment, computers, etc. are necessary to obtain accurate premiums.

Underwriting Questionnaire

All insurance companies require applications. It is easiest to provide a generic application with the RFP so as to avoid individual requests. In fact the RFP Terms and Conditions state that the District will not complete applications.

Loss Runs

Insurance companies require copies of actual insurance company loss runs for five years, to feel a high confidence level in the information made available.

Board Report - Summary

The staff (or consultant's) opinion and a Summary spreadsheet comparison are what most Boards expect. It is important to include all of the important information including coverage differences and insurance provider financial information