

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY
(ACCEL)**



REQUEST FOR PROPOSAL

FOR

**LIABILITY THIRD PARTY ADMINISTRATOR &
LITIGATION MANAGER**

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I. Introduction and Overview

The Authority for California Cities Excess Liability (ACCEL) is seeking proposals from qualified firms to provide third party administration of the JPA's self-insured liability program. It is the intent of the JPA to enter into an agreement for a period of three and a half years commencing on December 1, 2016 and ending June 30, 2020, with optional renewals thereafter.

ACCEL is a Joint Powers Authority (JPA) which provides excess liability coverage to its members. The JPA consists of 12 cities throughout the State of California. The members share losses above their \$1,000,000 SIR, currently pooling the \$4,000,000 excess of \$1,000,000 layer. The members manage losses within their SIR by using in house claims adjusters, or contracting with TPAs. ACCEL purchases excess coverage from several different insurance carriers, limits up to \$200,000,000 are available through a tiered per member approach. Please visit <http://www.accelpool.org> for more information.

ACCEL's summary of exposures:

Member City	2015-16 Payroll	Population	Year Joined
Anaheim	\$210M	345,000	1986
Bakersfield	\$100M	364,000	1986
Burbank	\$105M	105,000	1986
Modesto	\$71M	205,000	1986
Monterey	\$36M	29,000	1989
Mountain View	\$66M	78,000	1992
Ontario	\$77M	168,000	1986
Palo Alto	\$106M	67,000	1986
Santa Barbara	\$90M	90,000	1986
Santa Cruz	\$57M	63,000	1997
Santa Monica	\$190M	92,000	1986
Visalia	\$43M	128,000	1986

ACCEL's primary program is the shared risk liability pool, but members also jointly purchase workers' compensation insurance through ACCEL, and maintain Crime and E&O coverage for the Authority. ACCEL is administered and brokered by Alliant Insurance Services, Inc. out of Alliant's San Francisco Office. The core service team is:

Michael Simmons, Vice Chairman Public Entities
Daniel Howell, Senior Executive Vice President
Conor Boughey, Vice President

II. RFP Information

1. Contacts

Questions regarding this Request for Proposal may be directed to ACCEL'S Program Administrator, Conor Boughey, via e-mail at cboughey@alliant.com.

2. Timetable

Timetable	
RFP Issued	July 29, 2016
Questions Due	August 5, 2016
Questions Answered by	August 9, 2016
Proposals Due By	August 31, 2016
Proposed day of interviews	September 19, 2016
Board Review and Action may be taken	October 14, 2016
Notice of Award	October 17, 2016
New Contract Operational	December 1, 2016

ACCEL reserves the right to cancel and/or modify the above dates to meet the needs of the organization.

III. RFP Instructions and Requirements

1. General

Service Providers must comply with the provisions of these Instructions for Completion/Submission of the RFP ("RFP Instructions and Requirements"). The failure of a Service Provider to comply with the RFP Instructions will result in rejection of the Service Provider's RFP for non-responsiveness.

2. Service Provider Qualifications

Only Proposals submitted by Service Providers with the relevant experience, qualifications and capacity to meet the needs of ACCEL will be accepted. ACCEL reserves the right to reject any or all proposals, to waive technicalities, and to award a contract to the firm offering the most favorable terms in the opinion of ACCEL.

3. Submission of Proposal

Service Providers should submit their proposals electronically referencing "Liability Third Party Administrator and Litigation Manager." The proposal must be received electronically by the Program Administrator by 4:00 pm on September 2, 2016. Please address proposals to:

Submit to: cboughey@alliant.com
Attn: Mr. Conor Boughey
Authority for California Cities Excess Liability
c/o Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, Ca 94901

4. Contents

Proposal consists of the following minimum complete response, all of which must be submitted concurrently and executed as required by these RFP Instructions:

- Response to section IV, V and section VI;
- Company Signatory Page, Exhibit I

5. Modifications to Submitted Proposal

A Service Provider submitting a Proposal may modify its submitted Proposal in writing only. Written modification must be received by ACCEL's Program Administrator by the deadline for submission of Proposals. Modifications to the submitted proposal, which are not in writing, will not be accepted and will not be deemed modifications.

6. Signature

A responsible officer or employee of the Service Provider must sign the proposal. An unsigned, but executed proposal will be rejected for non-responsiveness.

7. Evidence of Responsibility

Upon the request of ACCEL, a Service Provider whose proposal is under consideration shall promptly submit to the Program Administrator satisfactory evidence showing the Service Provider's financial resources, and any other required evidence of the Service Provider's qualifications to perform the proposed contract. ACCEL may consider such evidence before making its decision awarding the proposed contract. Failure to submit evidence of a Service Provider's responsibility to perform the proposed contract may result in rejection of the proposal.

8. Modifications to Request for Proposal

ACCEL reserves the right to modify this RFP or any portion hereof by written addendum. Addenda issued by ACCEL interpreting or changing any of the items of this RFP shall be incorporated into this RFP. The Service Provider shall sign and date the addenda cover sheet, if any, and submit them with the proposal. Failure to receive any addenda shall be the sole responsibility of the Service Provider. Service Provider shall check with City to insure all addenda have been received prior to submitting any proposal. City shall not be held liable in any event for failure of Service Provider to receive addenda or letters of clarification.

Modifications will be posted to the ACCEL website: www.accelpool.org

9. Service Provider Inquiries

Service Providers may request clarifications or make other inquiries concerning this RFP or the requirements hereof. Questions regarding this RFP should be submitted to the Program Administrator via email pursuant to the timeline included in the RFP:

cboughey@alliant.com

All written questions will be answered in writing and conveyed to all Service Providers.

10. Contract Terms & Conditions

Contract term is three and a half years. By submission of a proposal, Service Provider agrees to abide by the terms and conditions of the proposal and contract documents. Any exceptions by the Service Provider shall

be clearly noted in the proposal response and alternate language shall be proposed therein. Any and all agreements, forms, etc. that the Service Provider would require ACCEL to sign and approve in the event of the award of contract must be included with the proposal response. ACCEL reserves the right to cancel the contract resulting from this agreement with sixty (60) days written notification.

11. Independent Contractor Status

Service Provider hereby agrees that ACCEL has hired the respondent as an independent contractor and not as an agent or employee of ACCEL. Further, Service Provider agrees that it has and retains the right to exercise control and supervision of the work and full control over the employment, direction, compensation and discharge of all persons assisting in the work.

12. Conflict of Interest

No officer, member or employee of ACCEL and no member of its governing bodies shall have any pecuniary interest, direct or indirect, in this contract or the proceeds thereof. No Service Provider or member of Service Provider's family shall serve on a ACCEL board, committee, or hold any such position which either by rule, practice or action nominates, recommends, supervises Service Provider's operation or authorizes funding to Service Provider.

13. Legal Entity

Should a change be contemplated in the name or nature of the Service Provider's legal entity, the Service Provider shall first notify ACCEL in order that proper steps are taken to have the change reflected in all legal documents. In such case, it shall be incumbent on the Service Provider to continue operation until relieved by a subsequent Service Provider chosen by ACCEL (not to exceed ninety (90) days). The foregoing provisions are in addition to and not in limitation of any other rights or remedies available to ACCEL.

14. Insurance

Prior to commencement of contract, Service Provider shall provide a certificate of insurance evidencing the following.

Insurance is to be placed with insurers with a current A.M. Best rating of no less than A VII, unless otherwise acceptable to ACCEL.

Commercial General Liability and Automobile Liability Insurance

Commercial General Liability insurance written on an occurrence form with coverage at least as broad as Insurance Services Office (ISO) form no. CG 00 01. Coverage should provide minimum limits of \$1,000,000 each occurrence and \$2,000,000 general aggregate.

Automobile Liability insurance with coverage at least as broad as Insurance Services Office (ISO) form no. CA 00 01 with Symbol 1, Any Auto. Coverage should provide minimum combined single limit of \$1,000,000.

Workers' Compensation and Employers' Liability

Workers' Compensation insurance with statutory limits including Employers' Liability insurance of \$1,000,000 each accident, \$1,000,000 each employee, \$1,000,000 policy limit

Professional Liability

Professional Liability (Errors & Omissions) insurance with minimum limit of \$2,000,000 per claim.

15. Indemnification

Service Provider shall hold harmless, defend and indemnify ACCEL and its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of the Service Provider, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of ACCEL.

IV. Claims Administration Minimum Requirements

ACCEL is seeking a strong partnership with a Third Party Administrator to manage its excess liability claims. This section outlines ACCEL's minimum requirements.

1. TPA shall be a licensed adjusting firm in the State of California.
2. Adjuster shall have corporate authority of his/her TPA to make coverage decisions within the self-insured layer based upon ACCEL's Memorandum of Coverage and excess insurance policies.
3. TPA will be able to complete all requirements in Exhibit II: Current Scope of Work
4. TPA will take over the handling of existing claims from prior TPA.
5. TPA is responsible for filing any and all necessary documentation and reporting to the State of California.
6. TPA agrees that the claim files are the property of ACCEL. No files will be destroyed without prior written consent by the ACCEL Board of Directors.
7. TPA will provide electronic media of all historic loss data at termination of agreement, at no cost to ACCEL.
8. TPA will have experience managing large losses for similar entities.

V. Scope of Services

A. References and Descriptions

1. Give a brief description of your firm:
 - a. The names and background of principal owners, partners, or officers
 - b. The length of time the firm has been in business of administering excess liability claims
 - c. Number of offices and locations.
 - d. Office that would service ACCEL's claims.
2. Identify, and include resumes for, the personnel (including supervisory and management) who would be assigned to administer ACCEL's claims and provide relevant industry experience. Emphasize personnel experienced for Liability Claims in excess of \$500,000 (to resolution, not just reported to excess). Preference will be given to experience provided for California Cities or Joint Powers Insurance Authorities.
3. List the three (3) largest California public agencies/companies, for which you have administered claims for more than three years, indicating the year first contracted with that entity. Include names of references and telephone numbers.
4. Provide a list of three (3) clients who have elected to discontinue to contract with your firm during the past 5 years, describe reasons for change, and information regarding the size of organization.

B. Claims

1. Describe your general approach to providing claims administration services including such procedures as:
 - a. Calendaring
 - b. Reserving of claims
 - c. Claims file management
 - d. File documentation
 - e. Approach to investigation services
 - f. Notification to excess carriers
 - g. Collaborating with City Attorneys and Excess partners
2. How many years has your company been administering liability self-insured plans?
3. How many self-insured public agency accounts do you administer?
4. Describe those aspects of your administrative services which distinguish your firm from your competitors.
5. List the insurance carriers and public excess pools that have approved your company and indicate how long you have done business with them.
6. Provide an organizational chart for your Company.
7. What is the maximum caseload handled by your claims adjusters?

8. Do your account managers/supervisors handle open claims?
9. Explain your process for managing litigated claims.
10. Provide sample reports generated from your Claim Processing System. Do you charge extra for certain reports?
11. Describe in detail your best practices for claims supervision.
12. How often do you provide in-house training for your staff? Do you have an in-house training program?
13. Provide a detailed timeline demonstrating steps to ensure a successful transition.
14. Describe your backup procedures and personnel if the key personnel becomes unavailable to ACCEL.

VI. Pricing

Include pricing for all services.

Explain the fee structure for claims adjusting (annual flat fee is preferred). Include expenses for claims adjuster, any file storage fees, mileage expenses, communication expenses, etc.

Please provide pricing in the following optional formats:

1. Annual Flat Fee
2. Annual Flat Fee with an additional budget for travel and special handling

The contract period is for three and a half years, the fee should be proposed annually, including a separate line item for the first half year of the contract, then renewed on July 1 thereafter.

For your reference we have included historical data to give you some idea of ACCEL's claim volume as of December 31, 2015 over the past 10 years:

- At 5 meetings per year (at various Member Agency cities in California), an average of 10 claims are included on each meeting's watch list because of potential exposure to ACCEL. This includes a written and verbal report provided in closed session discussing these claims for approximately 90 minutes (suggested template for watch list is included in the RFP)
- 20 claims approved for resolution by ACCEL excess of \$1,000,000 (2 per year average)
- 575 claims files have been opened and monitored (57 per year average) but may not have ACCEL exposure
- 2 claims were approved for "Special Handling" which allowed for additional compensation because of the amount of time and expense required to handle (both claims were in excess of \$5,000,000)

VII. Evaluation Criteria

Proposals will be evaluated by an Ad Hoc Committee of the ACCEL Board. Points will be assigned based on the proposer's effectiveness and efficiency in supporting each item being rated.

ACCEL reserves the right to reject any or all proposals, to waive any irregularity or informality in a proposal or in the proposal process. Award of the contract by the Board will be based upon a comprehensive review and analysis of the proposals to decide which proposal best meets the needs of ACCEL. ACCEL will be the sole judge of the suitability of the proposal and the Service Provider shall abide by its decision.

<u>Criteria</u>	<u>Possible Points</u>
1. Depth of proposer's experience with claims administration for claims larger than \$500,000 and public entity government claims in the State of California	30
2. Proposer's approach to providing litigation management and claims administration services and adjuster caseload assignment.	25
3. Depth of experience of the proposer's service team, including claims adjusters and claims manager.	15
4. Ability to maintain data in a claims management system provide statistical reporting, and information technology (IT) support.	10
5. Cost.	20
Total Possible Points	100

Exhibit I

Company Information & Signatory Page

Company Name: _____

Business Address: _____

Telephone: _____ Fax: _____

Email: _____ Web Site: _____

Type of Firm: Corporation: _____ Proprietorship: _____
Partnership: _____ Joint Venture: _____
Other (please describe): _____

Business License Number: _____

Number of years in business under firm name: _____

Full names of firm's owners (> 10% ownership), officers and managing employees:

Has the firm changed its name within the past 3 years?

YES NO

If yes, provide former name(s):

Have there been any recent (within the last three years) changes in control/ownership of the firm?

YES NO

If yes, explain.

Have officers or principals of the firm ever had their business license suspended or revoked for any reason?

YES NO

If yes, please explain.

Name and title of person responsible for submission of this proposal and the responses to this questionnaire:

Name & Title: _____

Signature: _____

Phone: _____

Email: _____

Exhibit II

EXHIBIT A

SCOPE OF SERVICES

XXXXX will provide the following services to Authority and its Member Agencies:

1. Manage all occurrences/claims/lawsuits (hereinafter referred to as “claims”) reported to XXXXX by Authority Member Agencies in accordance with claims administration best practices and Authority’s Policies and Procedures, including, but not limited to:
 - a. Claim Set-Up/Documentation: XXXXX will maintain a properly documented claim file for each claim reported by Authority. The claim file is Authority property and will be available for Authority inspection.
 - b. Coverage Determinations: XXXXX will evaluate claim to determine whether coverage is available under Authority’s Memorandum of Coverage. All notifications involving rejection of coverage or reservation of rights of coverage will be handled in accordance with Authority’s Claims Reporting and Handling Policy.
 - c. Claim Investigation/Reserving: XXXXX will obtain and analyze all reports and documents pertinent to claim to assess liability and potential damages, and establish an appropriate reserve. XXXXX will reevaluate reserves as necessary, but no less than every ninety days until claim file is closed.
 - d. Reporting Claims to Excess Carriers: XXXXX will assess every claim for potential exposure to excess carriers upon receipt of claim and every ninety days until claim file is closed. XXXXX will notify the excess carriers of claims with exposure potential in accordance with excess carriers’ claims reporting and handling policies. Further, XXXXX will notify the Claims Committee Chair of all claims reported to excess carriers.
 - e. Litigation Management: Authority or Member Agency will assign defense counsel to all litigated reported claims and advise XXXXX of selection. XXXXX will serve as Authority’s point of contact for the duration of litigation and assume responsibility for the following:
 - i. Monitoring the work of Member Agency’s legal counsel to ensure sound defense strategies are employed;
 - ii. Identifying and reporting to Authority emerging issues with potential to adversely impact the Authority or Member Agency;
 - iii. Monitoring key dates (e.g., mediations, settlement conferences, trial dates, etc.) and providing timely notice to Authority when action by Authority is required (e.g., settlement decisions, litigation strategy decisions, etc.);
 - iv. Monitoring reserves to ensure adequacy;
 - v. Providing recommendations and advice to Authority on key matters impacting litigation (e.g., litigation strategies, settlement options, reserve levels, etc.);
 - vi. Attending mediations, settlement conferences, and all other hearings and court dates as necessary; and
 - vii. Reviewing Member Agency’s litigation expenses (i.e., legal bills and expenses) and recommending payment to Authority.
 - f. Reporting to Authority: XXXXX will provide the following reports to Authority:
 - i. A quarterly Loss Run History that identifies all open claims reported to XXXXX; and
 - ii. A “Watch List” of claims that, in the professional evaluation of XXXXX, have the greatest potential to penetrate the Authority’s pool layer or greater. Further, XXXXX

will prepare the "Watch List" in accordance with Appendix 1 for presentation at each Board of Director's meeting.

2. Provide support to the Authority's Board of Directors, Claims Committee Members, and Program Administrators, including, but not limited to the following:
 - a. Attending all Board of Directors Meetings;
 - b. Attending Claims Committee Meetings as needed;
 - c. Providing professional advice and/or recommendations on claims and claims administration matters, loss and cost control measures, industry trends, and regulatory and legislative requirements;
 - d. Hiring and overseeing the work of consultants such as defense counsel, coverage counsel and/or investigators after receiving approval from Authority.

3. Maintain an electronic risk management information system capable of providing Authority's Program Administrators with the following information upon request:
 - a. XXXXX's claim number;
 - b. Status of all open claims reported to XXXXX;
 - c. Summary of incident;
 - d. Outstanding financial reserves; and
 - e. Details of claims and expense payments for each excess layer.

Exhibit III

ACCEL WATCH LIST

Date: _____

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1. Title of Litigation

- **Date of Loss:**
- **Reserves:**

		Adequate?	
		Yes	No
City:	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
City Expenses Paid to Date:	\$ _____		
ACCEL ^① :	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
- **Reported to Excess:**
 - **If yes, when:**
 - **Carrier/SIR/Claim #:**
- **Summary of Litigation:**
- **Litigation Status:**
- **Key Upcoming Dates:**
 - **Trial Date:**
 - **Mediation Date:**
 - **ACCEL Action Necessary:** (e.g., not likely, none at this time, possibly before next BOD meeting, yes --
--, etc.)
- **Potential Coverage Issues:**

① ACCEL reserve is excess of member City reserve.