



Missouri Public Entity Risk Management Fund  
PO Box 7110, Jefferson City MO 65102

## REQUEST FOR PROPOSAL: ACTUARIAL SERVICES

The request for proposal consists of the following sections:

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Part I    | Introduction  |
| <input type="checkbox"/> Part II   | Background Information                                      |
| <input type="checkbox"/> Part III  | Contract Period   |
| <input type="checkbox"/> Part IV   | Scope of Work   |
| <input type="checkbox"/> Part V    | Expectations of the Firm                                    |
| <input type="checkbox"/> Part VI   | Other Services  |
| <input type="checkbox"/> Part VII  | Selection Process   |
| <input type="checkbox"/> Part VIII | Format for Proposals  |
| <input type="checkbox"/> Part IX   | Instructions for Submitting Proposals                       |
| <input type="checkbox"/> Part X    | Timeline  |
| <input type="checkbox"/> Exhibit A | Experience of Firm  |
| <input type="checkbox"/> Exhibit B | Experience of Firm Personnel to Perform Services for MOPERM |
| <input type="checkbox"/> Exhibit C | Pricing Page  |
| <input type="checkbox"/> Exhibit D | Price Analysis  |

**I) Introduction**

The Missouri Public Entity Risk Management Fund (MOPERM) is requesting proposals from qualified actuarial firms (this RFP) with experience in evaluating loss reserves and determining appropriate contribution rate levels. MOPERM shall consider and evaluate the proposals submitted by these qualified actuarial firms, and based on these evaluations, enter into a service agreement with one such qualified actuarial firm (the Firm). This RFP and the proposal submitted by the Firm in response to this RFP shall be incorporated into the service agreement between MOPERM and the Firm. The service agreement shall cover a period of one year beginning June 1, 2017, with up to five successive one-year renewal options, each beginning on June 1 of each succeeding calendar year, at the discretion of MOPERM.

The currently-expiring contract for provision of actuarial services to MOPERM is with Select Actuarial Services of Nashville, Tennessee.

**II) Background Information**

MOPERM was created by state law (Section 537.700, RSMo.) in 1986 in order to ensure availability and stability in the public entity liability insurance market. MOPERM is governed by a six-member Board of Trustees, four of whom are officials of member entities, and two of whom are state officials serving on an *ex officio* basis. All public entities in the state have the option of participating in and making annual contributions. No public entity may be refused membership or be cancelled for any reason other than nonpayment of outstanding receivables.

MOPERM commenced operations on January 1, 1987, and as of December 31, 2015, provides third party liability coverage to approximately 925 public entities and property coverage to approximately 408 public entities. The mechanics of membership are similar to those of other providers of liability and/or property coverage: an application form and supplemental documentation such as expenditure report and loss history are completed and reviewed, generally-accepted underwriting practices are applied, a price is set, and a premium or "contribution" is paid annually. In return, the member receives claims service, legal defense and loss control service as needed.

MOPERM membership consists of cities, counties, and other public entities including, but not limited to schools, county health departments, ambulance and fire districts, utility districts and road districts. Liability coverages offered are: Law Enforcement Liability, Public Officials Errors and Omissions Liability, General Liability, Employment Practices Liability, Healthcare Malpractice Liability, Automobile Liability, and Automobile Physical Damage coverage. MOPERM's liability limit is \$2 million per occurrence with no annual aggregate. Effective July 1, 2003, MOPERM expanded its coverage lines to include Property (including Earthquake and Flood), Equipment Breakdown (Boiler & Machinery) and Crime. All coverages are written on an occurrence basis. Annual premiums are approximately \$20 million (\$14.8 million for liability and \$5.2 million for property). Currently, all members have a common renewal date of January 1.

**III) Contract Period**

The service agreement shall cover a period of one year beginning June 1, 2017, with five (5) one year renewable options at the discretion of the MOPERM Board of Trustees.

#### IV) Scope of Work

The scope of work is divided into four (4) major segments:

- A) Review MOPERM's contribution and loss information as of June 30 of each contract period, and by the following August 15 provide a written report which:
- a. Projects outstanding losses and loss expense IBNR. (Report for 2<sup>nd</sup> and subsequent years should include comparison to previous year's projection.)
  - b. Recommends rate level changes by line of coverage for the exposures written. (Recommended rate level changes should consider funding for losses, loss expense and operating expense.)
  - c. Renders an opinion regarding MOPERM's underwriting performance for the most recent year completed.
  - d. Determines loss reserve adequacy for each policy year including stating funds needed for various confidence levels of each year individually and combined with other years.
  - e. Reviews MOPERM staff suggestions on surplus refund estimates and recommend an appropriate surplus refund.

This report will be presented by the Firm to the MOPERM Board of Trustees at the regular quarterly meeting of the MOPERM Board in September of each year.

- B) Provide a written report for use by MOPERM's contracted auditors that assesses the adequacy of the recorded loss and loss adjustment expense reserves as of December 31 of each contract period.

This report will not require travel but may involve phone and/or email communication with MOPERM's staff and contracted auditors.

- C) Review MOPERM's overall structure to evaluate:
- a. Appropriateness of rating bases used to determine contribution for various coverages and provide recommendations about changes needed, if any;
  - b. Appropriateness of existing guidelines for underwriting member and prospective member loss experience; and
  - c. Feasibility and methodology of implementing staggered renewal dates for existing membership;

The Firm will also provide assistance as needed to implement changes that occur as a result of recommendations made.

- D) During the course of each contract period, the Firm shall make available competent authorized personnel to provide MOPERM staff with advice on loss development issues, actuarial implications of underwriting and coverage strategies, and related trends which could affect loss projections and MOPERM's overall financial position. Such advice will generally be by means of telephone or email consultation. MOPERM will require prompt responses to inquiries from its staff to questions and issues periodically posed.

**V) Expectations of the Firm**

The Firm may be requested to provide information and assistance to MOPERM's contracted auditor or contracted property broker regarding questions either may have about services provided or information developed by the Firm.

Upon award of the service agreement, the Firm shall work with MOPERM staff, MOPERM's current actuary, and any other organizations designated by MOPERM to ensure an orderly transition of services and responsibilities under the contract and to ensure the continuity of services required by MOPERM.

Upon expiration, termination or cancellation of the service agreement, the Firm shall assist MOPERM to ensure an orderly transition of responsibility and continuity of those services required under the terms of the service agreement to Firm's successor as MOPERM's contracted actuary, and to any other firm or organization designated by MOPERM.

**VI) Other Services**

Additional services may be requested during the course of the contract period. Such services may include:

- confidence level study
- rate studies
- assistance in the development of expected loss rates and pricing for expanded coverages

The Firm's response to this RFP should indicate the level of willingness to provide these types of services, the hourly rate charged for providing such services, and a general estimate of the hours typically involved.

The Firm shall carefully examine this RFP and any addenda and should seek clarification of any ambiguity, conflict, omission or other error in this RFP in writing. Questions should be addressed to Brenda Gibson, [brenda-gibson@moperm.com](mailto:brenda-gibson@moperm.com). Responses to inquiries which may have a significant impact on proposals will be provided by MOPERM to all potential bidders.

**VII) Selection Process**

Proposals will be evaluated strictly in accordance with the requirements set forth in this RFP. The contract will be awarded to the Firm that offers the services best meeting MOPERM's needs and provides the most favorable terms, conditions and costs for services as described herein. At its discretion, MOPERM may interview one or more Firms to further assist in the decision-making process.

MOPERM reserves the right to change the RFP schedule and/or recall or reissue the RFP. Furthermore, MOPERM reserves the right to consider historical information and fact, whether gained from the proposal, references or any other source in the evaluation process and to reject any and/or all proposals at any time, without penalty and without divulging the reasons the proposals were rejected.

MOPERM reserves the right to consider any cost and pricing data submitted or related to the Firm's proposal, whether required or voluntary, subject to evaluation if deemed in the best interest of MOPERM. Additionally, MOPERM reserves the right to consider historical information and fact, whether gained from the proposal, references or any other source in the evaluation process. Award of

contract will be made to the firm that, in the sole opinion of the MOPERM Board of Trustees, will produce the actuarial evaluation that best meets its needs.

### **VIII) Format for Proposals**

Proposals should be divided into the following sections:

A) Scope of Work to be Performed

Describe your Firm's understanding of the scope of assignments and tasks required.

B) Plan of Action

State your firm's proposed approach and rationale for performing the Services required by this RFP, including services that would be provided in connection with evaluating MOPERM's risk, including your Firm's suggested methodologies and criteria for determining trending, distribution and any other judgment factors. Any exceptions or deviations from written specifications described in this RFP shall be shown in writing.

C) Firm Experience

Experience of the Firm in providing services similar to those described in this RFP to risk pools and insurance companies will be considered in the evaluation. The Firm shall use the attached Exhibit A to document experience in past performances, especially those performances similar to the requirements of this RFP. (Attach additional sheets if necessary.) Provide information on the Firm's experience insurance entities, and specifically with risk pools.

D) Expertise of Firm's Personnel

The qualifications of the Firm's personnel who will actually perform the Services described in this RFP will be considered in the evaluation. Therefore, the Firm shall use the attached Exhibit B to submit detailed information related to the experience and qualifications of the staff that will actually perform the services to be rendered by the Firm. (Attach additional sheets if necessary.)

Additionally the Firm understands and agrees that it certifies the following:

- MOPERM expects that the staff identified in Exhibit B will be those staff that will actually provide services to MOPERM pursuant to this RFP. Therefore, MOPERM reserves the ability to approve any change or substitution of the Firm's staff that will be providing services pursuant to this RFP. In the event that the Firm's staff identified in Exhibit B is no longer available to provide services to MOPERM as described in this RFP, MOPERM may terminate the service agreement between MOPERM and the Firm.
- The Firm shall assign personnel authorized to work in the United States in accordance with applicable federal and state laws. This includes but is not limited to the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) and INA Section 274A.
- If, during the term of the service agreement, the Firm is found to be in violation of this requirement or the applicable laws of the state, federal and local laws and regulations, and if MOPERM has reasonable cause to believe that the contractor has knowingly employed individuals who are not eligible to work in the United States, MOPERM shall have the right to cancel the contract immediately without penalty or recourse and suspend or debar the Firm from further business.
- The Firm agrees to fully cooperate with any audit or investigation from federal, state or local law enforcement agencies.

E) Cost of the Project

1. The Firm must provide a guaranteed not-to-exceed price, subject to a firm fixed hourly rate, for all requirements set forth in this Request for Proposal. The guaranteed not-to-exceed price and firm fixed hourly rate must be shown on the Pricing Page, Exhibit C, of this RFP which must be completed, signed and returned with the Firm's proposal. (Attach additional sheets if necessary.)
2. The Firm should provide an itemized breakdown of the quoted guaranteed not-to-exceed price on the Price Analysis page, Exhibit D. This should provide a breakdown of the quoted price between professional actuarial services and expenses, including travel and other charges. (Attach additional sheets if necessary.)

F) Licensure Disciplinary Action

The Firm's response must indicate whether the Firm or any individuals that would be involved in providing service to MOPERM have been subject to any licensure disciplinary action, been convicted or plead guilty to any state or federal offense, or paid any civil judgment, settlement or fine either in connection with their professional practice or independent thereof.

G) References

Provide three references (preferably risk pool or insurance entities), including length of time actuarial services were provided.

**IX) Instructions for Submitting Proposals**

Proposals must be received in the MOPERM office no later than 3pm CDT on October 31, 2016. In addition to the Original Proposal, please submit six (6) paper copies and one electronic version.

Proposals must be submitted to: Brenda Gibson, Policy Administration Manager, MOPERM, PO Box 7110, Jefferson City, MO 65102. Email: [brenda-gibson@moperm.com](mailto:brenda-gibson@moperm.com).

**X) Timeline**

<b>RFP issued:</b>	<b>November 15, 2016</b>
<b>Deadline for receiving proposals:</b>	<b>February 1, 2017</b>
<b>Staff Review and interviewing of firms:</b>	<b>February 2017</b>
<b>Board meeting/Target date for award:</b>	<b>March, 2017</b>
<b>Engagement effective date:</b>	<b>June 1, 2017</b>

\*The timeline is an estimate. MOPERM reserves the right to adjust the dates proposed above as deemed necessary or expedient by MOPERM.

## **EXHIBITS**

**EXHIBIT A  
EXPERIENCE OF FIRM**

**Prior services performed for:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Person familiar with performance:** \_\_\_\_\_

**Description of prior services performed:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Contact period from:** \_\_\_\_\_ **To:** \_\_\_\_\_

**Summary of services performed:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

.....

**Prior services performed for:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Person familiar with performance:** \_\_\_\_\_

**Description of prior services performed:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Contact period from:** \_\_\_\_\_ **To:** \_\_\_\_\_

**Summary of services performed:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT B**

**EXPERIENCE OF FIRM PERSONNEL TO PERFORM SERVICES FOR MOPERM**

<b>Staff Member</b>		<b>Background &amp; Expertise of Personnel</b>
<b>Name</b>	<b>Title</b>	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

**EXHIBIT C  
PRICING PAGE**

A. The Firm must indicate below, or on an attached sheet if additional space is needed, the firm, fixed price per hour for identified personnel classifications and the personnel assigned to that classification. All costs associated with providing the services specified herein shall be included in the firm, fixed prices.

**00001.** Personnel Classification Title: \_\_\_\_\_  
Personnel Assigned to this Classification: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Firm, Fixed Hourly Price: \$ \_\_\_\_\_

**00002.** Personnel Classification Title: \_\_\_\_\_  
Personnel Assigned to this Classification: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Firm, Fixed Hourly Price: \$ \_\_\_\_\_

**00003.** Personnel Classification Title: \_\_\_\_\_  
Personnel Assigned to this Classification: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Firm, Fixed Hourly Price: \$ \_\_\_\_\_

**00004.** Personnel Classification Title: \_\_\_\_\_  
Personnel Assigned to this Classification: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Firm, Fixed Hourly Price: \$ \_\_\_\_\_

00005. Personnel Classification Title: \_\_\_\_\_

Personnel Assigned to this Classification: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Firm, Fixed Hourly Price: \$ \_\_\_\_\_

00006. Personnel Classification Title: \_\_\_\_\_

Personnel Assigned to this Classification: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Firm, Fixed Hourly Price: \$ \_\_\_\_\_

00007. Personnel Classification Title: \_\_\_\_\_

Personnel Assigned to this Classification: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Firm, Fixed Hourly Price: \$ \_\_\_\_\_

**B. The Firm shall state a guaranteed not-to-exceed price subject to the firm fixed hourly rate for all professional actuarial services that will be provided to MOPERM and all associated expenses, including travel.**

**Guaranteed Not-to-Exceed Price:**

	2017	2018	2019	2020	2021	2022
<b>Fees</b>						
<b>Expenses</b>						
<b>Total</b>						

\_\_\_\_\_  
**Authorized Signature**

\_\_\_\_\_  
**Date**

**EXHIBIT D**  
**PRICE ANALYSIS**

Personnel	Estimated Work Hours	Hourly Price	Total
1.		\$	\$
2.		\$	\$
3.		\$	\$
4.		\$	\$
5.		\$	\$
6.		\$	\$
7.		\$	\$
8.		\$	\$
9.		\$	\$
10.		\$	\$
11.		\$	\$
<b>Total Personnel:</b>		\$	\$

Description of Expenses	Total
1.	\$
2.	\$
3.	\$
4.	\$
5.	\$
6.	\$
7.	\$
8.	\$
9.	\$
10.	\$
11.	\$
<b>Total Expenses</b>	\$
<b>Guaranteed Not-To-Exceed Total Price</b>	\$