



INDEPENDENT CITIES
RISK MANAGEMENT
AUTHORITY

www.icrma.org

REQUEST FOR PROPOSALS
**PUBLIC ENTITY POOL
ADMINISTRATION**

ELECTRONIC SUBMISSIONS ONLY TO

Luther Lewis, Legal Counsel
Johnson Schachter & Lewis, A P.L.C.

Luther@jsl-law.com

DEADLINE FOR PROPOSAL
August 31, 2015 – by 4:00 p.m. PST

1100 W. Town & Country Rd., Suite 1550
Orange, CA 92868

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All of the items below are available at www.icrma.org/RFPforPublicEntityPoolAdministration for viewing/download.

A. Background Documents

- ICRMA Member & Officer Lists
- 2015-2016 Meeting Schedule
- Organizational Chart
- ICRMA Service Providers
- 2014 – 2016 Strategic Plan

B. Governing Documents

- Joint Exercise of Powers Agreement
- ICRMA Bylaws

C. Financial Documents

- Financial Statements

D. Program Documents

Liability

- Program Bylaws
- Memorandum of Coverage
- TPA Performance Standards

Property

- Program Bylaws

Workers' Compensation

- Program Bylaws
- Memorandum of Coverage
- TPA Performance Standards

E. Litigation Management Policies & Procedures

F. California JPA Accreditation Standards

G. The Brown Act



I. Invitation & Purpose

Invitation

The Independent Cities Risk Management Authority (ICRMA) invites responses to this Request for Proposals (RFP) until 4:00 PM PT, Monday, August 31, 2015.

Purpose

The purpose of this RFP is to receive qualified proposals for one more of the following services:

- Executive Leadership & General Pool Administration
- Financial Management
- Claims & Litigation Management
- Risk Management & Loss Control

This RFP is being solicited in accordance with ICRMA policy and is intended to assess the professional, technical, and managerial qualifications of all applicants interested in providing services to ICRMA.

Potential Contract Term

The initial term of the proposed contract shall be three (3) years commencing March 2016. As appropriate and if desired by all parties, ICRMA would contemplate negotiating a renewal or extension as the three year initial term nears expiration.

Submission & Deadline

ICRMA will accept any of the following proposals for consideration:

- Qualified firms to provide the services described herein, in whole or in part
- Qualified partners seeking to provide one or more category of service described herein
- Qualified individuals seeking to serve as Executive Director for ICRMA as part of an overall solution through which ICRMA receives all of the services described herein

Responses to this RFP must be submitted to:

- ***Luther Lewis, ICRMA Legal Counsel, Johnson Schachter & Lewis, A P.L.C., at Luther@jsl-law.com***
- ***By 4:00 pm, Monday, August 31, 2015***
- ***With "ICRMA RFP Response" in the subject line***

II. Overview of ICRMA

ICRMA is a joint powers authority (JPA) established in 1980 to address the rising cost of commercial insurance by providing excess insurance coverage, risk management, and self-insurance services for California cities.¹

- **Mission.** To be the premier, member-focused association of California public entities, joined together to protect member resources by managing the cost of risk, by providing its members with comprehensive risk management services and broad coverage, resulting in cost stabilization and effective risk solutions.
- **Governance.** Each member has one vote on the Governing Board. Currently member cities may select three possible representatives including elected officials and/or staff. Most who attend meetings are city staff with functions related to finance, human resources or risk management. Members may also participate within the organization by sitting on the Administrative Committee or Claims Committee, though this structure is scheduled to change on July 1, 2016, to a single Claims Committee.
- **Accreditation.** ICRMA is accredited with excellence by the California Association of Joint Powers Authorities (CAJPA).
- **Management.** ICRMA does not current employ staff. Instead, it maintains a Management Services Agreement with Bickmore to provide administrative, finance, risk management, safety and loss prevention, workers' compensation oversight services, litigation management, and oversight of other vendor contracts. These are the services that this RFP seeks to fill.

At its founding, ICRMA was a small, volunteer managed pool that focused on cost savings through joint purchase of insurance coverage. Since that time, it has evolved into a more complex, comprehensive risk management pool for its 20 members in Los Angeles and Orange counties. Today, ICRMA offers its members the following programs:

- **Liability.** This program provides protection against covered losses associated with general liability, automobile liability, public officials' errors and omissions, and employment practices liability. Twenty members participate in this program, maintaining self-insured retentions from \$100,000-\$6,000,000. The pooled layer provides coverage from the member's retention to \$5,000,000 with a \$1,000,000 corridor. Coverage excess of the pooled layer is reinsured up to \$30,000,000 in total limits. Members can select from one of two TPAs, Carl Warren & Company or AdminSure.
- **Workers' Compensation.** Fourteen cities participate in this program, retaining \$350,000 to \$1,000,000 of each occurrence. The pooled layer provides coverage from the member's retention to \$5,000,000. A joint purchased excess policy issued by Safety National provides statutory coverage excess of the pooled layer. Each member selects its own TPA to administer its claims. Currently, members use AdminSure, California Claims Management Services, and York Risk Services Group.
- **Property.** ICRMA offers an All Risk Property Program as well as a Property Program Including Earthquake and Flood.
- **Other.** ICRMA also provides members with auto physical damage, crime, cyber, and special events coverages.
- **Cost Containment.** ICRMA members have access to a host of cost containment offerings through their TPAs as well as services through ICRMA including Company Nurse, OccuMed, and structured return-to-work.

ICRMA is currently entering a chapter of great change and renewal as an organization. In addition to this RFP and the potential transitions it suggests, the Governing Board adopted a strategic plan in 2014 focused on deepening communications, expanding cost containment, and developing its governance model.

¹ See Appendix for detailed background information.

In 2015, the Governing Board decided to engage in (and has since begun) a deep dive into its financials including review of its:

- Overall net position and net position by program year
- Target equity ratios
- Dividend and assessment history and related policies
- Prospective funding levels and related policies
- Self-insured retentions and program coverage structure
- Modified IRIS Ratios

At the close of this review, ICRMA's consultants will develop a 5-year *pro forma* with different scenarios which will form the basis for ICRMA to develop a comprehensive plan that may do any or all of the following:

- Revise existing policies and procedures that effect net position
- Revise policies and procedures for monitoring net position and financial performance
- Determine sufficiency of individual program year and overall net position levels
- Develop overall net position to agreed-upon targets that include margins for rate stabilization
- Establish new funding targets that contemplate environmental factors
- Connect policies with funding decisions

The financial analysis should be completed prior to commencement of any contract that results from this RFP.

Staff turnover at the member city level over the years has affected what the ICRMA Governing Board and the individual member cities need from each other. These needs relate to (among other things) loss control assistance, education of the Governing Board members, and the level of staffing the pool needs to meet its obligations.

ICRMA has evolved a great deal over its tenure as an organization, is at the front end of a new chapter of change, and can be a dynamic, exciting place for the right set of firms and/or individuals to make their mark.

III. Proposed Solution

The ICRMA Governing Board is using this process as an opportunity to review its approach to management and program delivery. As a result, the Board invites proposals that provide needed services in whole or in part.

The Governing Board imagines various potential scenarios resulting from this RFP, including but not limited to:

Scenario 1 – Comprehensive Provider

In this scenario, a single firm will propose to provide all services described herein as a comprehensive solution for ICRMA.

Scenario 2 – Multiple Contracts

In this scenario, ICRMA receives excellent proposals from providers, each addressing one or more categories of service described as a partial solution for ICRMA. The Governing Board then decides to contract with two or more entities to meet its needs.

Scenario 3 – Staff Plus Contract(s)

This scenario is similar to Scenario 2 above, however, the Governing Board decides that it is in ICRMA's best interest to hire a full time executive director and support staff to provide executive leadership and oversee contract providers in other areas. The potential benefit of this model is ICRMA's ability to receive the undivided attention of core staff.

Scenario 4 – Partnerships

The final scenario contemplated to date is one in which ICRMA develops a partnership with one or more peer entity to share in an external contract for services or to purchase services directly from that partner. One example might be a situation in which two JPA's contract with a single loss control provider to serve their collective membership.

Responses to this RFP may follow any of the above scenarios or suggest an alternative. Regardless, the proposal must clearly argue the case for why its solution is in the best interests of ICRMA, best aligns with its experience and capacity, and will be most effective overall.

Partial proposers should feel free to suggest other entities as contract providers, partner agencies, or individual leaders as appropriate. They may also come together to provide a comprehensive proposal with multiple entity involvement.

Similarly, anyone applying to serve as executive director should feel free to suggest other entities as contract providers, partner agencies, or support staff models as appropriate.

IV. Scope of Service

Proposals are expected to cover one or more of the following categories of service as well as the items within each (items listed are not considered to be an exhaustive listing of required tasks). Each of the categories described below have detailed technical requirements that a service provider will be obliged to meet. Many of these requirements can be found in the Appendix to this RFP.²

Executive Leadership & General Pool Administration

- Provide executive leadership to ICRMA and its Governing Board in line with strategic priorities, while implementing Board policies and ensuring continuous improvement as a pool.
- Oversee and manage ICRMA operations, including established and future programs in line with ICRMA governing documents, agreements, established policies and procedures, strategic goals, industry standards, and legal constraints.
- Establish procedures and policies (e.g., record keeping, claims handling, dispute resolution, accounting practices, data security, and regulatory compliance), as necessary, while ensuring compliance with all.
- Establish and maintain effective communication and administrative services to pool members, service providers and other interested parties (e.g., maintain an up-to-date ICRMA web site).
- Provide executive-level analysis and recommendations to the ICRMA Governing Board regarding:
 - Selection of service providers as required
 - Program renewal and selection of reinsurance/excess insurance
 - The results of various actuarial studies, financial audits, and claims audits
 - Financial benchmarks, surplus targets, retention levels, and member rates
 - Specific loss trends as well as general industry and legislative developments
 - Other analysis or assistance as appropriate for effective, healthy operations.
- Oversee all vendor contracts from RFP through completion of the work while ensuring compliance with all relevant policies (e.g., contract due diligence, invoice review and payment).
- Establish and maintain schedules for ICRMA activities (e.g., meetings, audits, studies).
- Prepare for and staff all ICRMA Governing Board and Committee meetings as determined by the Governing Board (including agendas, agenda materials, public notices, physical and logistical arrangements for meeting locations and facilities, as well as participation of service providers and advisors as required). Prepare minutes of meetings and maintain proper records of all actions taken. Ensure meetings of the Governing Board and Committees are conducted in accord with the Brown Act.
- Provide the ICRMA Governing Board with regular reports and updates, on the status and performance of ICRMA programs and operations, administration and finances.
- Maintain ICRMA memberships (e.g., AGRIP, PRIMA, CAJPA) as appropriate.
- Assist the Governing Board in meeting, advising and making recommendation on significant matters of interest to ICRMA before elected or appointed State officials, and provide advice and information as

² See all bylaws, memoranda of coverage, performance standards, program policies and procedures, California JPA Accreditation Standards, and The Brown Act.

requested to member cities on legislative and administrative matters.

- Provide appropriate customer service to member cities (e.g., provide certificates of coverage, endorsements, and declaration pages; coordinate proof of insurance requests).
- Market ICRMA to attract new member cities per strategic goals and annually agreed-upon work plans.
- Actively participate in industry activities (e.g., conferences) in order to develop professionally and maintain visibility for ICRMA as a pool.
- Provide appropriate staff to ensure seamless support for all of the above.

Financial Management

- Provide executive leadership to ICRMA and its Governing Board for all financial matters as well as all day-to-day and long-term financial management.
- Prepare the annual budget for ICRMA and oversee its implementation.
- Provide regular updates to the Board regarding financial performance, including timely delivery of financial statements, investment reports, annual budgets, audited financials, and management letters
- Implement all program billing, collections, banking, and disbursements in accordance with all Board-established procedures, with appropriate records of each.
- Develop premium and refund/assessment amounts by:
 - Collecting and compiling member payroll and loss information
 - Directing the activities of the ICRMA actuary
 - Performing underwriting work to calculate annual contributions in pooled programs
 - Verifying premium rates
 - Calculating refunds or assessments
- Prepare and submit all reports related to ICRMA financial or administrative operations required by any local, state or federal government agency or regulator.
- Provide oversight of the activities of the independent investment advisors, actuaries, external auditors, or other providers of finance or accounting related services to ICRMA.
- Provide the needed staff, equipment, supplies and technological support to manage and maintain the financial operations of ICRMA (e.g., a robust accounting and budgeting system)

Claims & Litigation Management

- Use ICRMA's claim system, Origami, to actively monitor all claims and/or litigation that are ICRMA reportable or that may have a significant impact on ICRMA programs.
- Manage all claims within the scope of ICRMA programs according to governing documents, agreements, established policies and procedures, strategic goals, industry standards, and legal constraints.
- Provide executive-level analysis and recommendations regarding appropriate reserves, resolution of claims, and assignment of appropriate defense counsel – all to avoid unnecessary disputes, legal expenses and/or unnecessary financial risk to ICRMA.
- Prepare for and staff all ICRMA Claims (or its successor) Committee meetings as determined by the Governing

Board (including agendas, agenda materials, public notices, physical and logistical arrangements for meeting locations and facilities). Prepare minutes of meetings and maintain proper records of all actions taken. Ensure meetings are conducted in accord with the Brown Act.

- Prepare and submit all reports related to claims and litigation management required by Government Code and required by ICRMA Boards and Committees.
- Provide oversight of the activities of TPAs, external auditors, workers' compensation vendors, and other providers of claims and litigation related services to ICRMA and its member cities.
- Provide the needed staff, equipment, supplies and technological support to manage and maintain the claims and litigation management of ICRMA.
- Review Coverage Counsel opinion letters.

Risk Management & Loss Control

- Provide a comprehensive menu of consulting and technical information services in line with strategic direction and Governing Board-approved work plans
- The ICRMA Governing Board is open to a range of options in this area, including but not limited to:
 - Provide risk identification, analysis and underwriting assistance
 - Provide individual risk management consulting services to member cities.
 - Assist all member cities in implementing relevant procedures and training as requested.
 - Maintain an appropriate "library" of loss control/risk management resources for members.
 - Assist in administering the ICRMA's Risk Management Fund.
 - Administer the ICRMA University program including the following:
 - Develop curriculum in line with industry standards and recruit appropriate instructors
 - Manage logistics and promotion of up to 10 courses per year.
 - Staff all activities appropriately, work to continuously improve their impact, and regularly report results to the ICRMA Governing Board
- Proposers should feel free to make the case for ICRMA adopting the proposer's existing risk management and/or loss control offerings in addition to or in place of the above.

During the term of the contract, the Governing Board may request services beyond the scope of this agreement. Additional fees may be negotiated on a case-by-case basis for these additional services.

The scope of services described here represents ICRMA's initial concept of the work anticipated and deliverables requested. ICRMA may propose additional tasks as deemed necessary. The final scope of work will be discussed in detail with the selected provider to develop an agreed-upon scope of services that incorporates the proposed approach and ICRMA's objectives and monetary constraints. Changes in scope may be necessary to allow the selected provider to meet the contractual scope of services within available funding.

V. Qualifications & Conflicts

Qualifications

Qualified proposers will have:

- Demonstrable, comprehensive and progressive experience in the relevant area
- A thorough understanding of all relevant industry standards and applicable legal standards
- Professional credentials and/or certifications recognized in the industry
- Staff with experience and education similar to what would be expected of a direct hire
- Sufficient internal capacity to guarantee seamless service regardless of internal turnover or client acquisition

Ex Parte Communications

All inquiries related to this RFP are to be directed to Luther@jsl-law.com with “ICRMA RFP Question” in the subject line.

Any other contact with relevant entities (i.e., ICRMA, its contractors, its member cities, or their contractors) that is related to this RFP must be disclosed in the response. Direct lobbying and/or undisclosed communications may be cause for immediate rejection of a proposal.

Conflicts of Interest – Proposer Independence

Because of potential conflicts of interest, responders to this RFP (individual, firm or potential partner) are expected to be “independent” in regard to relevant entities (i.e., ICRMA, its contractors, its member cities or their contractors) OR disclose the relationship as outlined below.

In order to be “independent” the responder (including affiliates, subsidiaries or parent company) should not:

- Be compensated by relevant entities as employees or independent contractors;
- Have their compensation determined by individuals who are compensated by relevant entities;
- Receive, directly or indirectly, material financial benefits from relevant entities; or
- Be related to or reside with anyone described above (e.g., spouse, sibling, parent or child).

If a responder is not independent as defined here, it must:

- Disclose the relationship in the proposal
- Include a plan for segregating duties, staff and data in order to mitigate any potential future conflict
- Immediately recuse him/herself/relevant staff from any and all relevant discussions

Declarations & Disclosures

By submitting a proposal, each proposer declares and warrants that:

- No elected or appointed official, officer, or employee of ICRMA or its member cities has been or will be compensated, directly or indirectly, in connection with this contract or any work performed thereunder.
- All conflicts of interest that may precede or arise from awarding this contract (actual or perceived) have been disclosed in the proposal.
- The proposer has further disclosed any business in which proposer has a financial interest. If such financial interest results in income stemming from a contract or other working relationship with ICRMA member cities or entities involved in providing ICRMA services, proposer must agree to provide periodic reports of such income in full disclosure of any financial gain realized directly or indirectly from the ICRMA-related business relationships.

VI. Proposal Requirements

Background & Independence

- Provide a general background of you or your firm, including the name, date of formation, address, overview, history and organizational structure.
- Identify whether there is, or within the latest five years has been, any litigation or governmental or regulatory action pending or threatened against your firm or its officers that might have a bearing on your firm's ability to provide services to ICRMA.
- Disclose *ex parte* communications, conflict of interest and/or lack of independence with respect to relevant entities. Outline segregation of duties, staff and data as necessary.³

Proposal *(for firms and potential partners only)*

- Provide a detailed proposal for how you would meet the obligations of this RFP, including:
 - Your approach for each relevant area of work with detailed work plan;
 - The time you will dedicate to the work with guaranteed staffing levels;
 - Your approach to client and member communication, including troubleshooting the contract;
 - Systems you will make available to ICRMA; and
 - Expected benefits to ICRMA of the above and how those benefits will be measured.

Proposals may recommend changes to the Scope of Services described or other suggestions that will reduce costs while maintaining or enhancing the final deliverables.

- Identify payment terms and amounts. All proposals shall include a fee structure expressed at a minimum as periodic payments and total payment over three years as well as a budget per scope of service category.
- Describe how and why your firm is different from other firms being considered, why selection of your firm is the best decision we could make, and how you will guarantee seamless and comprehensive service.
- If you are outside the greater Los Angeles area, include a section describing how you will manage distance without negatively affecting service to ICRMA.

Application *(for individuals only)*

- Individuals applying to become executive director under Scenario 3 should provide a detailed cover letter and resume making clear why your selection is the best decision we could make

Experience & References

- Detail your experience providing these services in the pooled risk insurance context for joint powers authorities or other agencies, including entity names and work descriptions.
- List qualifications of the primary consultant and other personnel assigned to the project, including resumes. List any professional affiliations, licensures, and certifications that are pertinent to the work.
- Provide reference names and contact information for relevant clients of the primary consultant and personnel who will be assigned to ICRMA. Relevant clients should be similarly sized or situated.
- Provide a comprehensive client list for relevant entities located in California.

³ See *Qualifications & Conflicts for detail*.

VII. Submission Details

Submission & Questions

Responses to this RFP must be submitted to:

- **Luther Lewis, ICRMA Legal Counsel, Johnson Schachter & Lewis, A P.L.C., at Luther@jsl-law.com**
- **By 4:00 pm, Monday, August 31, 2015**
- **With “ICRMA RFP Response” in the subject line**

Direct all questions and/or requests for information to Luther@jsl-law.com with “ICRMA RFP Question” in the subject line. They will be forwarded to the correct person for written or oral response as appropriate. Written responses will be posted to www.icrma.org/RFPforPublicEntityPoolAdministration on a rolling basis within the timeline below.⁴ (Anyone considering a response to this RFP should email that intent to us as soon as possible in order to ensure receipt and the benefit of any notices sent mid-process.)

Evaluation of Proposals

ICRMA will evaluate proposals on a fair, comprehensive, qualitative basis. Evaluation may include any or all of the following: review of the proposal and related materials, interviews with senior personnel to be assigned, discussions with other clients, and due diligence regarding proposer capacity as well as assessment of the following criteria:

- Responsiveness and timeliness in your proposal
- Communicating an understanding of the overall program and services required
- Experience providing services to public entity self-insurance pools of similar size and objective
- Professional experience and qualifications of the individuals assigned to the account
- Fee structure along with commitment of adequate resources, staff, and time

ICRMA may request additional information or clarifications from any proposers or to allow corrections of errors or omissions, augment the process with additional steps, or waive any requirements contained herein.

Disclaimers

At its sole discretion, ICRMA:

- Reserves the right to reject any and all proposals, to waive any informalities or irregularities and to make the selection among the proposals as is deemed in the best interest of ICRMA.
- May interview one or more consultants to further assist in the review process and will award the contract at the Governing Board’s sole discretion.
- May combine partial proposals in order to negotiate a comprehensive solution for ICRMA.

ICRMA is not liable for any costs incurred to prepare or present a response to this RFP. Proposer is expected to fully inform themselves as to the conditions, requirements, and specifications before submitting proposals. Failure to do so will be at proposer’s own risk, and they cannot secure relief on the plea of error.

Expected Timeline

We reserve the right to cancel/modify the following dates at any time.

- | | |
|----------------------------|--|
| • August 21, 2015 | Deadline for all RFP Inquiries |
| • August 25, 2015 | Final Date Inquiry Responses may be posted to www.icrma.org/RFP |
| • August 31, 2015 | Proposal Due Date |
| • September-November, 2015 | Evaluation & Selection Process |
| • First quarter 2016 | Negotiation & Execution of contract |
| • March 2016 | Contract commences with minimum 90-day transition period |
| • June 30, 2016 | Current contract ends subject to possible aftercare agreements |

⁴ Again, note that any other contact with relevant entities (i.e., ICRMA, its contractors, its member cities, or their contractors) that is related to this RFP must be disclosed in the response. Direct lobbying and/or undisclosed communications may be cause for immediate rejection of a proposal.

VIII. Appendix
