

Procurement Template: PHA Insurance Services

BACKGROUND INFORMATION

HUD has a number of requirements related to Insurance for PHAs. These include: 1) PHA must maintain certain types of insurance coverage, 2) HUD specifies how the insurance coverage should be procured, and 3) HUD specifies the type of organizations and minimum qualifications of the organizations that are permitted to offer insurance coverage to PHAs. Information on these HUD requirements is described below.

Insurance Required of PHAs

The Annual Contributions Contract (ACC) requires PHAs to maintain adequate insurance to protect the PHA from financial loss resulting from various hazards if the PHA determines that exposure to certain hazard exists. The ACC further requires that the PHA have their insurers submit to HUD a certificate of insurance at each renewal. The *certificate of insurance* contains the policy numbers, start and end dates, and describes the type of coverage and limits of insurance that the PHA possess.

The table below provides a list of the insurance that PHAs are required or recommended (optional) to maintain. This list can be found in Part B, Attachment VII, of the current ACC.¹

#	Insurance Category	Description
Required (Mandatory) Insurance		
1	Commercial Property	Each policy must be written with a blanket limit, on a replacement cost basis, and with an agreed value clause that eliminates any coinsurance provision. Replacement cost means that the insurance will pay the cost to replace the destroyed or damaged property on the same premises with other property of comparable material and quality, or the actual amount spent to repair or replace, whichever is less. ²
2	Commercial General Liability	n/a
3	Workers Compensation and Employers Liability	n/a
4	Owned and Non-Owned Automobile Liability	n/a
5	Theft, Disappearance, and Destruction	Mandatory only if the amount of cash and checks on hand at any one time exceeds the amount prescribed by HUD (currently \$5,000).
6	Employee Dishonesty (Fidelity)	The minimum amount of insurance required is based upon the cash flow of the PHA. HUD has provided a Bond Limit Worksheet that PHAs can use to calculate the minimum insurance required.
7	Boiler and Machinery	Mandatory only if steam boilers have been installed.
8	Flood Insurance	Mandatory for properties located in a flood plain, as determined in the Federal Government's National Flood Insurance Program.

¹ HUD proposed a new Annual Contributions Contract (ACC) in March 2017. The revised ACC has been withdrawn as a result of PHAs' concerns with several changes in the ACC that are unrelated to PHA's insurance requirements. With respect to the insurance provision in Section 13 of the current ACC, the new ACC made no substantive changes. Insurance is now Section 7 of the new ACC with no modifications to the insurance requirements.

² The opposite of replacement cost basis is "actual cash value" basis which does not take depreciation into account and would produce inadequate values and the PHA would become a co-insurer on each loss.

#	Insurance Category	Description
9	Lead-Based Paint Liability	Mandatory for PHAs undergoing lead-based paint testing and abatement. Additional requirements are found at 24 CFR 965.215.
10	Fidelity Bond Coverage	The PHA must carry adequate fidelity bond coverage, as required by HUD, of its officers, agents, or employees handling cash or authorized to sign checks.
Recommended (Optional) Insurance		
1	Boiler and Machinery Coverage	Coverage is recommended if there is extensive central air conditioning, electrical transformers, or similar equipment.
2	Directors and officers or Public Officials Liability	n/a
3	Law Enforcement Liability	Recommended where the exposure exists and the Commercial General Liability insurer has excluded coverage.

HUD has provided additional clarification on PHA insurance requirements through Frequently Asked Questions (FAQs) that are available on HUD's website at the following link:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/faq/pci

- Housing Choice Voucher (Section 8) – Fidelity Insurance. HUD requires that a PHA which administers a HCV program to maintain adequate employee dishonesty (fidelity bond coverage) for employees handling cash or authorized to sign checks or certify vouchers. The minimum bond limit is based on the cash flow of the PHA.
- Housing Choice Voucher – Commercial General Liability. Except for fidelity bond coverage, HUD does not require any other insurance coverage for a PHA that administers a HCV program. However, there have been instances where legal action has been taken against PHAs by tenants of HCV program units who incur bodily injury on the premises. This action is based primarily on the basis that the PHA has inspected the premises and determined that they are decent, safe, and sanitary. HUD does not require that a PHA purchase liability insurance to protect against such claims. Neither is there a prohibition against purchase. It is up to the discretion of the PHA to buy this coverage if the PHA considers the exposure warrants the expense.
- Housing Choice Voucher – Commercial Property and Owned and Non-Owned Automobile Liability. It is highly recommended that PHAs obtain property insurance and automobile insurance to limit their exposure.
- Flood Insurance – Waiver from Competitive Procurement Requirement. Competition in procurement of flood insurance is not required if coverage can only be purchased from a single source. Some insurance companies will include flood coverage along with their property policy, but it is usually subject to a very large deductible and this would not be reasonable for most PHAs. Competition in procurement is not required as long as coverage is purchased through the National Flood Insurance Program (NFIP).

Lastly, HUD's Guidebook on PHA insurance requirements (*Property/Casualty Insurance Guidebook, HUD 7401.5*) has been cancelled and is currently being updated. However, much of the guidance provided in the Guidebook is referenced in this document as "best practice" and the provided procurement template draws on the examples provided in the Guidebook.

Qualified Insurance Entities

HUD requires that all insurers must be financially sound and responsible which can be evidenced by a rating in the A.M. Best's Insurance Reports of "B+" or better.³ (Note: most PHAs require a rating of A).

PHAs are able to procure insurance coverage from insurance agents, insurance brokers, or non-profit insurance entities.

1. Insurance Agents. Insurance agents generally represent insurance sellers and act as a conduit to present information to the buyer – the PHA. Insurance agents can represent a single insurer (i.e., captive agent) or multiple insurers (i.e., independent agent). The PHA can choose from available policies and contract with an insurer(s) through the agent. Insurance agents must be licensed by the state and adhere to state regulations. Insurance agents are paid through salary or commission.
2. Insurance Brokers (Broker of Record). Insurance brokers represent the policyholder, the organization seeking insurance (the PHA) and not the insurer. The insurance broker representing the policyholder is referred to as a "broker of record". An insurance broker of record represents and manages the policyholder's insurance policy. Specifically, a broker of record obtains and evaluates insurance quotes and policies and recommends changes to existing policies. In addition, the broker of record receives copies of all communications to the policy holder and may receive all quotes, policies, and notices on behalf of the policy holder. Brokers typically are not paid a commission from the insurance company that issues the policy and therefore are compensated by the policyholder by charging a broker fee. Some states have rules and regulations dictating what amount (typically a percentage of the policy) that a broker can charge in fees. It is best practice to require that the bidder disclose the amount that they are charging as a fee.
 - a. Note: In some states (e.g., California), an insurance salesperson may be an agent, broker, or both. Depending on the procurement, they may earn a commission, charge a broker fee, or both.
3. Non-Profit Insurance Entities. HUD's regulations permit PHAs to purchase insurance from nonprofit insurance entities. Nonprofit insurance entities are controlled by members engaged in similar businesses or activities and are thus exposed to the same types of liability. In this case, the nonprofit insurance entity is owned by PHAs and whose participation is limited to PHAs.

The nonprofit insurance entity can provide insurance coverage for PHAs in a single state, multiple states, or within the same region but must still be licensed in all states where they do business. The non-profit insurance entity must be approved by HUD, meet all requirements as provided in HUD's regulation at 24 DFR 965.205, and remain in good standing.

A list of HUD-approved state insurance risk pools (SIRPs) is available on HUD's website⁴ at the following link: <https://www.hud.gov/sites/documents/HUDAPPROVINSUR-ENTITIES.PDF>

Procurement of PHA Insurance

HUD's regulations at 24 CFR 965 also provide that insurance coverage must generally be procured via a **competitive solicitation** process. The regulation provides an exception to this requirement for nonprofit insurance entities. A PHA can purchase insurance coverage without regard to competitive selection when the insurance is purchased from a nonprofit insurance entity owned and controlled by PHAs that are approved in accordance with HUD's standards. In addition, flood insurance that is procured through the National Flood Insurance Program (NFIP) is waived from the competitive solicitation requirement.

³ The insurance rating requirement is provided in HUD's Insurance Guidebook which is cancelled and is currently being updated. PHAs should check with HUD for updates to the insurance rating requirement and other requirements required for insurance entities and insurance coverage.

⁴ This list may not be current.

1. Sole Source Procurement. Of the three types of insurance entities (i.e., insurance agent, brokers, or non-profit) that PHAs can choose, most PHAs seem to procure a nonprofit insurance entity. The waiver from HUD's competitive solicitation requirements, knowledge of PHAs' business, and ability to leverage lower premiums and better coverage together make nonprofits an attractive option for PHAs.
2. Competitive Solicitation – Request for Proposal (RFP). With respect to competitive solicitations, because insurance is a complex and highly specialized field, PHAs may choose to engage the services of an insurance broker. The solicitation for an insurance broker is typically made using a Request for Proposal (and not an Invitation for Bid – IFB). The insurance broker helps the PHA compile the materials to obtain insurance quotes and assist in evaluating the insurance quotes and coverage provided. The use of a RFP permits the PHA to make a selection taking into consideration the experience of the broker and other factors and not select solely on the basis of price.

When procuring the services of a broker using a RFP, the PHA may in a single RFP, select both a broker and obtain quotes for insurance coverage for Year 1. That is, as part of the proposal submission, the offerors would also provide quotes for the specified insurance products based on the PHA's specification. The quotes and the offerors' proposed fees would be used to evaluate cost and is one factor in the PHA's evaluation of the proposals. In the subsequent years/option periods, the broker would not need to be re-procured; the broker would be tasked with obtaining a minimum of three (3) quotes and evaluating insurance quotes for the PHA. (A minimum of 3 quotes is required per HUD's Procurement Handbook).

Combining the solicitation for a broker and insurance coverage as part of a single RFP accelerates the process for obtaining insurance coverage. In addition, the PHA is able to better and more fully evaluate cost based on the cost of the premium, coverage, and proposed broker fees.

3. Competitive Solicitation – Invitation for Bid (IFB). PHAs that choose to procure an insurance agent typically use a sealed bid, i.e., invitation for bid (IFB) method. In these situations, the PHA is responsible for evaluating the insurance quotes and coverage. The IFB is used when there is no substantive differences among the products or services that meets specifications so that the only difference among responsive bids is price. HUD requirements already specify the type of insurance, minimum coverage required, and minimum qualifications that firms must possess to insure PHAs which leaves cost as the sole evaluation factor.

HUD is providing this document which will help PHAs issue a solicitation for insurance services that is compliant with HUD's requirements. This procurement template is provided because of the PHA's need for and HUD's requirements that PHAs be insured for certain hazards. The use of this document is not required and is intended to aid PHAs in successfully awarding a contract for insurance services in a timely and compliant manner. The document is intended to provide best practices used by other PHAs and highlight many of HUD's procurement requirements.

This document provides an example procurement template for a RFP for selection of a broker **and** to obtain quotes for insurance coverage. That said, many sections in the template are applicable to both an RFP and IFB. Similarly, certain sections could be used as the basis for a sole source insurance contract with a nonprofit entity or to procure flood insurance from the National Flood Insurance Program (NFIP).

Note: Appendix B of HUD's cancelled Property/Casualty Insurance Guidebook, HUD 7401.5 provides an example of an IFB procurement template.

The next two sections further describe the organization of this document and items to consider when developing a RFP for insurance services. The remainder of this document provides sample procurement language and instructions.

ORGANIZATION OF DOCUMENT

The remainder of this document provides PHAs with a framework and sample language to issue a RFP for the HUD-required and recommended PHA insurance coverage. HUD requires that a PHA's RFP be compliant with procurement laws, regulations and guidance, including the PHA's policies. HUD does not specify a certain format for a PHA's RFP. Therefore, the actual organization, scope of services and detail included in a solicitation for PHA insurance varies widely from PHA to PHA. Most PHAs' RFPs are unique to that PHA, as PHAs have preference in the order and manner solicitation information is presented in their procurement actions. Also, many PHAs may have additional contract clauses, templates or forms that they want to include as part of the award process and contract that are not required by HUD. PHAs should review their RFP model and incorporate in their RFP the information provided in the sample procurement templates, as appropriate.

The table below identifies twelve (12) common sections of a RFP for PHA insurance coverage that should be included in the solicitation package and the order in which they typically appear. The table also briefly describes the information that is normally provided in each section. The column "Sample Provided" in the table below indicates whether sample language that a PHA may modify and include in their own solicitation is included in this document.

#	Solicitation Package	Sample Provided
1	Cover Page & Table of Contents. Each solicitation package normally will have a cover page, which provides basic information. The basic information typically includes the PHA's name, address, contact information, date of issuance, proposal number and title, such as " <i>Request for Proposal – Insurance Broker of Record for Anytown HA</i> ". Many PHAs also include a table of contents that list the major sections of the procurement package and the respective page number.	No
2	Introduction. This section of the procurement package provides summary information about the PHA, general information about the scope of services requested, and the proposal due date.	Yes
3	Current PHA Insurance. This section provides an example of a narrative description of the PHA's current insurance coverage and related information.	Yes
4	Agency's Reservation of Rights. This section highlights and describes certain rights maintained by the Agency in association with the RFP process and upon contract award.	Yes
5	Scope of Services. This section describes the scope of services that the insurance broker will perform for the agency.	Yes
6	Instructions to Offerors. This section provides general instructions on how a proposal must be submitted and the due date for submission of questions on the proposal and the proposal due date.	Yes
7	Proposal Format. This section provides information on the procurement strategy used and instructions to the offeror on the information to be submitted and how the proposal must be organized. This section also provides information on the HUD-required forms and other PHA-required information that must be submitted with the proposal (see sections 10 & 11).	Yes
8	Price Proposal Template. This section provides a sample price proposal template that the Agency can require all offerors to utilize when submitting the proposal.	Yes
9	Evaluation Criteria. This section provides the factors and associated weights that would be used to evaluate each proposal and describes the contract award process.	Yes
10	HUD Mandatory Contract Provisions. The PHA is required by HUD to include with the solicitation mandatory contract provisions when procuring non-construction services. HUD has made these contract provisions available via forms that can be downloaded from HUD's website. This section provides information on the mandatory contract provisions and how the PHA should include them in the RFP.	Yes
11	PHA-Required Contract Provisions. This section of the solicitation would include other contract provisions, affidavits, or statements that may be required by the PHA or state law but are not required by HUD.	No

Procurement Template: PHA Insurance Services

#	Solicitation Package	Sample Provided
12	<p>Exhibits of PHA Current Insurance. The PHA should provide with the RFP the following information on the PHA's current insurance.</p> <ul style="list-style-type: none">• Schedule of the Agency's Insurance• Statement of Values• Automobile Fleet and Driver Information• Currently Valued Loss Runs (most recent 3 years)• Required Insurance Coverages	No

A PHA can use the information using one of two approaches. If the PHA already has a RFP for insurance that they believe is compliant and meets their needs, the PHA should review this document and update their current RFP, as necessary. If the PHA does not have a RFP for insurance or if they believe a large number of changes are warranted based on the information presented in this document, the PHA should cut and paste the sample language in this document into a new document and modify the RFP language as needed to reflect the PHA's preferences and needs.

ITEMS FOR CONSIDERATION

The following are items that the PHA should consider in procuring insurance coverage and when using this template, including major assumptions that were used to develop the sample procurement template.

1. *Procurement Strategy* – The procurement template assumes that 1) insurance will be competitively procured using a RFP (best value); 2) the RFP is issued both to select a broker and to obtain quotes for insurance coverage for the base period; and 3) in the subsequent years, the broker would not need to be re-procured but would be tasked with obtaining a minimum of three (3) quotes for each insurance product and evaluating the insurance quotes for the PHA. A minimum of 3 quotes is required per HUD’s Procurement Handbook.
2. *Assumption* – Contract length will be for three (3) years with an option to renew in increments of one-year for two (2) additional years. HUD regulations allow PHAs to award a contract to the same contractor for a maximum period of five years. That is, a PHA can award the contract for a base period of three years with up to two option periods. Contracts and subsequent option-year contract(s) must be duly signed.
3. *Assumption – Insurance Carrier’s Best Rating*. HUD’s cancelled Guidebook for Property and Casualty Insurance requires that insurance carriers have a minimum Best’s rating of “B+”. The procurement template requires a Best’s rating of “A” which is best practice.
4. *Assumption – Broker Fee*. The procurement template states that the Agency requires the contract fees to be fixed for the first three years of the contract. In addition, requests for fee increases in years 4 and 5 shall be submitted by the firm in writing, six (6) months prior to the anniversary date of the contract to be effective for the subsequent year. The PHA should check whether their state have rules that caps the amount (typically a percentage of the insurance policy) that a broker can charge in fees.
5. *Scope of Services & Evaluation Factors* – The scope of services section of this document lists the services typically requested by PHAs of insurance brokers. The PHA should review the list and add, modify, and remove services as necessary.
6. *Section 3 Requirements and Evaluation Factor* – Section 3 of the HUD Act of 1968 and various Presidential Executive Orders requires all Contractors performing work on behalf of the PHA ensure that training, employment, contracting, and other economic opportunities generated by Federal funds shall, to the greatest extent feasible, be directed toward low-income and very low-income persons, particularly those who are recipients of government assistance for housing. PHAs should consider their PHA procurement policy, including any goals/targets and procedures for Section 3. An evaluation factor can be included and weighted to provide points for proposals submitted by such firms or by firms that provide opportunities that qualify under Section 3.
7. *PHA Clauses* – When using this sample, PHAs should review and include the procurement clauses required by the state (if applicable), required by PHA procedures, or as a result of best practices as determined by the PHA. In addition, the PHA should identify and include templates, affidavits and forms that the PHA may want the offeror to use to ensure that certain information is provided or that the information can be easily located. The PHA should modify or add contract provisions to help clarify or ease the administrative burden of monitoring and administering the contract.
8. *Reminder* – PHAs should carefully read the sample procurement template and edit the text to align to the PHA’s facts and needs. For example, in the Sample - Introduction section, the language provided describes a relatively small PHA named the Housing Agency of the City of Anytown. This section should be tailored with the PHA’s information. Similarly, in the Scope of Services section there is a complete list of insurance services typically provided, however, this list

should be reviewed, and services added, modified and deleted as necessary to fit the PHA's needs.

9. *Templates* – The following forms are referenced in this document and have been provided with the procurement template as separate attachments. The use of these forms is optional.
 - a. Intention to Bid/No Bid Form
 - b. References
 - c. Certificate of Independent Premium Determination
 - d. Non-Collusive Affidavit Form

SAMPLE LANGUAGE (RFP SECTION #2) - INTRODUCTION

The Housing Authority of the City of Anytown is seeking an Insurance Broker of Record to act as its broker to perform services related to the acquisition of competitive premium costs for comprehensive property and casualty coverage on all of its properties and operations including but not limited to the following: 1) Commercial Property; 2) Commercial General Liability; 3) Workers Compensation and Employers Liability; 4) Owned and Non-Owned Automobile Liability; 5) Theft, Disappearance, and Destruction; 6) Employee Dishonesty (Fidelity); 7) Boiler and Machinery (if applicable); and 8) Flood Insurance (if applicable).

The Housing Agency of the City of Anytown (Agency) is a public housing agency created by resolution of the city of Anytown in 19XX under the statutes and laws of the State of XXX. The Agency is a unit of government and its functions are essential governmental functions. The property of the Agency is used for essential public and government purposes, and is exempt from all taxes, including sales tax on all its purchases of supplies and services.

The Agency is governed by a NUMBER member Board of Commissioners which sets policy for the Agency and which awards all contracts. Oversight of the Agency and program guidance is provided by the US Department of Housing and Urban Development (HUD).

The Agency has 125 Low Rent Public Housing program units at 2 properties and administers 175 Housing Choice vouchers. The Agency operates its housing developments to provide decent, safe, sanitary, and affordable housing to low income families, the elderly, and the disabled, and implements various programs designed and funded by HUD. In addition, the PHA administers a rural rental housing program of 50 units at 3 properties that is administered by the U.S. Department of Agriculture. The Agency also has two Administrative offices. All properties are currently insured for \$XXX.

The Agency has approximately 10 employees of whom 9 are full-time. The Agency's employees are eligible for Workers' Compensation benefits while employed by the Agency. The Agency has 5 vehicles and include service vehicles (dump trucks), pick-up trucks, sedans, and maintenance vans.

Additional information about the Agency can be obtained from our website at WEBSITE LINK.

The RFP contains the following information that are provided as Exhibits.

- A current schedule of the Agency's insurance
- A current statement of values which lists all locations including the number of units
- Current automobile fleet and driver information
- Currently valued loss runs
- Required insurance coverages

* * * * *

The Agency seeks Proposals from qualified Insurance Brokers of Record to provide comprehensive property and casualty coverage to the agency. All proposals submitted in response to this solicitation must conform to all of the requirements and specifications outlined within this document and any designated attachments in its entirety. In particular, the following minimum requirements must be met.

- Provide proof that the insurance representative is duly licensed by, and in good standing with, the State of STATE NAME.
- Offerors must have experience in providing services for governmental organizations.

- All quotes must be from companies that are licensed to conduct business in the STATE NAME and have an A.M. Best's rating of A or better. For each quote, a copy of the insurance carrier's most recent Best's rating must be included with the proposal.

Prospective offerors requiring any explanation or interpretation of the solicitation must request it in writing no later than 5:00 pm EST on mm/dd/yyyy. The request must be addressed to XX Person at the following email address: XXXXXXXXXXXX. Any information given to a prospective offeror about this solicitation will be furnished to all other prospective offerors as a written amendment to this solicitation.

Intention to Bid / Not Bid. We request that your firm indicates whether it plans to submit a bid by completing the attached Intention to Bid / Not Bid form and return this form to XX Person at the following fax number: XXXXXX or email address: XXXXXXXXXXXX by DATE.

All responses to the RFP must be enclosed in a sealed envelope and labeled with the specific information:

RFP: Insurance Broker of Record for Anytown HA Due Date and Time: mm/dd/yyyy, 5:00 pm EST.

Note: Incomplete or non-compliant proposal submissions cannot not be considered.

The Agency intends to award the contract pursuant to a "best value" basis, not a "lowest bid" basis. An evaluation committee shall review and rank each of the offerors proposals using the method of evaluation described in this request. The evaluation committee shall enter into negotiations with the highest ranked proposal first, and if necessary, any or all of the other proposals and submit the list of ranked offerors to the Executive Director. The Executive Director shall make a recommendation to the Board of Commissioners to award a single contract to the most competent, responsive, and responsible offeror submitting a proposal in accordance with the proposal evaluation criteria.

The Agency reserves the right to award contracts to multiple offerors, to reject any or all bids, to waive for all applicants any information in the specifications or bidding process or to cancel in whole or in part this solicitation if it is in the best interest of the Agency to do so.

The awarded contract will be for three (3) years with the option to renew in increments of one-year for two (2) additional years.

SAMPLE LANGUAGE (RFP SECTION #3) – CURRENT PHA INSURANCE

[Note to PHA – The narrative provides a list of the PHA’s current insurance information that is typically provided in the procurement. A description of each item is provided for informational purposes only but should be removed and replaced with the PHA’s actual information in the procurement that is issued. The PHA should review and tailor this section based on the PHA’s actual insurance coverage and needs.]

The Agency’s current insurance carrier is NAME OF INSURANCE CARRIER. The following information is provided as exhibits to the RFP.

1. **Schedule of the Agency’s Insurance.** A schedule of insurance or policy schedule identifies the policyholder and details the property and persons covered, the amount of coverage, the exclusions, the deductibles, and the payment mode and schedule.
2. **Statement of Values (with all property addresses and the number of units at each property).** A statement of value (SOV) is a list of all asset values to be insured broken down on a location by location basis. A SOV is used by the PHA, the insurance broker, and underwriter to keep track of the insurable assets by location, the method of valuation used, and the categorization of these assets. In addition, a SOV is used to calculate the policyholder’s total insurable value (TIV) which is the statement of values total multiplied by the rate which results in the insurance property premium.
3. **Automobile Fleet and Driver Information.** Commercial fleet auto insurance typically requires that the PHA is listed as the owner of all vehicles insured under the policy and that every PHA employee that may drive a company vehicle is listed on the auto insurance policy. The insurance company calculates risk partly based on who is driving the vehicles so the PHA benefits from a reduced premium for drivers that have a safe, clean driving record.
4. **Currently Valued Loss Runs (most recent 3 years).** A Loss Run report is generated by the PHA’s insurance carrier and shows the claim activity for each PHA insurance policy. Specifically, the loss run report contains information on the loss of each loss and claim; a brief description of the claim; amounts paid to the insured or on reserve; and whether the claim is open or closed. The Loss Run report helps the PHA’s current insurance carrier to decide whether to renew the PHA’s policy; helps prospective insurance carriers assess the risk level for insuring the PHA and therefore pricing and other terms; and if the PHA have a claim history with little activity, the Loss Run report can help the PHA obtain better pricing with prospective insurance carriers.
5. **Required Insurance Coverages.** Lists changes to the PHA’s current insurance coverage (i.e., schedule of insurance policy) that the PHA would like the offerors to consider as part of the quotes.

Additional Underwriting Information

[Note to PHA – This section provides additional information on the properties for underwriting purposes that may not be reflected or easily identified in the above documents. PHA should review and tailor this section based on the PHA’s actual properties and insurance required.]

1. The Agency is a non-smoking Housing Authority.
2. The Agency has both Low Income and Senior Citizen units.
3. For Senior Citizen housing, call for aid pull cords have been installed.
4. Property values for insurance have been increased to reflect current Replacement Cost.
5. Security cameras are attached to buildings at LOCATIONS.

SAMPLE LANGUAGE (RFP SECTION #4) - AGENCY'S RESERVATION OF RIGHTS

The Agency reserves the following right in association with the RFP process and upon contract award.

1. **Right to Terminate the RFP or Reject, Waive Proposals.** The Agency reserves the right to terminate the RFP process, if deemed by the Agency, to be in its best interest. Additionally, the Agency reserves the right to reject and not consider any proposal that does not meet the requirements of this RFP, including but not necessarily limited to, incomplete proposals and /or proposals offering alternative or non-requested services.
2. **Right to Not Award.** The Agency reserves the right to not award a contract pursuant to this RFP.
3. **Right to Make Multiple Awards.** The Agency reserves the right to make an award to more than one offeror and to award with or without negotiations or a "Best and Final Offer" (BAFO).
4. **Right to Terminate.** The Agency reserves the right to terminate a contract award pursuant to this RFP at any time for the Agency's convenience upon 10 days written notice to the contractor.
5. **Right to Retain Proposals.** The Agency reserves the right to retain all proposals submitted and not permit withdrawal for a period of 90 days subsequent to the deadline for receiving proposals.
6. **Right to Negotiate.** The Agency reserves the right to negotiate the fees proposed by the offeror(s). If such negotiations are not, in the opinion of the Agency successfully concluded within a reasonable timeframe as determined by the Agency, the Agency shall retain the right to end such negotiations.
7. **No Obligation to Compensate.** The Agency has no obligation to compensate any offeror(s) for any costs incurred in responding to this RFP.
8. **Right to Reduce or Increase Estimated / Actual Quantities.** The Agency reserves the right to reduce or increase estimated or actual quantities in whatever amount necessary without prejudice or liability to the Agency, if: 1) funding is not available; 2) legal restrictions are placed upon the expenditure of monies for this category of service or supplies; or 3) the Agency's requirements in good faith change after award of the contract.
9. **Right to Request Additional Information.** The Agency reserves the right to request additional information from all proposers, if needed to evaluate proposals. Such information shall be submitted in the form required by the Agency within two (2) days of written request.
10. **Assignment of Personnel.** The Agency shall retain the right to request and receive a change in personnel assigned to the work if the Agency believes that such change is in the best interest of the Agency and the completion of the contracted work.
11. **Office Hours.** The Agency reserves the right to determine the days, hours, and locations that the successful offeror shall provide the services called for in this RFP.
12. **Unauthorized Sub-Contracting Prohibited.** The successful offeror shall not assign any right, nor delegate any duty for the work proposed pursuant to this RFP (including, but not limited to, selling or transferring the contract) without the prior written consent of the Agency. Any purported assignment of interest or delegation of duty, without the prior written consent of the Agency shall be void and may result in the cancellation of the contract with the Agency, or may result in the full or partial forfeiture of funds paid to the successful offeror as a result of the proposed contract as determined by the Agency.

SAMPLE LANGUAGE (RFP SECTION #5) - SCOPE OF SERVICES

Minimum Requirements

To be considered for selection, Offerors must meet the following qualifications. Please indicate for each item listed below whether the Offeror meets the requirements. If not, please explain.

1. Provide proof that the insurance representative is duly licensed by, and in good standing with, the State of STATE NAME.
2. Offerors must have experience in providing services for governmental organizations.
3. All quotes must be from companies that are licensed to conduct business in the STATE NAME and have an A.M. Best's rating of A or better. For each quote, a copy of the insurance carrier's most recent Best's rating must be included with the proposal.

[Note to PHA - The list of PHA insurance services provided below is an expansive list and provides the typical and optional services that are generally provided by insurance brokers and other optional services. The PHA should review and select/tailor the services accordingly.]

Specific Services

The Offeror will provide the following insurance brokerage and risk management services.

1. Insurance Brokerage Services. The services listed below are requested for all insurance products required by the Agency: 1) Commercial Property; 2) Commercial General Liability; 3) Workers Compensation and Employers Liability; 4) Owned and Non-Owned Automobile Liability; 5) Theft, Disappearance, and Destruction; 6) Employee Dishonesty (Fidelity); 7) Boiler and Machinery (if applicable); and 8) Flood Insurance (if applicable).

Note: The offeror is not required to provide services for all insurance products requested in the RFP. Please identify the insurance product where the offeror will not provide services.

- a. The insurance broker will provide the necessary experience to assess the Agency's insurance needs and provide recommendations regarding the appropriate type of insurance for the Agency, the levels of coverage necessary to protect the Agency from reasonable risks, the levels of deductible for each policy to provide the best balance of risk limitation and lower premium and such other factors as the broker shall recommend.
- b. Based on the insurance coverage selected by the Agency, the insurance broker will organize, develop, and obtain bids from insurers that meets the minimum requirements provided in the RFP. A copy of the most recent Best's rating must be provided with the quote.
- c. The insurance broker will evaluate the bids and present to the Agency, the package of insurance policy terms, conditions, and premiums. The insurance broker is required to present three (3) competitive quotes for each type of insurance.
- d. The insurance broker must be in full compliance with HUD's and the Agency's requirements for insurance coverage and the procurement of insurance. The insurance broker must maintain full documentation for the procurement of insurance coverage, including documentation from insurance carriers that declined to submit a quote.
- e. The insurance broker will represent the Agency, as directed, in any negotiations with insurers or prospective insurers and other parties regarding insurance matters.
- f. The insurance broker will administer claims submittals, as needed, in a manner best representing the interests of the Agency and provide quarterly reports of financial and claims experience for all policies.

- g. The insurance broker will notify the Agency of invoicing of premiums for all outstanding policies to assure that no policy lapses because the Agency is unaware that an invoice is due.
- h. The insurance broker will meet with the Agency at least semi-annually to review the Agency's coverage to ensure that the Agency maintains appropriate levels of insurance and shall notify the Agency of any new developments in the insurance industry or markets that may impact the Agency or impact the insurance coverage or policies sought by the Agency.
- i. The insurance broker will provide the Agency with an annual report within 45 days of the end of the Agency's fiscal year, detailing a schedule of the policies in force, the coverage amounts, deductible amounts, premiums paid, and fees and commissions received by the insurance broker in connection with each policy.
- j. The insurance broker will obtain a certificate of insurance for each insurance policy for the Agency's submittal to HUD.

Time Expectations and Insurance Renewal Timeframe.

- a. Respond to phone calls and emails the same business day in general, if not practical, response should be within twenty-four hours.
- b. Key personnel should be available between 8:30am to 5pm Eastern time.
- c. Submit insurance policies within 30 days of binding (i.e., the insurance coverage is in place but the policy has not been issued).
- d. Premium – The premium must be renegotiated no later than sixty (60) days before the anniversary of the policy.
- e. Cancellation – A sixty (60) day notice of cancellation, major changes in terms, or intent not to renew is required from the insurance carrier.

The items listed below are all value-added components of a complete Risk Management and Insurance program that the Agency wishes to receive. Please provide the firm's qualifications, experience, and plan to execute these services.

(Optional) Loss Control & Safety.

- a. Provide onsite review of facilities and risk analysis.
- b. Awareness Training – Make educational presentations to Agency staff on requested risk and/or benefits related topics.
- c. Provide awareness through safety bulletins and newsletters.

(Optional) Property Appraisals.

- a. Perform building valuations.
- b. Perform content valuations.

LANGUAGE (RFP SECTION #6) - INSTRUCTIONS TO OFFERORS

1. Proposals are to be submitted in a sealed envelope clearly marked **RFP: Insurance Broker of Record for Anytown HA** and will be received until Due Date and Time: mm/dd/yyyy, 5:00 pm EST time at Anytown Housing Authority, Physical and Mailing Address. Any proposal received/time-stamped after mm/dd/yyyy, 5:00 pm EST time will be considered late and will be returned. If the proposal is hand-delivered, please allow enough time as there may be other clients, etc. at the front desk and you may have to wait to get your proposal time-stamped. Proposal must be time-stamped. If proposal is sent by mail or courier, the proposal will be time-stamped upon receipt.
2. The offeror should submit a signed original and one copy of its proposal.
3. No proposal may be withdrawn or modified in any way after the deadline for proposal submittal. Proposals shall remain firm and valid for ninety (90) days from said deadline.
4. The proposals must be completed in their entirety, completing all forms included in the proposal packet. If the offeror should have any questions regarding the forms, contact XX person at XX Phone Number or via email at XXXXXXXXXXXXXXXX.
5. Proposals are to be submitted in narrative form and are to include the **Price Proposal Template** included in this package.
6. Offerors may supplement their proposal with attached sheets for the purpose of adding or otherwise explaining any further conditions the offeror wishes to have considered. Such supplemental attachments are to be considered items to be reviewed, accepted, rejected, or further considered by the evaluation committee.
7. During the period when proposals are accepted, responses to questions on the RFP will not be provided to any prospective offeror. Responses to questions must be made in writing before the deadline for the submission of written questions.

SAMPLE LANGUAGE (RFP SECTION #7) – PROPOSAL FORMAT

The Agency intends to retain the successful offeror(s) pursuant to a “Best Value” basis, not a “Lowest Bid” basis, i.e., the Agency will consider other factors than cost in making the award decision. All proposals submitted in response to this RFP must be formatted in accordance with the sequence and instructions provided below. **Proposals are limited to thirty (30) pages excluding Price Proposal, attachments, and supporting documentation as noted below. Any proposal which fails to include all of these items will be considered a non-responsive proposal and will not be considered for evaluation.**

Tab 1. Firm’s Qualifications and Experience.

- a. Provide firm’s name, state of organization, and supervisory and regulatory authorities that oversee the firm.
- b. Provide address of the branch office that will provide services to the Agency, website, and contact person name and information for the proposal.
- c. Provide background and attributes of the firm including information on the firm’s size and number of offices within the state, a description of the services that the firm provides, and the firm’s experience in providing insurance services to government agencies.
- d. Provide a summary of the firm’s premium volume for each of the past three (3) years by the insurance product category (e.g., property and casualty, general liability, fidelity, etc.) requested in the RFP. Note: If the office that will service the Agency’s account is a branch or subsidiary of a national or regional firm, the aforementioned information should be provided for both the office providing services to the Agency and the entire firm.
- e. Provide proof that the firm is licensed by, and in good standing with the State of STATE NAME.
- f. Provide the firm’s performance history including accreditation, certification, and other regulatory compliance.

Tab 2. Staff Qualifications and Experience.

- a. Identify the person that will serve as the primary representative on behalf of the Agency and provide contact information for that person. Include a brief description of the representative’s background, experience and qualifications, and the representative’s role and responsibilities for the firm.
- b. Provide information on other staff that will be assigned to the Agency’s account, their roles and responsibilities, background, and experience.

Tab 3. Understanding and Approach.

- a. Describe the offeror’s understanding and ability to meet the Scope of Services.
- b. If the offeror is unable to provide any of the requested services such as a quote for an insurance product(s) requested in the RFP, specifically identify those exceptions.
- c. Describe the firm’s internal compliance controls on binder, policy issuance, and review of contracts for the complete and final agreement of all terms.
- d. Provide a list in order of preferences from most to least preferred of the insurance markets the firm would seek to access on behalf of the Agency for each insurance product specified in the RFP. Identify those markets on the list, if any, which would submit bids through only one broker.
- e. Describe other products or service enhancements that the offeror would provide or believe is necessary to the services described in the RFP.

Tab 4. References.

(Supporting Documentation not included in 30-page limitation) (See attachment) Provide up to five (5) recent professional references from clients with insurance needs similar to the Agency, in particular, governmental entities.

Tab 5. Financial Position.

(Supporting Documentation not included in 30-page limitation) Submit copies of the firm's audited financial statements for the past two (2) years.

Tab 6. Licensing and Insurance Requirements.

(Supporting Documentation not included in 30-page limitation) Prior to award, but not as part of the proposal submission, the successful offeror will be required to provide the following documents.

- a. An original certificate evidencing the contractor's current industrial (worker's compensation) insurance carrier and coverage amount. (See attachment)
- b. An original certificate evidencing the contractor's General Liability coverage; naming the Agency as an additional insured, together with the appropriate endorsement to said policy reflecting the addition of the Agency as an additional insured under said policy.
- c. An original certificate evidencing the contractor's Professional Liability and/or "errors and omissions" coverage.
- d. A copy of the offeror's business license allowing the entity to provide such services within the jurisdiction.
- e. If applicable, a copy of the offeror's license issued by the State of record allowing the contractor to provide the services provided in the RFP.

Tab 7. Price Proposal.

- a. *(Price Proposal and forms are not included in 30-page limitation)* Provide the quote for each insurance category and associated fee using the provided forms. Submit signed forms, 1) Certificate of Independent Premium Determination and 2) Non-Collusive Affidavit (see attachments). *[Note to PHA – The use of the forms are optional but strongly recommended.]*

Tab 8. HUD Form 5369-B, Instructions to Offerors, Non-Construction.

- a. *(Attachment not included in 30-page limitation)* Read and initial each page indicating that you have read and agree with the contents.

Tab 9. HUD Form 5369-C, Certifications and Representations of Offerors, Non-Construction.

- a. *(Attachment not included in 30-page limitation)* Read and initial each page indicating that you have read and agree with the contents.

Tab 10. PHA Required Contract Provisions.

- a. *(Attachment not included in 30-page limitation)* Read and initial each page indicating that you have read and agree with the contents. (note this tab will only be needed if the PHA has their own PHA required contract provisions).

Tab 11. Section 3 Business Requirements.

- a. *(attachment not included in 30-page limitation)* To be provided in accordance with the PHA's procurement policy and procedures.

SAMPLE LANGUAGE (RFP SECTION #8) – PRICE PROPOSAL TEMPLATE

[Note to PHA –Some states have rules and regulations dictating what amount (typically a percentage of the policy) that a broker can charge in fees.]

The awarded contract will be for three (3) years with the option to renew in increments of one-year for two (2) additional years. The Agency requires fixed fees for the first three years of the contract. Requests for fee increases in years 4 and 5 shall be submitted by the firm in writing, six (6) months prior to the anniversary date of the contract to be effective for the subsequent year.

INVOICE AND PAYMENT

1. Insurance Brokerage Services. The firm shall invoice the Agency monthly based on 1/12th of the total fees provided for the services provided under this task. The Agency will provide payment within 30 days of an acceptable invoice.
2. Optional Services. The firm shall invoice the Agency monthly for the optional services as these costs are incurred. The Agency will provide payment within 30 days of an acceptable invoice.
3. Equitable Adjustment. At any time, the Agency may, by written notice, make changes in or additions to work or services within the general scope of the agreement. If such changes are made, an equitable adjustment will be made. If the firm believes that a change in or addition to work is beyond the general scope of the agreement, the firm must notify the Agency in writing within 10 days of notification to begin such work. The final administrative authority in settling such disputes shall rest with the Agency.

Insurance Product Quote.

The offeror may elect to provide a quote for any or all insurance products requested in the RFP. Please duplicate the quote sheet provided below and complete a quote sheet for each insurance product that the offeror wishes to submit a quote.

- All quotes must be from companies that are licensed to conduct business in the state and have an A.M. Best's rating of A or better. A copy of the most recent Best's rating for each insurance carrier must be provided with the quote.
- The Agency will select a firm that will only receive compensation for the services requested in the RFP through the proposed fee structure. The offeror will not receive commissions, other fees, kickbacks, etc. in any form for the services provided under this RFP. The awarded firm will be required to annually execute a certificate attesting that the only compensation received for services were from the fees allowed in the awarded contract and that no additional fees, commissions, etc. were or will be received.
- Submit signed forms, 1) Certificate of Independent Premium Determination and 2) Non-Collusive Affidavit (see attachments).

INSURANCE PRODUCT QUOTE SHEET

1. Quote for the following insurance product:

- | | |
|---|---|
| <input type="checkbox"/> a. Commerical Property | <input type="checkbox"/> e. Theft, Disappearance, and Destruction |
| <input type="checkbox"/> b. Commerical General Liability | <input type="checkbox"/> f. Employee Dishonesty (Fidelity) |
| <input type="checkbox"/> c. Workers Compensation | <input type="checkbox"/> g. Boiler and Machinery |
| <input type="checkbox"/> d. Owned andNon-Owned Automobile Liability | <input type="checkbox"/> h. Flood Insurance |

2. Name of Insurance Company:

3. AM Best Rating:

4. Annual Premium based on the deductibles provided in the table and the Brokerage Fee (indicate if fee is based on percentage or flat rate).

Annual Premium Based on Deductible of:	Proposed Brokerage Fee
\$5,000	
\$10,000	
\$15,000	

4. Provide details of any discrepancies in the RFP request including coverages not provided or any additional coverage as compared to the Agency's current insurance schedule. Attach separate sheet if necessary.

Summary – Insurance Premiums & Fees.

Based on the insurance quotes provided and using the table below, summarize the premiums and associated fee for each insurance product based on the deductibles requested. Indicate "N/A – not applicable" for any insurance product where a quote was not submitted.

#	Insurance Product	Premium based on deductible of:			Proposed Broker Fee		
		\$5,000	\$10,000	\$15,000	\$5,000	\$10,000	\$15,000
1	Commercial Property						
2	Commercial General Liability						
3	Workers Compensation						
4	Owned andNon-Owned Automobile Liability						
5	Theft, Disappearance, and Destruction						
6	Boiler and Machinery						
7	Flood Insurance						
TOTAL, Premium & Fees							

Pricing – Optional Services (Loss Control & Safety and Property Appraisals).

The price proposal template provided below is required to be provided for Year 1. For the subsequent years (Years 2 and 3 and Option Period 1 and Option Period 2), provide the proposed rate for each labor category, including the percentage rate of increase proposed.

For Year 1, for each proposed personnel, provide the labor category, hourly rate, and estimated hours to be performed for the optional tasks – Loss Control & Safety and Property Appraisals. The number of hours in Year 1 or subsequent years should not exceed 100 hours annually. The services provided under these tasks must be approved by the Agency prior to services being rendered and billed.

Pricing for this service will be billed at the rate shown in the offeror's table below. Invoicing for this service will be supported with a narrative of the work performed.

Rate, Hours, and Total Cost by Staff – Loss Control & Safety, and Property Appraisals Services Year 1 Period				
Staffing	Labor Category	Year 1 Hourly Rate	Year 1 Hours	Year 1 Total Cost
Name of Lead Contractor Firm				
Name 1	Category 1	\$20.00	10	\$200.00
Name 2	Category 2	\$10.00	10	\$100.00
Name 3	Category 3	\$6.00	10	\$60.00
	Total Hours (NTE 100)		30	
	Total Annual Fee			\$360.00
	Total Monthly Fee			\$30.00

SAMPLE LANGUAGE (RFP SECTION #9) – SAMPLE EVALUATION CRITERIA

The Agency intends to award the contract to the successful offeror(s) pursuant to a “Best Value” basis. An evaluation committee will review and rank each proposal using the evaluation factor and point system shown. The award of points for each listed factor will be based upon the documentation that the offeror submits with the proposal.

#	Evaluation Factor	Maximum Points
1	Firm’s Qualifications and Experience Firm’s overall experience with providing insurance service to clients comparable to the Agency; quality of references and experience with governmental entities; and strength and financial stability of the firm.	25
2	Staff Qualifications and Experience Offeror’s level of staff and experience and qualifications of specific staff assigned to provide insurance services to the Agency.	20
3	Responsiveness – Understanding and Approach The proposal demonstrates the firm’s ability to provide the services requested, understanding and access to insurance markets, and maintain adequate internal control procedures.	20
4	Costs and Fees. The proposed costs provide the best value to the Agency. The offeror with the lowest price will receive the maximum points. All other proposals will receive a proportionally lower total score for this category.	25
5	Section 3 Requirements. <i>[Note: This evaluation factor should be tailored to reflect the PHA’s procurement policy].</i> The offeror is a Section 3 firm or has provided a plan committing to achieve certain targets with respect to training, employment, contracting, or other economic opportunities for the Agency’s low-income residents.	10
6	Responsiveness to Terms & Conditions & Financial Viability <ul style="list-style-type: none"> Proposal contains the required documentation and all terms and conditions are addressed and documentation included. Financial strength of the offeror based on a review of the firm’s audited financial statements. 	Acceptable / Unacceptable
Total Points		100

Method of Award.

Once each offeror’s proposal has been evaluated and ranked, final negotiations will be scheduled for the top ranked offeror. If the final negotiation is successful, the Executive Director will make a recommendation to the Board of Commissioners to award a single contract to that offeror. The Board may require additional information or negotiations before the Board will approve an award of the contract.

Should negotiations with the selected offeror become unsuccessful, the Agency reserves the right to cease negotiations with the offeror. In the event of cessation of negotiations with the first selected offeror, the Agency reserves the right to either enter into similar interviews and negotiations with the next highest ranked offeror or take other action as it deems most beneficial.

SAMPLE LANGUAGE (RFP SECTION #10) – HUD MANDATORY CONTRACT PROVISIONS

HUD requires that certain contract provisions be contained in the contract. These contract provisions should be provided as part of the procurement package. HUD has provided the mandatory contract clause provisions as PIH forms, which can be searched via the internet by the PIH form number and simply attached to the procurement proposal or the PHA may type the clauses into the procurement package. Some PHA's procurement module in their management information system already have these HUD required clauses, which can be printed and included as part of the RFP package.

HUD Mandatory Contract Provisions

1. Form HUD 5369-B, Instructions to Offerors – Non-Construction.
2. Form HUD 5369-C, Certifications and Representations of Offerors – Non-Construction Contract.
3. **(Optional)** Form HUD 5370-C, General Conditions for Non-Construction Contracts.

While not mandatory, HUD highly recommends the use of Form HUD 5370-C, General Conditions for Non-Construction Contracts. This form provides 18 other contract provisions that protect the PHA's interests, via clauses such as handling disputes with the offeror, termination of the contract for convenience and default and provides other federal requirements that may not be known to some offerors, such as Equal Employment Opportunities requirements and conflicts of interest.

If the PHA elects not to include the contract provisions, the PHA should review the form and determine if the PHA should modify and include many of these contract provisions by adding them to the PHA contract provisions section of the procurement package.

As a reminder, when reviewing Form HUD 5370- C, PHAs should specifically look at the PHA's contract provisions that mirror or are similar to those contract clauses in the HUD Form 5370-C. In the event of duplicate or similar contract provisions, the PHA should modify the provisions into one clause as the PHA deems most proper.