

Police and Firemen's Retirement System of New Jersey  
State of New Jersey  
50 West State Street – 9<sup>th</sup> Floor  
Trenton, NJ 08625-0297

July 13, 2020

The effective date of this RFQ is July 13, 2020. The response to the RFQ, seeking the professional criteria, is to be submitted on or before 3:00 p.m. on August 13, 2020. A firm will be selected based on the criteria set forth in the RFQ. The insurance proposals are due by September 15, 2020.

The PFRSNJ Chairman requests that interested firms submit a proposal in accordance with the RFQ. The RFQ is available on the New Jersey Treasury Department's website at <http://www.state.nj.us/treasury/pensions/>

The response should be marked as follows: Insurance Broker and Fiduciary Insurance RFQ

Questions regarding the professional criteria may be submitted no later than August 1, 2020 to PFRSNJ, Attention: PFRSNJ Board Secretary, Lisa Pointer at the following address: [Lisa.Pointer@treas.nj.gov](mailto:Lisa.Pointer@treas.nj.gov) Questions regarding the insurance proposal content may be submitted no later than September 1, 2020 to Lisa Pointer, at the same address.

Please note that the "subject" line of your email address must specifically reference the RFQ as follows: "Broker and Fiduciary Insurance for PFRSNJ"

Sincerely yours,

Ed Donnelly  
PFRSNJ Board Chairman

## **Police and Firemen's Retirement System of New Jersey**

### **REQUEST FOR BROKER QUALIFICATIONS ("RFQ") AND REQUEST FOR FIDUCIARY INSURANCE PROPOSALS ("RFP")**

**Issue Date: July 13, 2020**

#### **1.0 BACKGROUND OF THE POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY**

The Police and Firemen's Retirement System of New Jersey (PFRSNJ) serves the interests of its roughly 40,000 active and 40,000 retired police and firemen in the State of New Jersey. With the Enactment of Chapter 55 of Public Law 2018, (Chapter 55) the Board of Trustees (Board) of the PFRSNJ took over many of the functions that were formerly performed by the Division of Pensions and Benefits, and the Division of Investments, and Chapter 55 provides final authority to the Board to make decisions regarding the administration of the fund. Some of these functions continue to be performed by the Division of Pensions and Benefits, and the Division of Investments, as requested by the Board of Trustees. The Police and Firemen's Retirement System has elected to develop an in-house legal counsel.

With this transfer of authority comes the need for procuring fiduciary insurance for the trustees of the fund. Therefore this bid proposal requests prospective vendors to submit a response to this RFQ which shows their qualifications and to provide responses to this RFP to the Board to procure these lines of insurance. The Board and its staff will make available any information needed to appropriately underwrite the insurance for the pension fund.

This solicitation of responses is being conducted pursuant to State laws, regulations and executive orders, specifically Executive Order No. 37 (Corzine, 2006) ("EO 37"), and the policies and procedures of the Police and Firemen's Retirement System with regard to procurement.

## **2.0 PURPOSE AND INTENT OF REQUEST FOR BROKER QUALIFICATIONS AND INSURANCE PROPOSALS**

The PFRSNJ is seeking responses to the RFQ from qualified insurance brokers to serve as a PFRSNJ insurance broker for a contract term of three (3) years with the option to renew for two (2) additional successive one (1) year periods at the PFRSNJ's discretion, and during such contract term, to act as a PFRSNJ's insurance broker. The PFRSNJ requires that the insurance companies providing coverage are financially sound and generally carry an A.M. Best rating of A- VII or better.

Following qualification by the PFRSNJ of insurance brokers pursuant to the RFQ, the retirement system will then seek competitive bids to the RFP from qualified brokers to procure fiduciary insurance to cover the trustees and staff of the PFRSNJ system. The Board will be seeking coverage for errors and omissions of the PFRSNJ Board members and staff, and will additionally be looking for Labor Management Trust – Fiduciary Liability Coverage. The Board members are trustees for the roughly \$27 Billion investment Portfolio of the PFRS. For an introduction to the finances and operations of the PFRS, please refer to the 2019 Financial Statements and 2019 Annual Report available on the Division of Pensions and Benefits website at:

DPB Website Address - <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

### **KEY DATES**

Brokers shall not contact any markets prior to receiving written authorization from the PFRSNJ. Such written authorization is expected to be provided to qualified brokers via United States mail and email on or about August 15, 2020, but can be moved back as needed at the sole discretion of the Board. A summary of the key dates are as follows:

July 13, 2020: RFQ is submitted to the public by the PFRSNJ Board.

August 1, 2020: Deadline for Questions to be submitted for professional criteria component.

August 13, 2020: Broker Qualifications proposal are due

August 15, 2020: PFRSNJ to Notify Qualified Brokers of Market Assignments, to begin to develop quotes for insurance needs

September 1, 2020: Deadline for Questions to be submitted regarding insurance contract requirements are due.

September 15, 2020: Broker's Complete Insurance Proposals are Due – Board will prepare any required documents to underwrite insurance process, and should be contacted if there are any questions needed to underwrite the insurance proposals for the fund.

September 2020 to October 2020: PFRSNJ to Select Insurance Proposal

September 2020: All Insurance Coverage to Be Effective

## **3.0 MINIMUM QUALIFICATIONS FOR INSURANCE BROKER**

In order to be considered for the opportunity of facilitating the Board's selection of an

insurance carrier, insurance brokers must meet the following minimum qualifications:

- 3.1** Have professional errors and omissions coverage with minimum limits of \$20 million underwritten by companies acceptable to the Board;
- 3.2** Be in sound financial condition;
- 3.3** Be capable of marketing and servicing the Board's account; and
- 3.4** Be a licensed insurance broker in the State of New Jersey in good standing.

Failure of a vendor to meet minimum qualifications will result in immediate rejection of the vendor's proposal.

#### **4.0 SCOPE OF SERVICES**

The insurance broker selected for this engagement shall provide some or all of the services identified below at the request of the Board:

- 4.1** Annually design, market and implement the Board's insurance needs to provide adequate coverage for the Board, its employees, all PFRS assets in a cost-effective manner. Multiple insurance coverage options (for each type of insurance policy marketed) should be presented to the Board to ensure sufficient market inquiry for the best coverage and the best price.
- 4.2** Identify the data that will need to be submitted to the underwriters, assist the Board in gathering the data and prepare the submission to the underwriters for review and approval by the Board.
- 4.3** Meet with the Board as often as the Board deems necessary, to develop a strategy for marketing the Board's insurance program needs. Such strategy will address risks to be covered, markets to be solicited, and insurance limits/layers.
- 4.4** Annually present the insurance policy renewals to the PFRSNJ's Board, typically as part of the Board's annual meeting in June.
- 4.5** Before binding the specific insurance coverage the Board wishes to purchase, disclose in writing, a summary of all quotes, any interest the Successful Proposer may have in, or contractual arrangements with, any of the prospective insurers; and the maximum amount or percentage rate of compensation which the Successful Proposer, its parent companies, subsidiaries or affiliates may receive in connection with the placement of the insurance coverage, if applicable.
- 4.6** Ensure that the insurance companies providing coverage are financially sound and possess an AM Best rating of A-/VII or better and alert the Board when the status of any insurer falls below the minimum requirements.

- 4.7 Review all policies, binders, certificates, endorsements or other documents delivered by insurers or intermediaries, for the purpose of confirming their accuracy and conformity to negotiated specifications and the Board's instructions and advise the Board of any errors in, or recommended changes to, such policies.
- 4.8 Keep and maintain proper and adequate records accurately reflecting all costs and amounts billed to the Board with regard to this RFQ and RFP. Keep and maintain adequate records related to policy history, premium rates, claims & loss history and provide certificates of insurance on request. Such records shall be retained for at least five (5) years after expiration of the term of engagement, the termination of the service engagement and /or during any dispute or claim between the Board, the broker and/or insurance provider(s). The Board, its employees, officers, or representatives shall have the right upon written request and reasonable notice to inspect and examine all books and records related to this specific broker service engagement and insurance program procurement.
- 4.9 Inform the Board of the reporting requirements for claims, including where claims should be reported and the method of reporting to be used.
- 4.10 Assist the Board in establishing claims reporting procedures, report claims/losses/occurrences or other events required by insurance policies on the Board's behalf to the appropriate underwriters. At the Board's request, support the Board's claims position and advocate claims negotiations and settlements favorable to the Board.
- 4.11 Assist the Board in recovering deductible amounts from appropriate entities.
- 4.12 Advise, provide updates, recommendations, presentations and answer questions regarding marketing and insurance coverage as they arise.

**5.0 REQUIRED COMPONENTS OF THE INSURANCE BROKER'S RESPONSE TO THE REQUEST FOR QUALIFICATIONS (RFQ)**

Each insurance broker submitting a response must follow the instructions contained in this RFQ. Proposals must be in writing, should be completed in the most concise manner possible, and must contain all of the information requested in the order and format requested. All terms and conditions set forth in this RFQ will be deemed to be incorporated by reference in their entirety into any proposal submitted by each insurance broker.

In responding to this RFQ, each insurance broker must address the following areas:

- 5.1 Provide an executive summary of not more than one (1) page identifying and sustaining the basis of your contention that your firm is the best qualified firm to provide the requested insurance brokerage services to the Board.

- 5.2** Provide the name, title, business address, email address, telephone number and fax number of the individual the Board should contact regarding your proposal.
- 5.3** Set forth fully the anticipated liaison contact and other professional staff to be used in providing the requested services. Each individual's background and resumes should be included, as well as their anticipated respective functions and responsibilities.
- 5.4** Provide evidence of meeting minimum requirements detailed in Section 3.0 herein.
- 5.5** Clearly outline the approach to services that your firm intends to utilize in providing the services outlined in Section 4.0. Your response should address your planning to obtain the best coverage/service solutions available and sufficient detail to exhibit coverage/service enhancements you would include in your marketing approach.
- 5.6** Provide the following for your brokerage firm:
- A Certificate of Insurance evidencing professional errors and omissions coverage.
  - Audited financial statements, annual report, or equivalent, for the most recently completed fiscal year.
  - A listing of markets (insurance companies) you desire to use for your marketing process, in order of preference. Please include the amount of premium volume you place with each market.
  - Provide your firm's physical presence in the State of New Jersey, including number of offices, the number of employees and the type of business activity conducted in the State.
  - Please describe the participation of women and minorities in your firm. Please indicate the percentage of your firm that is owned by women and minorities, if any.
  - Please provide a list of at least three (3) references, at least two (2) of which must be public entities.
  - Provide documentation indicating that your firm is licensed by the State of New Jersey as an Insurance Broker and that such license(s) is in good standing. The successful proposer shall maintain such license in good standing during the period of its engagement with the Board.

**5.7 Litigation**

Describe any pending, concluded or threatened litigation and/or investigations, administrative proceedings or federal or state investigations or audits, subpoenas or

other information requests of or involving your firm or the owners, principals or employees which might materially affect your ability to serve the Board. Describe the nature and status of the matter and the resolution, if any.

### **5.8 Conflicts of Interest**

Describe any actual or potential conflicts of interest that might arise if your firm is selected to serve as the Insurance Broker to the Board taking into consideration both the Board and its respective investment portfolio.

### **5.9 Fees**

Provide your firm's brokerage fee arrangement. If such fee arrangement is other than a flat rate or fixed fee, submit a methodology setting forth all fees, commissions, charges and costs associated with the services to be provided herein. Fees shall include all professional, administrative and clerical services and all out-of-pocket expenses including but not limited to, photo copying, fax, email, and computer usage, incurred in connection with the completion of the services required herein. Travel time or costs are not reimbursable. Any quoted not-to-exceed commission rates to be received by the broker from carriers must be within industry standards and permitted by law.

## **6.0 BROKER SELECTION PROCESS AND MARKET ASSIGNMENT**

In accordance with EO 37 and the Board's policies and procedures, the factors used to evaluate responsive proposals and to select qualified brokers shall include, but are not limited to:

- Qualifications and experience of broker firm and assigned personnel to the account service team in the following areas:
  - Marketing
  - Manuscripting and reviewing policies
  - Claims Assistance
  - Records Maintenance & Review:
    - Claims Histories
    - Premium Histories
    - Issuance of Certificates of Insurance
- The Board's prior experience with the broker.
- The broker's familiarity with the work, requirements, and systems of the Board.

- The broker's capacity to meet the requirements listed in the Scope of Services.
- The broker's approach to services
- The broker's references.
- Geographical location of the broker's offices.
- Satisfactory professional errors and omissions liability coverage.
- Satisfactory financial status.
- Ability of the broker to successfully implement the entire program within the proposed schedule.

Please note: The above list is not all-inclusive and is in no particular order or ranking.

When possible, markets (insurance companies) will be assigned to qualified brokers in accordance with stated preferences, although assignments shall be at the sole discretion of the Board.

## **7.0 SUBMISSION OF RESPONSE TO THE REQUEST FOR QUALIFICATIONS**

In order to be considered for appointment, your firm must submit one (1) original and two (2) hard copies of your response addressing the specific requirements outlined herein by no later than **3:00 PM EST on August 13, 2020** at the following location:

**Police and Firemen's Retirement System of New Jersey**  
**Attention: Lisa Pointer – Board Secretary**  
**50 West State Street – 9<sup>th</sup> Floor**  
**Trenton, NJ 08625**

Responses received after **3:00 PM EST on August 13, 2020** will not be considered. Please note that the PFRSNJ's office hours are Monday through Friday between 9:00 am and 5:00 pm. The Board wishes to have a copy of a prospective broker's submission emailed to the Board Secretary at [Lisa.Pointer@treas.nj.gov](mailto:Lisa.Pointer@treas.nj.gov).

If due to delivery service delay, a vendor's response is received after **3:00 PM EST on August 13, 2020**, the response shall be deemed accepted for review and consideration provided the vendor submits proof that but for a delivery service delay, the vendor's response would have been received by the PFRSNJ prior to the stated deadline.

Following evaluation by the Board, it will determine and notify those insurance brokers which have met the requirements and are an eligible firm to procure insurance on behalf of the PFRSNJ. The PFRSNJ will notify the firms on or about August 15 if they have been found eligible to procure this line of insurance for the Board and retirement system.



## **8.0 REQUIRED COMPONENTS OF INSURANCE PROPOSALS FOR COVERAGE PERIOD OF September 1, 2020 TO August 30, 2023**

In responding to this RFP, Proposals must include the following:

### **8.1 Insurance Proposal**

- A copy of the proposed policies, including all forms and endorsements, for fiduciary insurance for the trustees, and Board staff.
- Quoted premium rates for the coverage and limits specified included herein (including any applicable surcharges) for three one-year policies effective September 1, 2020 through August 30, 2023. Whenever possible, proposed policies should meet or exceed the existing coverage.
- Quoted not-to-exceed commission rates to be received by the insurance broker from carriers on policies for the original three (3) year period, and the two (2) optional one (1) year extensions.
- Comprehensive listing of any other costs or charges not included in the premium rates to be charged to the Board or received by the broker from the insurance carrier.
- Copies of current ratings from A.M. Best, Standard & Poor's, Moody's, Fitch Ratings and any other rating agencies for the proposed insurance companies.

### **8.2 Insurance Proposal Specifications**

The following Attachments should be taken into consideration for purposes of the marketing process:

**Attachment 1** - Copy of the Fiscal Year Ended 2019 Audited Financial Statements of the Board and the Board's 2019 Annual Report. CAFR report from Division of Pensions and Benefits online at - <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>

## **9.0 SELECTION PROCESS FOR INSURANCE POLICY**

In accordance with EO 37 and the Board's policies and procedures, the factors used to evaluate responsive proposals shall include, but are not limited to:

- The total compensation, rates or fees to be charged by the broker to the Board or received from the insurance carrier. Any quoted not-to-exceed commission rates to be received by the broker from carriers must be within industry standards and permitted by law.
- Qualifications and experience of assigned personnel to the account service team.
- Compliance with proposal specifications.
- Policy form, including coverage and exclusions.
- Premium rates and other costs.
- Financial strength and reputation of insurance companies.

All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be reviewed and scored by an evaluation committee pursuant to the grading scale it creates and a recommendation for appointment will be made to the PFRSNJ's Board. The Board reserves the right to request clarifying information subsequent to the submission of the proposal if necessary. The Board reserves the right to accept or reject any submission based upon its discretionary review of all submissions.

In making the appointment, strong consideration will be given to the respective price quotations submitted. The Board reserves the right to establish a fee schedule that is acceptable to the vendor selected and to the Board and to negotiate fees when appropriate.

The Board reserves the right to request additional information if necessary or to request an interview with vendor(s) in which the evaluation committee will participate. The Board also reserves the right to reject any and all submitted proposals with or without cause and waive any irregularities or informalities in the proposals submitted.

The Board further reserves the right to make such investigations as it deems necessary as to the qualifications of any and all vendors submitting proposals. In the event that all proposals are rejected, the Board reserves the right to resolicit proposals.

## **10.0 SUBMISSION OF THE INSURANCE PROPOSAL**

Joint proposals are not permitted.

In order to be considered for appointment, insurance brokers found by Board staff to be qualified based on the RFQ process must submit one (1) original and two (2) hard copies of your request for proposal addressing the specific requirements outlined herein by no later than **3:00 PM EST on September 15, 2020** at the following location:

**Police and Firemen's Retirement System of New Jersey  
Attention: Lisa Pointer – Board Secretary  
50 West State Street – 9<sup>th</sup> Floor  
Trenton, NJ 08625**

Proposals received after than **3:00 PM EST on September 15, 2020** will not be considered. Please note that the Board's office hours are Monday through Friday between 9:00 am and 5:00 pm. The Board requires a copy of the submission by electronically delivered to the Board Secretary, Lisa Pointer at [Lisa.Pointer@treas.nj.gov](mailto:Lisa.Pointer@treas.nj.gov).

If due to delivery service delay, a vendor's proposal is received after **3:00 PM EST September 15, 2020** the proposal shall be deemed accepted for review and consideration provided the vendor submits proof that but for delivery service delay, the vendor's proposal would have been received by the Board prior to the stated deadline.

All inquiries related to the scope of the insurance contract must be received by **3:00 PM on September 1, 2020** and directed in writing via email to:

Lisa Pointer  
Board Secretary  
Email: [Lisa.Pointer@treas.nj.gov](mailto:Lisa.Pointer@treas.nj.gov)

The Board assumes no responsibility and bears no liability for costs incurred in the preparation and submission of a proposal, or attendance of interviews, if any, in response to this RFP. The Board assumes no responsibility and bears no liability for the disclosure of any information or material received in connection with this solicitation, whether by negligence or otherwise.

All documents and information submitted in response to this RFP will become property of the Board and shall be open to inspection by members of the public in accordance with the Open Public Records Act, *N.J.S.A. 47:1A et seq.* once the selection process is complete.