

Pennsylvania Turnpike Commission



**REQUEST FOR PROPOSALS for
Broker Services Request
for
Owner Controlled Insurance Program**

RFP #

04-115-2905

DATE OF ISSUANCE

April 20, 2004



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General Information

Project Owner: Pennsylvania Turnpike Commission (PTC)

Mailing Address: P.O. Box 67676
Harrisburg, PA 17106-7676

Web Site: www.paturnpike.com

Phone Number: 717.986.9616



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Facsimile Number:

717.986.8785

Contacts:

Dennis Genevie
Director of Safety & Risk Management
dgenevie@paturndpike.com

Gary W. Pennick
Occupational Safety & Insurance Supervisor
gpennick@paturndpike.com



Introduction

Request for Proposals:

In the past, the PTC has made use of the wrap-up concept, otherwise known as an Owner-controlled insurance program (OCIP), for new construction projects (Beaver Valley Expressway, Amos K. Hutchinson Bypass and the Mon-Fayette Expressway) and reconstruction projects (Somerset and Donegal mainline). The PTC wants to extend the OCIP concept to include other roadway and bridge reconstruction projects.

The PTC requests proposals for brokerage, administrative, loss control and claims management services for an OCIP, for upcoming projects. These projects, which are detailed under the "Description of the Projects" section, involve approximate construction costs of \$256,000,000. The first project will start in the summer of 2004, with all projects to be completed by the fall of 2008.

Inquiries:

All inquiries will be accepted no later than Monday, April 26, 2004, by:

Dennis L. Genevie
Director of Safety & Risk Management
Pennsylvania Turnpike Commission
P.O. Box 67676
Harrisburg, PA 17106-7676
717-939-9551, ext. 6160
dgenevie@paturndpike.com

Response Date

To be considered, proposals should arrive at the **Contract Administration Department, Attention: George M. Hatalowich on or before 2:00 PM, local time, April 30, 2004.** Contractors should allow sufficient mail delivery time to ensure timely receipt of their proposals.



Special Conditions

Reservations:

This RFP does not commit the PTC to award a contract, to defray any cost insured in the preparation of a proposal, or to procure the contract.

Right to Cancel:

The PTC reserves the right to cancel this RFP in any part or in its entirety. If the PTC cancels or revises this RFP, all participants will be notified in writing.

Additional Information:

The PTC reserves the right to request additional information and/or clarification from any response to this RFP.

Release of Public Information:

Selection announcements, contract awards and all data provided by the PTC shall be protected from public disclosure. All participants must receive written prior approval before releasing any information.

Discussion with Participants and Revisions to Proposals:

Discussions and negotiations may be conducted with participants who submit responses. In connection with these discussions and negotiations, revisions may be permitted after submission of the proposals and prior to award for the purpose of obtaining the best and final offers from the participants.

Award:

Award shall be made to the participant whose proposal, as determined by sole discretion of the PTC, is the most advantageous to the PTC based upon criteria determined by the PTC.



Description of the Projects

There are seven (7) roadway, bridge and interchange replacement projects that may be included in this OCIP. These projects have an estimated construction cost of \$256,000,000.00. **All proposals must indicate if services are for Group 1 or Group 2 only, or a combination of both groups.**

The projects included in the two OCIP groups are:

Group 1

Project Description	Estimated Cost	Length of the Project
Replacement of Rt. 202 Overhead Bridge	\$8.2 Mil	Summer 2004 to fall 2005
Schuylkill River Bridge to Milepost 333 Six Lane Widening	\$26.5 Mil	Summer 2004 to fall 2006
Replacement of Flint Hill Road Overhead Bridge	\$4.3 Mil	Summer 2004 to fall 2006
Milepost 326 to Schuylkill River Bridge Six Lane Widening	\$50 Mil	Spring 2005 to fall 2007

Group 2

Project Description	Estimated Cost	Length of the Project
Susquehanna River Bridge Replacement	\$80 Mil	Fall 2004 to fall 2008
Susquehanna River Bridge Approach Roadway	\$40 Mil	Winter 2004 to fall 2008
Harrisburg-East Interchange Replacement	\$20 Mil	Summer 2005 to fall 2007

Each of the projects described below will have a construction manager and each construction manager will have a safety person. In addition, each general contractor will also have a full-time safety person.



GROUP 1

Project T326.20RR001

This project includes the widening and reconstruction of seven (7) miles of limited access highway on existing alignment between Valley Forge Interchange (Exit 325) and Norristown Interchange (Exit 333) in Montgomery County. The project is anticipated to include four (4) construction sections for a total estimated construction cost of \$116,000,000.00. Construction is anticipated to consist of two bituminous superpave roadway and bridge widening and construction sections, and two separate bridge sections for the work involving the State Route 202 and Flint Hill Road structures. The bridges will be constructed with steel, with the exception of one being a prestressed concrete structure. Their foundations will be built upon spread footings, H-Piles and caissons. Numerous culverts will be rehabilitated and widened throughout the project. Various retaining walls and sound walls will also be constructed as needed. A wetland site will be developed in the vicinity of the Norristown Interchange. Other contract work will include roadway lighting improvements at the Valley Forge Interchange, barrier and guiderail installation, sign structures, drainage, R-O-W fencing and the installation of fiber optic conduit throughout the length of the project for future IT and communication lines. Final Design is currently underway on all four project sections. The current anticipated starting date is the summer of 2004, with the anticipated completion date of the fall of 2007.

GROUP 2

Project T245.72SS001

Construction will include the replacement of the existing structure crossing the Susquehanna River at Milepost 245.72 with dual precast concrete segmental structures. The estimated total lengths of the replacement structures are approximately 5,765 feet each. The out-to-out deck width of each of the dual structures will be approximately 55 feet. The new river crossing will be on a new alignment, north of the existing alignment, extending from the west shore of the Susquehanna River to the east of S.R. 0230. Construction will also include reconstruction of the roadway on a new alignment, north of the existing alignment. Additional work includes the replacement of the mainline structure over S.R. 3001 (Eisenhower Boulevard), replacement of the ramp bridge at the Harrisburg-East Interchange, and lengthening of the reinforced concrete box culvert over Laurel Run at Milepost 246.97.

Project T247.38TT001

Construction will include the rehabilitation and expansion of the Harrisburg-East Interchange toll plaza area.



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Time Line

Proposals to
George M. Hatalowich, Contract Administration Department

Friday, April 30, 2004

Review by Evaluation Committee

Friday, May 7, 2004

Commission approves the selection of insurance broker(s)

Tuesday, May 18, 2004



Broker Selection Criteria

The Evaluation Committee will evaluate the proposals based on the following criteria:

- The OCIP experience of the project team
- The qualifications of the project team
- The ability of the broker to provide the brokerage, administrative, loss control and claims management services
- The willingness of the brokers to provide on-site facilities for administration, loss control and claims management services
- The quality of the response and the adherence to the format
- The fee



Contents of Proposal

The proposals must be submitted to:

George M. Hatalowich (**6 copies of response**)
Manager, Contract Administration Department
Pennsylvania Turnpike Commission
P.O. Box 67676
Harrisburg, PA 17106-7676 (Mailing Address)
Or
700 South Eisenhower Blvd.
Middletown, PA 17057 (Land Address)

The responses should be concise, well organized and demonstrate the proposer's qualifications and experience applicable to the required services. The response will incorporate the following information:

- The legal name of the firm making the proposal
- The address of the servicing office(s)
- Name, address, telephone number, fax number and e-mail address of the contact
- The firm's most recent annual report and 10K if a public company
- A certificate of insurance for your professional liability
- An organizational chart of the branch office that will be providing the required services
- An organizational chart of the OCIP team
- The resumes of the OCIP team members. The resumes must include the number of years experience in OCIP's for each person listed on the organizational chart. The PTC will be notified if there are any changes in the team members.



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- A description of OCIP projects the servicing office has administered in the last five (5) years. This will include the cost, payrolls, project owner, the loss ratios by line of coverage, the insurance companies that underwrote the coverages, the team members and a reference for each project. Of particular interest are similar types of projects and those in the area of the two projects described herein.
- For the projects described above, please include an analysis of the savings generated by the OCIP in comparison with a standard program.
- A sample set of specification used for one of the projects described above.
- Sample reports from your RMIS.
- Provide samples of manuscript endorsements used with the above programs.
- An OCIP (Wrap-Up) Manual used on one of the projects. This will include the safety program.
- A proposed time line for the identified projects.
- A description of the roles and responsibilities of the proposer's program relative to the following parties
 - The Insurance Carrier(s)
 - The PTC
 - The Construction Manger
 - The Contractors (s)



Broker Services

The PTC will expect the broker to provide the following services relative to the previously described projects:

- Brokerage Services (placement workers' compensation, commercial general liability and excess liability)
- Program Administration
- Loss Control Services
- Claims Management
- Risk Management Information System (RMIS)

If any of the above services will be provided by the insurance companies, provide a detailed explanation on what services will be provided and how they will be provided. The PTC prefers the services be primarily by the broker with the insurance companies providing support.

Participants are encouraged to identify and recommend concepts that will result in cost savings and improved administration and service without sacrificing coverage.

Insurance Brokerage Services:

- Prepare specifications for the desired insurance coverages. The specifications should be designed to provide the most comprehensive coverages, protect the PTC and other parties, and provide cash flow incentives at the most reasonable cost.
- Design manuscript endorsements to enhance the coverages.
- Represent the PTC in all negotiations with the underwriters, insurance department, Pennsylvania Compensation Rating Bureau and other parties that might be involved in the OCIP.
- During the insurance brokering process, the PTC is desirous of meeting with the underwriters to assist in the marketing process. The PTC will be involved in the final negotiations once the insurance has been selected.
- Verify the accuracy of the rates, premiums, audits and retrospective adjustments.



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- Provide accurate policies and endorsements to the PTC within ninety (90) days of the effective date.
- Prepare and distribute certificates of insurance.
- On an annual basis, provide a comparison of the OCIP program with a standard program.
- On an as-needed basis, arrange for the underwriter to attend meeting with the PTC and the construction manager.
- Sixty days (60) prior to the annual expiration date, provide a stewardship report, which will incorporate the following:
 - By year and line of coverage, the earned premiums, paid and incurred losses
 - Anticipated renewal terms, conditions and an indication of the projected pricing
 - Current status of the project for all phases
 - Loss control and claims management objectives and were they met
 - Any problems experienced with the administration of the program
 - Recommendations for improving the program
 - Statement of all income received from the placement of the coverages, if on a commission basis.

Administrative Services:

- Provide guidelines for which parties should be part of the OCIP.
- Describe how you would envision enrolling participants in the OCIP.
- Make arrangements for all enrolled employees to be passing drug tests before coming on the jobsite.
- Develop insurance requirements for all enrolled contractors and for those not enrolled in the program.
- Secure and maintain insurance certificates from all parties required to provide evidence of insurance.
- Attend the pre-bid meeting to review and discuss the insurance requirements.



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- Prepare and distribute to all participating contractors and the subcontractors of any tier the OCIP (Wrap-Up) Manual. The manual will include, but not be limited to, information regarding the insurance program, the safety program and claim reporting provisions.
- The successful broker will agree to have a servicing facility (office or trailer) within the project area.
- Coordinate the termination of contractor's coverages when the project or their contract is completed and assure they have the necessary insurance coverages for work not done under the OCIP.

Loss Control Services:

The overall safety program of the project will be the responsibility of the safety person provided by the broker. The PTC reserves the right to approve this individual. The construction manager will have an individual whose duties include safety, and depending upon the size of the contract, each contractor may be required to have a full-time safety person. The PTC and the broker will have the right to approve all safety personnel employed by the construction manager and the contractors.

The broker will be required to provide a full-time safety professional for the length of the project. It is anticipated one safety person could provide oversight for each project .

The safety responsibilities will include:

- The design, implementation and monitoring the overall safety program.
- Coordinate the monthly safety meetings with the CM and the contractor(s).
- Coordinate, provide materials and monitor the weekly toolbox talks.
- Provide quarterly comparisons on the severity and frequency rates with those of industry standards.
- Provide monthly reports of safety issues and deficiencies.
- Conduct unannounced safety inspections on a regular basis.



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- Develop and implement a safety video for viewing by each employee prior to starting work.
- Coordinate the drug testing for all employees prior to starting work.
- List other activities you would provide.
- Approve qualifications and experience level of the construction manager and contractors safety personnel.

Claims Management Services

The broker will be responsible for monitoring the claims reporting and the claims management process. This will include:

- Developing, implementing, and monitoring system wide claim reporting policies and procedures
- Developing the emergency transit procedures.
- Work with the area health care providers to provide the immediate and necessary treatment for injured workers and negotiate reduced fees
- Provide quarterly reports on the open and closed claims. This will include the paid and reserved values for each claim
- Recommend deductible or stop loss levels for workers' compensation coverages
- Assist in collecting and property damage deductibles from the responsible contractor.
- Provide detailed monthly reports on all claims with a value in excess of \$25,000.
- Develop a list of providers and negotiate fee arrangements for indirect health care related services (vocational rehabilitation, physical therapy)
- Coordinate the quarterly open claim review meeting with the insurance company's claim representative, the CM, the contractor (s) and the PTC



Risk Management Information Services:

The response will incorporate a complete description of the RMIS system that would be used for the OCIP's, including the hardware requirements. The RMIS must be capable of providing the following:

- Monthly, quarterly and annual reports summarizing progress, accomplishments, and current and planned safety and claim activity.
- Maintain contractor tracking logs that will include the following:
 - An alphabetical listing of all contractors including name, address, and contact points
 - Listing of all subcontractors by tiers of relationships, e.g. contractor, subcontractors, sub-subcontractors
 - Contract start dates and completion dates
 - Policy types, policy numbers, terms, conditions, underwriting data, estimated payrolls and estimated premiums.
- Maintain a policy and form information tracking system to track the receipt of policies and forms between contracts, insurance carriers and other parties.
- Monitor monthly payroll reports and provide spot checks for accuracy.
- On a semi-annual basis, provide financial information, including the development and trending of claim, reserve analysis, retrospective rating projections and other appropriate data.
- The availability of PTC having online access to the RMIS system



Broker Compensation

The PTC prefers the broker be remunerated on a fee basis. If any commissions are received, they will be offset against the fee. If it can be determined, this will include any contingent income. We realize the following will be approximations, with the final fees negotiated after the broker is selected. The fees are to include any on-site personnel and on-site office requirements.

The projected fees are to be for the life of the contract and detailed for the five (5) components (brokering, administrative, loss control, claims management and RMIS).

All proposals must indicate if services are for Group 1 or Group 2 only, or all groups.

GROUP 1

Contract T326.20RR001	Hours	Fee
Brokerage Services		
Administrative Services		
Loss Control Services		
Claims Management Services		
RMIS Services		

GROUP 2

Contract T245.72SS001	Hours	Fee
Brokerage Services		
Administrative Services		
Loss Control Services		
Claims Management Services		
RMIS Services		
Contract T247.38TT001	Hours	Fee
Brokerage Services		
Administrative Services		
Loss Control Services		
Claims Management Services		
RMIS Services		