

Department of Procurement Services - City of Chicago

March 8, 2019

Addendum No. 1

To

REQUEST FOR PROPOSAL (“RFP”)

For

**INSURANCE BROKER SERVICES AND ADMINISTRATION OF AN OWNER
CONTROLLED INSURANCE PROGRAM (OCIP) FOR
O’HARE AIRPORT CONSTRUCTION PROJECTS**

Specification No. 811229

For which Proposals are scheduled to be received no later than 4:00 PM., Central Time on March 29, 2019 (pursuant to the Request for Proposal advertised January 11, 2019) in the Department of Procurement Services, Bid & Bond Room (Room 103 of City Hall).

The following revisions/changes will be incorporated in the above referenced RFP document. All other provisions and requirements as originally set forth remain in full force and are binding.

**Respondent must acknowledge receipt of this Addendum No. 1 in its Proposal AND
should complete and return the attached Acknowledgment by email to:
joseph.chan@cityofchicago.org
Attn: Joseph Chan, Sr. Procurement Specialist**

This document contains:

- I. Notice of 4 Revisions to the RFP; and**
- II. Answers to 46 Questions Submitted for Clarification of the RFP; and**
- III. Addendum Receipt Acknowledgment.**

The information contained in this Addendum No. 1 is incorporated by reference into the original Request for Proposal (RFP) issued on January 11, 2019.

March 8, 2019

ADDENDUM NO. 1

FOR

REQUEST FOR PROPOSAL (RFP) FOR

INSURANCE BROKER SERVICES AND ADMINISTRATION OF AN OWNER
CONTROLLED INSURANCE PROGRAM (OCIP) FOR
O'HARE AIRPORT CONSTRUCTION PROJECTS

SPECIFICATION NO. 811229

For which proposals are due in the Department of Procurement Services, Bid & Bond Room, Room 103, City Hall, 121 N. LaSalle Street, Chicago, Illinois 60602, at 4:00 p.m., Central Time March 29, 2019.

The following revisions/changes will be incorporated in the above-referenced Request for Proposal. All other provisions and requirements as originally set forth remain in full force and are binding.

RESPONDENT SHOULD ACKNOWLEDGE RECEIPT OF THIS ADDENDUM IN THE COVER
LETTER SUBMITTED WITH YOUR PROPOSAL.

SECTION I: NOTICE OF REVISIONS TO RFP

Revision # 1

Section I. General Invitation, A. Purpose of Request for Proposal, the first sentence is deleted in its entirety and replaced with the following:

“The City of Chicago Department of Finance (the "Department"), seeks responses from qualified Respondents in the insurance brokerage industry to assist the City in managing the insurance and risk associated with Chicago Department of Aviation’s (CDA) construction projects valued at more than \$5 billion as described in this RFP.”

Revision # 2

Exhibit 1 – A, Risk Management Interrogatories, is deleted in its entirety and replaced with the following:

1. What is the premium volume directly related to OCIPs administered by your organization and premium volume directly related to your OCIP team?
2. List examples of projects that illustrate your organization’s qualifications for developing and administering an OCIP of the scope and size indicated in this RFP. Identify which OCIP team members were directly involved in described OCIPs, specifically the Account Executive. The projects should be relevant to the City or institutional buildings/project of similar complexity to those indicated in Exhibits 1-B that have been completed in the last 5 years, or ongoing, and demonstrate the broker’s ability and experience to successfully completing the subject OCIPs. Describe challenges and remedies made during the subject OCIPs. Provide the loss ratios of each OCIP listed and if not complete, provide loss ratio to date.
3. Provide, as a reference, the name of owner’s representative that can, and is willing to, respond to the efficacy of each OCIP listed above.
4. Provide a description of your organizations process in evaluating the efficacy of an operating OCIP and make recommendations for change in insurance policy and/or program terms and conditions during the course of the OCIP.
5. Describe how your OCIP team will communicate to the City. Include within your description, with as much specificity as possible, your organizations requirements for support from:
 - a. The City Risk Management
 - b. The City design and construction team
 - c. The architects/engineers
 - d. The construction managers
 - e. General contractor/subcontractor
6. Describe how your organization will work with the City to develop preconstruction project hazard assessments and detailed risk registers for each project enrolled in the OCIP.

7. Describe how your organization will work to assist City and its contractors to design and maintain a safe construction project, including commitment to staff the loss control for a successful OCIP.
8. Describe your organization resources and process to provide claims management, conduct reserve audits (provide sample reports).
9. Describe, in your opinion, the primary obstacles to a successful OCIP and describe how you have remedied these obstacles in past projects.
10. Describe what factors in you experience has led you to believe are the most important to ensure a successful OCIP.
11. List details of the specific coverage terms and conditions including special extensions of coverage or endorsements you believe should be included in an OCIP.
12. List specific retentions or deductibles that you recommend and why to be included in or excluded from your proposed OCIP structure.
13. There are various approaches to encouraging safety under an OCIP, including penalty/deductible/safety charge backs and payment of certain obligations for each occurrence for losses payable. Describe your experience and recommended approaches to managing safety.
14. Describe how your project team will work to overcome the identified obstacles to a successful OCIP, to ensure success of the OCIP, and to close the OCIP within a reasonable time after the completion of all work. Provide examples.
15. Describe how you have been successful with RTW programs when contractors or subcontractors are no longer on the project site or state that they are not able to accommodate.
16. Describe how you would manage third party over actions or claims where an employee of an enrolled Contractor or subcontractor of the OCIP files both Workers Compensation and Commercial General Liability. Considering the owner is financially responsible for the deductibles, how would your organization manage these claims and ensure the owner best interest is represented? Implementing a clash deductible is not an answer to this question.
17. Describe programs, strategies, and/or success your organization has in managing large complex claims such as the wage differentials on total or permanent partial disability awards; return to work strategies, etc.
18. Has your organization or project team been terminated early from any contract prior to completion of an OCIP? If yes, explain.
19. Describe Account Executive's experience dealing with issues related to contractor's underestimating payroll and obtaining sufficient bid deductions. Detail successful procedures Account Executive (not the firm) has utilized to ensure accurate payroll estimates and optimum bid deducts. Include examples of forms used.
20. Provide a list of major insurance companies who have quoted for Respondent in the last five years.

Revision # 3

Exhibit 2, Cost Proposal, table is deleted in its entirety and replaced with the following:

COST PROPOSAL – BASE TERM

SERVICE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
DESIGN AND PLACEMENT					
OCIP ADMINISTRATION					
LOSS CONTROL AND SAFETY					
LOSS CONTROL AND SAFETY (ONSITE SAFETY)					
CLAIM ADMINISTRATION					
TOTAL ANNUAL FEE					

COST PROPOSAL – OPTIONAL TERM

SERVICE	OPTION YEAR 6	OPTION YEAR 7	OPTION YEAR 8	OPTION YEAR 9	OPTION YEAR 10
DESIGN AND PLACEMENT					
OCIP ADMINISTRATION					
LOSS CONTROL AND SAFETY					
LOSS CONTROL AND SAFETY (ONSITE SAFETY)					
CLAIM ADMINISTRATION					
TOTAL ANNUAL FEE					

Revision # 4

Exhibit 7, Contract Insurance Requirements, Department of Finance, Insurance Broker Services and Administration of Owner Controlled Insurance Program, A. Insurance Required, 4) Excess/Umbrella, is deleted in its entirety and replaced with the following:

- “4) Excess/Umbrella
Excess/Umbrella Liability Insurance must be maintained with limits of not less than \$5,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater. The policy/policies must provide the same coverages/follow form as the underlying Commercial General Liability, Automobile Liability, Employers Liability and Completed Operations coverage required herein and expressly provide that the excess or umbrella policy/policies will drop down over reduced and/or exhausted aggregate limit, if any, of the underlying insurance. The Excess/Umbrella policy/policies must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Contractor may use a combination of primary and excess/umbrella policies to satisfy the limits of liability required in sections A.1, A.2, A.3 and A.4 herein.”

SECTION II: Answers to 46 Questions Submitted for Clarification of the RFP

Question 1: RFP Exhibit 1 (electronic page 35), Article C. (Loss Control and Safety), Item 2. The second sentence begins “The City may request ...”. For this response does the City want the brokers to assume the associated costs of these functions in our Pricing?

Answer: While, the City does not anticipate utilizing this level of safety from the Selected Respondent, we have revised the cost proposal, attached to this Addendum, adding an option two “Loss Control and Safety (onsite services)” to allow for pricing as an option to consider.

Question 2: RFP Exhibit 1-B (Construction Projects), electronic page 40 (list of projects and estimated cost breakdown). The bottom row of the page. How is the \$8.5 billion mentioned on electronic page 10 (first paragraph) of the RFP arrived at?

Answer: Refer to Revision # 1 in this Addendum which includes a revised first sentence to the I. General Invitation, A. Purpose of the Request for Proposal.

Question 3: RFP Exhibit 1-B (Construction Projects), electronic page 41 (Scope Description of Airfield Projects): The end of the opening paragraph looks as if there was more information intended. Is there more to the description Respondents should be award of?

Answer: The missing text is as follows under Exhibit 1-B, Construction Projects, Scope Description of Airfield Project “and improvements may be modified, improved, or enlarged from time to time by City.”

Question 4: Exhibit 5 (MBE/WBE Special Conditions and Schedules), Article 1.4.f (electronic page 51). For this proposal, a 25% goal for MBE and 5% goal for WBE is required. Article 1.4.f indicates zero percent (0%) of contract value is counted for “broker” work. How is the City defining “broker”? Does it include insurance brokerage functions or brokerage work?

Answer: No, this does not apply to insurance brokerage functions or brokerage work.

Question 5: Exhibit 7 (Contract Insurance Requirements), Article A.3 (Automobile Liability) (electronic page 83). From Exhibit 1-B (Construction Projects), it appears some of the scope will be performed “air side”. For any “air side” work where the successful Contractor needs to visit, observe, interview or investigate, and the location must be driven to, will the successful contractor be required to secure the typical \$10 million in Auto Liability for “air side” work?

Answer: Refer to Revision # 4 in this Addendum which includes revised insurance requirements.

Question 6: Exhibit 7 (Contract Insurance Requirements), Article B, last sub-article (City’s Right to Modify) (electronic page 85): Should the City, Department of Finance, Risk Management Office modify or alter any of the insurance requirements, and such modification or alteration results in additional premiums to the successful Contractor, will the additional premiums be reimbursed?

Answer: If the City amends the insurance requirements and it affects Selected Respondent in some material way, the City will consider it.

Question 7: RFP Exhibit 11 (Data Policy/Data With Contractor), Article 1.18 (End of Agreement Data Handling) (electronic page 104): Can the successful Contractor retain one (1) copy of any data as

required by auditors, reinsurers, or regulators or to comply with any federal, state or local requirements governing the retention of records and materials, provided that any such data retained by the Contractor shall be subject to the confidentiality obligations of the Agreement as long as Contractor retains the Protected Information?

Answer: The City expects that Selected Respondent's obligations under this provision would be subject to requirements imposed by federal, state and local laws and regulations, and the City anticipates working with the Selected Respondent to address concerns and requirements of Selected Respondent with regard to its obligations to its auditors, reinsurers or regulators.

Question 8: Will this work include any work out at Midway Airport?

Answer: The City does not anticipate adding Midway projects to this OCIP.

Question 9: Will there be one General Contractor / Construction Management (GC/CM) for all the work?

Answer: The City does not anticipate there being one GC or one CM for all the work.

Question 10: Has Chicago O'Hare done Owner Controlled Insurance Program (OCIP)'s before?

Answer: Yes.

Question 11: Can the City give the Respondent an idea of their own internal Risk Management Staffing? For instance, does the City already have existing Claims and Safety Staff? Will any of those employees be assigned to the OCIP?

Answer: The City does not have claims or safety staff that will be assigned to the OCIP.

Question 12: Can the City please explain the security access procedures to the site for contractors / subcontractors working under the OCIP?

Answer: If this information is necessary as part of placing the OCIP, the City provide details to Selected Respondent.

Question 13: Is the City anticipating the use of on-site medical trailers?

Answer: This will be determined with Selected Respondent and OCIP insurance carrier. However, the City has not had on-site medical trailers in past OCIPs.

Question 14: Is there an existing plan in place to address airside auto exposures?

Answer: The City has a safety plan in place addressing airside auto exposures. If this information is necessary as part of placing the OCIP, the City provide details to Selected Respondent.

Question 15: What carriers currently provide the Airport's Aviation Liability Insurance?

Answer: The information requested is not within the scope of this RFP.

Question 16: Would the City be using existing Third-Party Administrator (TPA) or conduct an RFP for OCIP specific TPA if unbundled?

Answer: The City has no plans to issue a separate RFP for TPA services.

Question 17: Will there be any lenders / financing partners or other stakeholders besides the City and its agencies Respondents would need to work with in structuring the OCIP insurance program?

Answer: No, the Selected Respondent will not be working directly with any lenders/financing partners or other stakeholders when structuring or placing the OCIP.

Question 18: Will the Respondents have the opportunity to work with the City on developing contractor insurance requirements?

Answer: The City may request the Selected Respondent to assist the City on developing contractor insurance requirements as indicated in the Scope of Services.

Question 19: In the RFP, Section 1A (Page 1), This mentions an overall value of \$8.5 billion although the breakdown on page 31 shows \$5.8 billion. Which is correct?

Answer: Refer to Revision # 1 which includes in this Addendum a revised first sentence to the I. General Invitation, A. Purpose of the Request for Proposal.

Question 20: In the RFP, Exhibit 1B Construction Projects, Is a more detailed project description explaining the sequencing of the projects and the interface with existing operations be provided? Can more details of the tunneling be made available?

Answer: More detailed project information will be made available to Selected Respondent, if necessary, when the Selected Respondent is structuring and placing the OCIP. A project schedule is included in the Exhibit 1B.

Question 21: In the RFP, under Current Insurance Arrangements, how is the Airport insured at the moment against damage risks (including Terrorism related issues)? Can any exposure information be provided?

Answer: The RFP does not contain Current Insurance Arrangements. The City maintains insurance for the operation of the airport including property and terrorism insurance. This insurance will be separate and apart from the OCIP. If necessary, exposure information relating to the City's current insurance will be provided to Selected Respondent.

Question 22: In the RFP, under Operational Insurances, is there a plan to insure differently in the construction phase for example taking elements out of the property cover whilst being worked on – or will everything remain under the existing property cover?

Answer: The RFP does not contain Operation Insurance information. Property insurance for operations at the Airport will be separate and apart from the OCIP.

Question 23: In the RFP, under Potential Delay Exposure, can the City of Chicago outline the delay exposure arising from the various individual projects – is each project independent or is there an overall critical path requiring elements to be completed in a particular order?

Answer: The RFP does not contain Potential Delay Exposure as it is not relevant during the RFP process. Project details, if relevant to placing the OCIP, will be provided to Selected Respondent.

Question 24: Is the selected broker subject to the Project Labor Agreement (PLA), where a specific percentage of staff must reside or perform their duties within the City of Chicago as stated on page iii on the Department of Procurement memo?

Answer: No, the Project Labor Agreement is intended for construction work services and not professional services.

Question 25: Will the OCIP be used for the entire project or will it be compared to (CCIP) options from Contracting Teams?

Answer: The City will not be entertaining CCIP options.

Question 26: Can the Respondent broker select multiple potential partners to satisfy the MBE/WBE requirement or will each be exclusive to each competing broker?

Answer: Yes, the Respondent may utilize multiple City of Chicago and/or Cook County certified MBE/WBE partners (e.g. subcontractors, joint venture partners, etc. directly in some aspect of the work). MBE/WBE firms can participate in one or more teams responding to this RFP.

Question 27: Will credits from subcontractors be the sole means of initial funding for the program?

Answer: The Selected Respondent will not be responsible for funding the OCIP funding.

Question 28: Will there be potential differing ownership "teams" for the work. For example. Would airlines potentially own any space with the City?

Answer: Project details of this kind, if relevant to placing the OCIP, will be provided to Selected Respondent.

Question 29: Does the City anticipate utilization of an existing captive for the project?

Answer: No.

Question 30: Who are the Prime General Contractors pursuing the work?

Answer: Project details, when available and as necessary for the performance of the services, will be provided to Selected Respondent.

Question 31: Please define contract delivery method between the City and the General Contractor?

Answer: Project details, when available and as necessary for the performance of the services, will be provided to Selected Respondent. The City anticipates the majority of the work will be through a CM at risk delivery method with possible enabling projects through a design build or traditional design bid build delivery method.

Question 32: Is the City's goal to award a single broker the entire project? Who are the current primary insurers for the City?

Answer: The City does not anticipate awarding services related to this RFP to more than one broker. Information on the City's current primary insurer for operation is not relevant information needed to respond this RFP and not within the scope of this RFP.

Question 33: Who currently administers claims (TPA) for the City?

Answer: The information requested is not within the scope of this RFP.

Question 34: Is there a limitation to number of pages for the response? It is not mentioned in the RFP.

Answer: No.

Question 35: Will the City require an on-site administrator?

Answer: The City does not anticipate having an on-site administrator.

Question 36: Does the City see any potential asbestos abatement and/or remediation as part of the project? If so, could the City please provide some further detail.

Answer: If this risk exposure arises, the City will work with Selected Respondent in determining how best to address any potential asbestos abatement and/or remediation related risks and will provide details if required to the Selected Respondent.

Question 37: Any requirement in respect to insuring the existing property during construction? Respondent assume that existing property would be covered under an operational program and any builder's risk program would exclude damage to the existing property?

Answer: The City will work with Selected Respondent in determining specific coverage details to be included under a policy insured under the OCIP including a builder's risk program.

Question 38: What is the potential for a phased handover approach in respect to completed projects with regard to the builder's risk exposure? If yes, could values further be broken down for each part of the project so there could be a more cost-effective premium rating approach.

Answer: Detailed information will be provided to Selected Respondent.

Question 39: Any requirement in respect to terrorism coverage?

Answer: To be determined with Selected Respondent. Procuring separate Terrorism coverage is not anticipated.

Question 40: Will the City require any investigations, observations or audits to be managed during the project, and will mobile technology be beneficial?

Answer: Please read the Scope of Services in Exhibit 1 of the RFP carefully as it clearly outlines what is expected of the Selected Respondent.

Question 41: Please provide clarification on the City's requirements for project area labor – is this intended for professional services firms? It states that at least 50% of the total hours worked must be provided by City residents, and 7.5% of the hours worked must be provided by residents of the project area. How is this different from a Chicago based business, i.e. if the business is domiciled in the project area, does that qualify, or do individuals on the team also need to meet the qualifications?

Answer: No, the project area labor is intended for construction work services and not professional services.

Question 42: During the pre-proposal meeting, there was reference to the safety aspect of the project. Per the RFP, it states that safety will be part of the OCIP and that the Respondent should include as part of our proposal. Is that accurate?

Answer: Please read the Scope of Services in Exhibit 1 of the RFP carefully as section C. Loss Control and Safety is outlined in the Scope of Services.

Question 43: Please explain the bid incentive for the Mentor-Protégé Program.

Answer: Please review the Mentor-Protégé Program on the City of Chicago Department of Procurement Services' website at the following link:

<https://www.chicago.gov/content/dam/city/depts/dol/rulesandregs/MentorProtegeMarch2018.pdf>

Question 44: How is the value of the contract with the subcontractor measured?

Answer: For MBE and WBE subcontractors, the percent is based on the total value of the contract.

Question 45: Where do we obtain the Mentor-Protégé application that is mentioned in the RFP?

Answer: The Mentor-Protégé application can be found on the City of Chicago Department of Procurement Services' website at the following link:

<https://www.chicago.gov/content/dam/city/depts/dol/rulesandregs/MentorProtegeMarch2018.pdf>

Question 46: RFP Exhibit 1 – A, Risk Management Interrogatories, Question 2 refers to two exhibits (Exhibits 1-C and 1-D) that don't appear to be in the RFP. Can you advise if these two exhibits were provided at a later date as supplemental exhibits or just an error in the RFP?

Answer: Refer to Revision # 2 in this Addendum which includes revised Risk Management Interrogatories.

**CITY OF CHICAGO
DEPARTMENT OF PROCUREMENT SERVICES**

**SHANNON E. ANDREWS
CHIEF PROCUREMENT OFFICER**

CITY OF CHICAGO - DEPARTMENT OF PROCUREMENT SERVICES

March 8, 2019

Addendum No. 1

to

REQUEST FOR PROPOSAL (“RFP”)

For

**INSURANCE BROKER SERVICES AND ADMINISTRATION OF AN OWNER
CONTROLLED INSURANCE PROGRAM (OCIP) FOR
O’HARE AIRPORT CONSTRUCTION PROJECTS**

SPECIFICATION NO. 811229

Consisting of Sections I – III including this Acknowledgment.

III. ADDENDUM RECEIPT ACKNOWLEDGMENT

I hereby acknowledge receipt of Addendum No.1 to the RFP named above and further state that I am authorized to execute this Acknowledgment on behalf of the company listed below.

Signature of Authorized Individual

Title

Name of Authorized Individual (Type or Print)

Company Name

Business Telephone Number

**Complete and Return this Acknowledgment by email to: joseph.chan@cityofchicago.org Attn:
Joseph Chan, Sr. Procurement Specialist**