

Arkansas – Bureau of Legislative Research

Captive Management Services

RFP# - 2024-12

Request for Proposal

December 20, 2024

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Section 1: Overview

1.1 Introduction / Purpose

The Executive Subcommittee of the Legislative Council, a committee of the Arkansas General Assembly, (the "Executive Subcommittee") engaged the services of Perr & Knight to assist it with a study it is conducting concerning possible revision of the property insurance programs providing coverage to state-owned property, including education facilities owned by the state (both K-12 facilities and institutions of higher education). As the Subcommittee is working towards implementation of its recommendations, it is seeking a Vendor(s) to provide the services set forth in this Request for Proposals. The Bureau of Legislative Research ("BLR") is the staff agency for the Executive Subcommittee and will serve as the contracting entity with the successful respondent. The successful respondent may serve as the captive manager for the BLR and the Executive Subcommittee as it moves forward with exploration of possible revisions to the state's current property insurance programs.

The Executive Subcommittee is seeking qualified vendors ("the Vendor") to provide comprehensive management services for a captive insurance company ("the Captive") the state is considering forming, to be domiciled in Arkansas. The Executive Subcommittee, with the assistance of Perr & Knight and the selected vendor, will examine the feasibility of establishing a Captive and assigning its administration and oversight to an entity of the State of Arkansas through legislation to be considered during the 2025 legislative session. The Captive will self-insure a portion of the state's property insurance for all state-owned buildings, including public education facilities and higher education institutions. The total insured value of all buildings is estimated to exceed \$50 billion.

The purpose of this request for proposal ("RFP") is to solicit proposals from experienced vendors specializing in the management of captive insurance companies. The selected vendor will assist the Executive Subcommittee in the administration and management of the captive insurance company, ensuring compliance with applicable regulations, and optimizing the captive's financial and operational performance, during the period of time that any captive formed is under the authority of the Executive Subcommittee.

Before the Notice of Intent to Respond Deadline detailed in Section 1.2 of the RFP, Calendar of Events, prospective Vendors should submit to Perr&Knight a Notice of Intent to Respond (in the form of a simple e-mail). Such notice shall include the following information:

- The business or individual's name (as appropriate);
- A contact person's name and title; and
- The Contact person's mailing address, telephone number, and e-mail address.

A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response. However, it is necessary to ensure receipt of any RFP amendments, responses to questions, or other notices and communications relating to the RFP.

Neither the Executive Subcommittee nor BLR can guarantee nor does anything in this RFP or resulting contract guarantee that the successful respondent may serve as the ongoing management company for the captive upon transfer of the responsibilities of administration and

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management of the captive to another entity of the state. BLR has a separate contract with Perr&Knight for consulting services to assist in the formation of the captive and ongoing performance of actuarial services.

1.2 Calendar of Events

Listed below are the important dates and times by which the actions are anticipated to be taken or completed:

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CALENDAR OF EVENTS		
DATE	TIME	ACTIONS
12/20/2024		Release Request for Proposal
1/10/2025	5:00:00 PM ET	Last day for submission of written questions
1/17/2025		Answers to questions provided to Vendors
1/22/2025	5:00:00 PM ET	Notice of Intent to Respond Deadline
1/31/2025	5:00:00 PM ET	RFP Response Proposals Deadline
2/7/2025		Notify Vendors advancing to demonstrations
2/14/2025		Release of demonstration Instructions
<i>Note: Above dates may be subject to change depending upon changes to project schedule.</i>		

1.3 Contact Information

Questions related to this RFP, Notice of Intent to Respond, and RFP Response Proposals should be addressed to:

Kyle M. Hales, ACAS, MAAA
Perr & Knight, Inc.
Principal & Consulting Actuary
Director | Risk Strategies & Solutions
E-mail: khailes@perrknight.com

1.4 Roles and Responsibilities

- *Perr&Knight* – Distribution and addressing of questions related to RFP, gathering and scoring RFP responses in accordance with details outlined in Phase 2 of the evaluation process, as set forth in Section 2.7 of this RFP, and notifying Vendors who have advanced to Phase 3.
- *Executive Subcommittee* – Review and evaluate presentations from Vendors advancing to Phase 3 and selection of awarded Vendor.

Section 2: RFP Response Instructions

2.1 Inquiries and Questions

Vendor(s) shall address all questions regarding this solicitation to the individual identified in Section 1.3, Contact Information. Questions shall be received no later than the time and date reflected in Section 1.2, Calendar of Events. E-mails or other written inquiries only are permitted. Attempts to contact members of the Executive Subcommittee directly or to lobby for preference will result in immediate disqualification. It is the responsibility of the Vendor to confirm receipt of the questions. However, the Executive Subcommittee in its sole discretion reserves the right to answer any questions received after the deadline.

2.2 Submission of Proposal

The purpose of the response is for the Vendor to demonstrate experience and expertise that best meets the project scope described in Section 3 of this RFP. The response should address all questions posed in the RFP that are relevant to the Vendor's expertise.

The prospective Vendor hereby certifies, by submission of a response to this RFP, acceptance of the requirements, terms, and conditions of this solicitation and all appendices and any addendum released hereto.

The Vendor is to submit the proposal and any accompanying attachments to the contact email address listed in section 1.3.

RESPONSES SHALL BE RECEIVED ON OR BEFORE THE DUE DATE AND TIME AS SPECIFIED IN SECTION 1.2, "CALENDAR OF EVENTS," OR THE BID WILL BE REJECTED AS NONRESPONSIVE.

Proposals and documents pertaining to the RFP become the property of the BLR, and after release to the Executive Subcommittee, shall be open to public inspection pursuant to the Freedom of Information Act of 1967, Arkansas Code § 25-19-101, *et seq.* It is the responsibility of the Vendor to identify all proprietary information by providing a redacted copy of the proposal, as discussed below, and to seal such information in a separate envelope or e-mail marked as confidential and proprietary.

If the proposal contains information that the Vendor considers confidential and proprietary, the Vendor shall submit one (1) complete electronic copy of the proposal from which any proprietary information has been removed, *i.e.*, a redacted copy. The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and be submitted on a CD, a flash drive, or in a separate e-mail. Except for the redacted information, the electronic copy must be identical to the original. The Vendor is responsible for ensuring the redacted copy on CD, flash drive, or submitted via e-mail is protected against restoration of redacted data. ***Submission of a redacted copy is at the discretion of the Vendor, but if no information is redacted, the entire proposal will be considered available as public information once published to the Subcommittee members.***

2.3 Misrepresentation

All information provided and representations made by the Vendor are material and important and will be relied upon by BLR in awarding the contract. Any intentional or negligent misstatement will be treated as a fraudulent inducement to award Vendor the contract, and a fraudulent concealment from the Executive Subcommittee of the true facts relating to submission of the solicitation. A misrepresentation may be punishable under law. Furthermore, any misrepresentation will be immediate grounds for termination of any contract related to this RFP and said Vendor will not be able to participate in future solicitations or other business opportunities with the Executive Subcommittee for the duration of this contract term, including any renewal period.

2.4 Insurance Requirements

The Executive Subcommittee will require the awarded Vendor to provide a Certificate of Insurance issued by an insurance company licensed or authorized to provide insurance in the State of Arkansas. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as specified below. A failure to provide a current Certificate of Insurance will be considered a material breach and grounds for contract termination.

- Professional Liability Errors & Omissions: \$1,000,000
- Umbrella: \$1,000,000
- General Liability: \$1,000,000
- Commercial Automobile Liability: \$1,000,000
- Cyber Liability: \$1,000,000

2.5 Corporate Change

If Vendor, or any partners identified in proposal, are involved in or planning a change in control, sale, purchase, merger, or similar transaction (“Change”) that will in any way alter the Vendor’s legal entity, structure, financial status or business operations, Vendor shall include the following if applicable:

- A paragraph in Section 1 disclosing all current entities involved in the Change, when the Change is anticipated to take place, the surviving entity, and any information related to the Change that may affect the response; and
- In each section of the Vendor’s Proposal (All Sections), a separate paragraph that discusses whether the Change will alter, modify or otherwise affect the Vendor’s Proposal.

If this is not applicable, Vendor should include the following or similar statement in Section 1: “<Vendor Name> is not, nor are any partners identified in proposal, involved in or planning a change in control, sale, purchase, merger, or similar transaction that will in any way alter the <Vendor Name>’s legal entity, structure, financial status or business operations.”

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2.6 Proposal Format and Contents

Each proposal submitted should provide the information and completed attachments requested in Section 3.2, Proposal Format.

2.7 Evaluation Process

Phase 1: Vendor shall provide all required information as documented throughout this RFP. Perr&Knight will have sole discretion in determining if adequate materials have been provided to sufficiently satisfy requirements.

Only timely submitted responses shall be reviewed to determine if they comply with the required forms and documents submission requirements listed in the solicitation. Failure to meet any of these requirements may render a response non-responsive and result in rejection of the entire response.

Phase 2: Perr&Knight shall conduct a comprehensive and impartial review and evaluation of all RFP responses meeting the requirements of this solicitation. Using the evaluation criteria specified below, Perr&Knight shall evaluate and rank responses and select Vendor(s) to proceed to the Demonstration Phase of this solicitation with the selected Vendor(s). Only selected Vendor(s) who have been determined by Perr&Knight to offer the service(s) that meet the service and strategic requirements and who has shown ability to deliver services that meets the Executive Subcommittee's needs will be eligible to advance and participate in the Demonstration Phase of this solicitation.

Evaluation Criteria: For the purpose of Phase 2 RFP review, evaluation, scoring and ranking, review categories have been divided into multiple sections. The following reflects the evaluation criteria and weighting associated with each:

ITEM NO.	EVALUATION CRITERIA	WEIGHT
1.	Submission of All Required Materials and Documents	Pass/Fail
2.	Features, Benefits, & Approach (Section 1)	20%
3.	Experience and Qualifications (Section 2)	35%
4.	References (Section 3)	15%
5.	Pricing (Section 4)	30%
	Total Score:	100%

Special consideration will be given to vendors with offices in Arkansas.

Phase 3: Vendor Demonstrations. Vendors advancing from this Phase 2 RFP will be invited to make a presentation to Perr&Knight and the Executive Subcommittee showing their experience and expertise.

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Perr&Knight and the Executive Subcommittee reserves the right to seek clarifications and request any information deemed necessary for evaluation of responses. Perr&Knight and the Executive Subcommittee reserve the right to require attendance by particular named representatives of the Vendor during this solicitation process. Any written summary of presentations or demonstrations should include a list of attendees, a copy of the agenda, and copies of any visuals or handouts, and shall become part of the Vendor's response.

2.8 Use of Partners and/or Subcontractors

If Vendor plans to use subcontractors for any portion of the services requested in this RFP, please provide details as to the specific use of subcontractors. The Executive Subcommittee reserves the right to reject the use of subcontractors for any portion of this RFP or resulting contract.

Section 3: Project Scope

3.1 Scope of Services for the RFP

The following information is presented to provide an overview of the scope of services for which the Executive Subcommittee is searching.

- (1) Prepare and file statutory financial statements with the regulatory authorities in the domicile jurisdiction.
- (2) Assist with preparing tax returns and ensuring compliance with relevant tax laws in the state of Arkansas.
- (3) Ensure the captive maintains its license and adheres to all regulatory requirements in Arkansas, including timely submission of required documentation and reports.
- (4) Monitor changes in regulatory environments and ensure the captive complies with updated rules, including solvency requirements and financial regulations.
- (5) Maintain accurate books of accounts, prepare financial statements, and ensure the captive's financial health.
- (6) Direct the efforts of industry service providers (e.g. attorneys, reinsurance brokers, investment managers, and claims administrators).
- (7) Coordinate with external auditors to prepare for and manage annual audits as required by regulatory authorities.
- (8) Manage the invoicing and collection of premiums from the state.
- (9) Manage loss and expense reserves, ensuring adequate funding for potential liabilities and appropriate payment of claims.

3.2 Proposal Format

This section prescribes the format in which the responses are to be submitted. There is no intent to limit the content of the responses. Additional information deemed appropriate by the Vendor may be included and must be placed within the relevant section. Information submitted outside of the sections designated below will not be evaluated. The following paragraphs contain instructions that describe the required format for responses.

All responses should contain the sections outlined below. Perr&Knight and the Executive Subcommittee are under no obligation to look for responsive information contained in incorrectly labeled sections. If responsive information is also contained in other sections, Vendors should specifically reference the section and corresponding page number(s) that responsive information and documentation can be found.

Proposals should follow the format and order of presentation described below:

- Cover Letter
- Table of Contents
- Section 1: Executive Summary
- Section 2: Experience and Qualifications
- Section 3: References
- Section 4: Pricing
- Section 5: Certifications and Disclosures

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Proposals must be received no later than the date specified in Section 1.2, Calendar of Events, and should be submitted electronically to the contact provided in Section 1.3, Contact Information.

3.2.1 Cover Letter

Vendor will provide a signed cover letter with a statement that the signer is authorized to bind the Vendor into a contract with BLR.

3.2.2 Table of Contents

Vendor will organize the content according to the instructions and in the same order provided in this Section 3.2 (i.e., table of contents, Section 1, Section 2, etc.) and identify each content section with a page number location.

3.2.3 Section 1: Executive Summary

Vendor should submit an Executive Summary of their overall proposal under Section 1. This section will present a high-level synopsis of the Vendor's response to the solicitation. The Executive Summary should be a brief overview of the engagement and should identify the main features and benefits of the proposed services. This section should exhibit the Vendor's understanding and approach to the project. It should contain a summary of Vendor's ability to perform the services described in the solicitation and confirm that Vendor is willing to perform those services and enter into a contract with BLR.

3.2.4 Section 2: Experience and Qualifications

Vendor will provide case studies or examples of similar projects, particularly those involving government and/or large property portfolios. Specifically,

Describe the history / experience / profile of the Vendor, its management, and staff:

Vendor History

- Please describe the experience that the Vendor has, including number of years in business, and total number of and types of captives currently under management.
- Please provide additional details regarding captives managed for similar government entities, including state of domicile, approximate size, structure, and coverages offered by the captive. Please also list the number of years each captive has been managed by the Vendor.
- Please highlight all experience related to management of captives providing commercial property insurance coverage.
- Please provide a brief history of the Vendor which outlines all prior structural / management / ownership changes

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- Please list all lawsuits or arbitrations/mediations filed against the Vendor or any of its officers for the past 10 years. Please explain the circumstances, status and outcome of each

Management

- Please list all officers of the company, their location and longevity with the company
- Please provide bios and/or resumes for all listed officers
- Full nationwide criminal/civil/credit background checks should be completed for all listed officers and all others who are authorized to request checks, approve check requests, or otherwise have the ability to disburse funds from the Captive's accounts. Please provide a list of all affected individuals and copies of the completed background checks
- Please list all Board of Director positions/Officer titles held by each listed officer for all affiliated/third party companies or organizations (whether private, public, charitable or non-profit)
- Please provide the ownership structure of Vendor's organization (i.e., a breakdown of percentage owned by each shareholder/unit holder/member)

Supervisors / Support Staff

- Please provide a listing of all staff members including number of years of captive management experience, and the number of years with your organization
- What is the employee turnover ratio for the past year in each of your offices?
- Please attach resumes for the captive managers, accountants, and bookkeepers.
- Please provide job descriptions and experience requirements for all supervisors, accountants, bookkeepers, and support staff positions

Governance and Risk Management

- Describe Vendor's expertise in developing governance frameworks for captives.
- Describe Vendor's approach to assessing and managing risks specific to property insurance for public and educational facilities.

Technology Utilization

- Describe the technology Vendor uses to manage captives, including systems for financial reporting, claims management, or regulatory compliance tracking.

Performance Metrics

- Describe how Vendor typically measures success and evaluates the financial and operational performance of captives under management.

Regulatory Updates

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- Describe Vendor's process for monitoring and implementing regulatory changes that could impact a captive's operations.

Innovation and Future Planning

- Describe how Vendor plans to incorporate innovative practices (i.e., AI agents, chatbots, etc.) or adapt to industry trends.

3.2.5 Section 3: References

Vendor to provide contact information (company name, contact name, title, phone number, & email address) of at least three clients with similar engagements.

3.2.6 Section 4: Pricing

Vendor to provide a breakdown of fees for the requested services for calendar year 2025. Vendor understands that their bid represents a fixed fee not to be exceeded and includes all costs for services in this RFP.

3.2.7 Section 5: Certifications and Disclosures

- **EMPLOYMENT OF ILLEGAL IMMIGRANTS**

The Vendor shall certify prior to award of the contract that it does not employ or contract with any illegal immigrants in its contract with the Bureau of Legislative Research. Vendors shall certify on the Proposal Signature Page and online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new>.

Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

- **RESTRICTION OF BOYCOTT OF ISRAEL**

Pursuant to Arkansas Code § 25-1-503, a public entity shall not enter into a contract with a company unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of Israel. This prohibition does not apply to a company that offers to provide the goods or services for at least twenty percent (20%) less than the lowest certifying business.

By checking the designated box on the Proposal Signature Page, the Vendor agrees and certifies that they do not, and will not for the duration of the contract, boycott Israel.

- **RESTRICTION OF BOYCOTT OF ENERGY, FOSSIL FUEL, FIREARMS, AND AMMUNITION INDUSTRIES**

Pursuant to Arkansas Code § 25-1-1101, et seq., a public entity shall not enter into a contract with a company unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the

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contract not to engage in, a boycott of energy, fossil fuel, firearms, or ammunition industries. The prohibition does not apply to a company that offers to provide the goods or services for at least twenty percent (20%) less than the lowest certifying business.

By checking the designated box on the Proposal Signature Page, the Vendor agrees and certifies that they do not, and will not for the duration of the contract, boycott of energy, fossil fuel, firearms, or ammunition industries.

- **DISCLOSURE FORMS**

Completion of the EO-98-04 Governor's Executive Order contract disclosure forms located at

<https://transform.ar.gov/wp-content/uploads/2020/04/contgrantform.pdf>

is required as a condition of obtaining a contract with the Bureau of Legislative Research and shall be submitted with the Vendor's response.

- **AUTHORIZED TO CONDUCT BUSINESS IN ARKANSAS**

The Successful Vendor shall warrant that it is qualified to do business in the State of Arkansas and is in good standing under the laws of the State of Arkansas, and shall file appropriate tax returns as provided by the laws of this State. documentation that the Vendor is authorized to do business in this State shall be submitted with the Vendor's response.

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PROPOSAL SIGNATURE PAGE

Type or Print the following information:

Prospective Contractor Contact Information

Contact Person: _____ Title: _____

Phone: _____ Alternate Phone: _____

Email: _____

Confirmation of Redacted Copy

- ☐ YES, a redacted copy of proposal documents is enclosed.
- ☐ NO, a redacted copy of submission documents is not enclosed. I understand a full copy of non-redacted submission documents will be released if requested.

Note: If a redacted copy of the proposal documents is not provided with the Vendor's proposal, and neither box is checked a copy of the unredacted documents will be released in response to any request made under the Arkansas Freedom of Information Act (FOIA).

Illegal Immigrant Confirmation

By signing and submitting a response to this RFP and by certifying online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new>, the Vendor agrees and certifies that they do not employ or contract with illegal immigrants. If selected, the Vendor certifies that they will not employ or contract with illegal immigrants during the aggregate term of the contract.

Israel Boycott Restriction Confirmation

By checking the box below, the Vendor agrees and certifies that they do not boycott Israel, and if selected, will not boycott Israel during the aggregate term of the contract.

- ☐ Vendor does not and will not boycott Israel.

Energy, Fossil Fuel, Firearms, and Ammunition Industries Boycott Restriction Confirmation

By checking the box below, the Vendor agrees and certifies that they do not boycott energy, fossil fuel, firearms, or ammunition industries, and if selected, will not boycott energy, fossil fuel, firearms, or ammunition industries during the aggregate term of the contract.

- ☐ Vendor does not and will not boycott energy, fossil fuel, firearms, or ammunition industries.

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An official authorized to bind the Vendor to a resultant contract shall sign below.

The Signature below signifies agreement that any exception that conflicts with the requirements of this RFP will cause the Vendor's proposal to be disqualified.

Authorized Signature: _____ **Title:** _____

Printed/Typed Name: _____ **Date:** _____