



STATE OF ARKANSAS
OFFICE OF STATE PROCUREMENT
 1509 West 7th Street, Room 300
 Little Rock, Arkansas 72201-4222

INVITATION FOR BID
BID SOLICITATION DOCUMENT

SOLICITATION INFORMATION			
Bid Number:	SP-18-0085	Solicitation Issued:	03/14/2018
Description:	Public School Commercial Multiple Line Building and Content Insurance		
Agency:	Arkansas Insurance Department		

SUBMISSION DEADLINE FOR RESPONSE			
Bid Opening Date:	April 13, 2018	Bid Opening Time:	2:00 p.m., Central Time
<p>Deliver bid submissions for this Invitation For Bid to the Office of State Procurement on or before the designated bid opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of Prospective Contractors to submit bids at the designated location on or before the bid opening date and time. Bids received after the designated bid opening date and time may be considered late and may be returned to the Prospective Contractor without further review. It is not necessary to return "no bids" to OSP.</p>			

DELIVERY OF RESPONSE DOCUMENTS	
Delivery Address:	<p>Office of State Procurement 1509 West 7th Street, Room 300 Little Rock, AR 72201-4222</p> <p>Delivery providers, USPS, UPS, and FedEx deliver mail to OSP's street address on a schedule determined by each individual provider. These providers will deliver to OSP based solely on the street address. Prospective Contractors assume all risk for timely, properly submitted deliveries.</p>
Bid's Outer Packaging:	<p>Seal outer packaging and properly mark with the following information. If outer packaging of bid submission is not properly marked, the package may be opened for bid identification purposes.</p> <ul style="list-style-type: none"> • Bid number • Date and time of bid opening • Prospective Contractor's name and return address

OFFICE OF STATE PROCUREMENT CONTACT INFORMATION			
OSP Buyer:	Tanya Freeman	Buyer's Direct Phone Number:	501-682-4169
Email Address:	Tanya.freeman@dfa.arkansas.gov	OSP's Main Number:	501-324-9316
OSP Website:	http://www.dfa.arkansas.gov/offices/procurement/Pages/default.aspx		

SECTION 1 - GENERAL INSTRUCTIONS AND INFORMATION

- **Do not provide responses to items in this section unless specifically and expressly required.**

1.1 PURPOSE

This Invitation For Bid (IFB) is issued by the Office of State Procurement (OSP) on behalf of the Arkansas Insurance Department for the State of Arkansas Public School Insurance Trust (APSIT) and its participating governmental entity public school districts, open enrollment public charter schools, and education cooperatives for Public School Commercial Multiple Line Building and Content Insurance as specified herein. The APSIT insurance plan is administered by the Risk Management Division (RMD) of the Arkansas Insurance Department in accordance with Arkansas Code Annotated 6-20-1501 to 1515.

1.2 TYPE OF CONTRACT

- A. As a result of this IFB, OSP intends to award a contract to a single Contractor.
- B. The anticipated starting date for any resulting contract is July 1, 2018, except that the actual contract start date may be adjusted forward unilaterally by the State for up to three calendar months. By submitting a signed bid in response to the IFB, the Prospective Contractor represents and warrants that it will honor its bid as being held open as irrevocable for this period.
- C. The initial term of a resulting contract will be for one (1) year. Upon mutual agreement by the Contractor and agency, the contract may be renewed by OSP for up to six (6) additional one-year terms or portions thereof, not to exceed a total aggregate contract term of seven (7) consecutive years.

1.3 ISSUING AGENCY

OSP, as the issuing office, is the sole point of contact throughout this solicitation.

1.4 BID OPENING LOCATION

Bids will be opened at the following location:

Office of State Procurement
1509 West Seventh Street, Room 300
Little Rock, AR 72201-4222

1.5 ACCEPTANCE OF REQUIREMENTS

- A. A Prospective Contractor **must** unconditionally accept all Requirements in the Requirements Section(s) of this IFB to be considered a responsive Prospective Contractor.
- B. A Prospective Contractor's bid will be disqualified if a Prospective Contractor takes exceptions to any Requirements of this IFB.

1.6 DEFINITION OF TERMS

- A. The State Procurement Official has made every effort to use industry-accepted terminology in this *Bid Solicitation* and will attempt to further clarify any point of an item in question as indicated in *Clarification of Bid Solicitation*.
- B. Unless otherwise defined herein, all terms defined in Arkansas Procurement Law and used herein have the same definitions herein as specified therein.
- C. "Prospective Contractor" means a person who submits a bid in response to this solicitation.
- D. "Contractor" means a person who sells or contracts to sell commodities and/or services.
- E. The terms "Invitation For Bid", "IFB," "Bid Solicitation," and "Solicitation" are used synonymously in this document.

- F. "Responsive bid" means a bid submitted in response to this solicitation that conforms in all material respects to this IFB.
- G. "Bid Submission Requirement" means a task a Prospective Contractor completes when submitting a bid response. These requirements will be distinguished by using the term "**shall**" or "**must**" in the requirement.
- H. "Requirement" means a specification that a Contractor's product and/or service **must** perform during the term of the contract. These specifications will be distinguished by using the term "shall" or "must" in the requirement.
- I. "State" means the State of Arkansas. When the term "State" is used herein to reference any obligation of the State under a contract that results from this solicitation, that obligation is limited to the State agency using such a contract.

1.7 **RESPONSE DOCUMENTS**

A. Bid Response Packet

1. The following are Bid Submission Requirements and **must** be submitted in the original Bid Response Packet.
 - a. Original signed *Bid Signature Page*. (See *Bid Response Packet*.)
 - i. An official authorized to bind the Prospective Contractor(s) to a resultant contract **must** sign the Bid Signature Page included in the *Bid Response Packet*.
 - ii. Prospective Contractor's signature signifies agreement to and compliance with all Requirements in this IFB, and that any exception that conflicts with a Requirement or Bid Submission Requirement of this *Bid Solicitation* will cause the Prospective Contractor's bid to be disqualified.
 - iii. Bid response **must** be in the English language.
 - b. One (1) original hard copy of the *Official Bid Price Sheet*. Pricing **must** be proposed in U.S. dollars and cents.
2. The following items should be submitted in the original Bid Response Packet.
 - a. One (1) electronic copy of the *Official Bid Price Sheet*, preferably on a flash drive. A CD will also be acceptable.
 - b. EO 98-04 Disclosure Form. (See *Standard Terms and Conditions, #27. Disclosure*.)
 - c. Copy of Prospective Contractor's *Equal Opportunity Policy*. (See *Equal Opportunity Policy*.)
 - d. *Voluntary Product Accessibility Template (VPAT)*. (See *Technology Access*.)
 - e. Proposed Subcontractors Form. (See Subcontractors.)
3. **DO NOT** include any other documents or ancillary information, such as a cover letter or promotional/marketing information.

1.8 **CLARIFICATION OF BID SOLICITATION**

- A. Submit any questions requesting clarification of information contained in this *Bid Solicitation* in writing via email by 4:00 p.m., Central Time on or before March 21, 2018 to the OSP buyer as shown on page one (1) of this *Bid Solicitation*.
- B. For each question submitted, Prospective Contractor should reference the specific solicitation item number to which the question refers.

- C. Prospective Contractors' written questions will be consolidated and responded to by the State. The State's consolidated written response is anticipated to be posted to the OSP website by the close of business on March 26, 2018. If Prospective Contractor questions are unclear or non-substantive in nature, the State may request clarification of a question(s) or reserves the right not to respond to that question(s).
- D. The Prospective Contractor should notify the OSP buyer of any term, condition, etc., that precludes the Prospective Contractor from submitting a compliant, responsive proposal. Prospective Contractors should note that it is the responsibility of the Prospective Contractor to seek resolution of all such issues, including those relating to the terms and conditions of the contract, prior to the submission of a bid.
- E. Prospective Contractors may contact the OSP buyer with non-substantive questions at any time prior to the bid opening.
- F. An oral statement by OSP will not be part of any contract resulting from this solicitation and may not reasonably be relied on by any Prospective Contractor as an aid to interpretation unless it is reduced to writing and expressly adopted by OSP.
- G. Prospective Contractors entering into a contract with the State **shall** comply with all the terms and conditions contained herein.

1.9 **PRICING**

- A. Prospective Contractor(s) **shall** include all pricing on the Official Bid Price Sheet(s) only. If any cost is not identified by the successful Contractor but is subsequently incurred in order to achieve successful operation, the Contractor **shall** bear this additional cost. The *Official Bid Price Sheet* is provided as a separate electronic file posted with this *Bid Solicitation*.
- B. To allow time to review bids, prices **must** be valid for 90 days following the bid opening.
- C. DO NOT submit any ancillary information not related to actual pricing on or with the Bid Price Sheet.

1.10 **PRIME CONTRACTOR RESPONSIBILITY**

- A. A single Prospective Contractor **must** be identified as the prime Contractor.
- B. The prime Contractor **shall** be responsible for the contract and jointly and severally liable with any of its subcontractors, affiliates, or agents to the State for the performance thereof.

1.11 **INDEPENDENT PRICE DETERMINATION**

- A. By submission of this bid, the Prospective Contractor certifies, and in the case of a joint response, each party thereto certifies as to its own organization, that in connection with this bid:
 - The prices in the bid have been arrived at independently, without collusion.
 - No prior information concerning these prices has been received from, or given to, a competitive company.
- B. Evidence of collusion warrants consideration of this bid by the Office of the Attorney General. All Prospective Contractors **shall** understand that this paragraph may be used as a basis for litigation.

1.12 **PROPRIETARY INFORMATION**

- A. Submission documents pertaining to this *Bid Solicitation* become the property of the State and are subject to the Arkansas Freedom of Information Act (FOIA).
- B. In accordance with FOIA and to promote maximum competition in the State competitive bidding process, the State may maintain the confidentiality of certain types of information described in FOIA. Such information may include trade secrets defined by FOIA and other information exempted from the Public Records Act pursuant to FOIA.

- C. Prospective Contractor may designate appropriate portions of its response as confidential, consistent with and to the extent permitted under the Statutes and Rules set forth above, by submitting a redacted copy of the response.
- D. By so redacting any information contained in the response, the Prospective Contractor warrants that it has formed a good faith opinion having received such necessary or proper review by counsel and other knowledgeable advisors that the portions redacted meet the requirements of the Rules and Statutes set forth above.
- E. Under no circumstances will pricing information be designated as confidential.
- F. One (1) complete copy of the submission documents from which any proprietary information has been redacted should be submitted on a flash drive in the *Bid Response Packet*. A CD is also acceptable. Do not submit documents via email or fax.
- G. Except for the redacted information, the redacted copy **must** be identical to the original hard copy, reflecting the same pagination as the original and showing the space from which information was redacted.
- H. The Prospective Contractor is responsible for identifying all proprietary information and for ensuring the electronic copy is protected against restoration of redacted data.
- I. The redacted copy will be open to public inspection under the Freedom of Information Act (FOIA) without further notice to the Prospective Contractor.
- J. If a redacted copy of the submission documents is not provided with Prospective Contractor's *Bid Response Packet*, a copy of the non-redacted documents, with the exception of financial data (other than pricing), will be released in response to any request made under the Arkansas Freedom of Information Act (FOIA).
- K. If the State deems redacted information to be subject to FOIA, the Prospective Contractor will be contacted prior to release of the documents.
- L. The State has no liability to a Prospective Contractor with respect to the disclosure of Prospective Contractor's confidential information ordered by a court of competent jurisdiction pursuant to FOIA or other applicable law.

1.13 CAUTION TO PROSPECTIVE CONTRACTORS

- A. Prior to any contract award, address all communication concerning this *Bid Solicitation* through the OSP buyer.
- B. Do not alter any language in any solicitation document provided by the State.
- C. Do not alter the Official Bid Price Sheet.
- D. All official documents and correspondence related to this solicitation become part of the resultant contract.
- E. The State has the right to award or not award a contract, if it is in the best interest of the State to do so.
- F. As requested, provide clarification regarding Prospective Contractor's bid response to OSP.
- G. Qualifications and proposed services **must** meet or exceed the required specifications as set forth in this *Bid Solicitation*.
- H. Prospective Contractors may submit multiple bids.

1.14 REQUIREMENT OF ADDENDUM

- A. Only an addendum written and authorized by OSP will modify this *Bid Solicitation*.
- B. An addendum posted within three (3) calendar days prior to the bid opening may extend the bid opening and may or may not include changes to the Bid Solicitation.

- C. The Prospective Contractor is expected to check the OSP website, <http://www.arkansas.gov/dfa/procurement/bids/index.php>, for any and all addenda up to bid opening.

1.15 **AWARD PROCESS**

A. Successful Contractor Selection

1. Award will be made to the lowest-bidding, responsible Prospective Contractor on an all or none basis.

B. Negotiations

1. If the State so chooses, negotiations may be conducted with the lowest-bidding Prospective Contractor. Negotiations are conducted at the sole discretion of the State.
2. If negotiations fail to result in a contract, the State may begin the negotiation process with the next lowest-bidding Prospective Contractor. The negotiation process may be repeated until the anticipated successful Contractor has been determined, or until such time the State decides not to move forward with an award.

C. Anticipation to Award

1. Once the anticipated successful Contractor has been determined, the anticipated award will be posted on the OSP website at http://www.arkansas.gov/dfa/procurement/pro_intent.php.
2. The anticipated award will be posted for a period of fourteen (14) days prior to the issuance of a contract. Prospective Contractors and agencies are cautioned that these are preliminary results only, and a contract will not be issued prior to the end of the fourteen day posting period.
3. OSP may waive the policy of Anticipation to Award when it is in the best interest of the State.
4. It is the Prospective Contractor's responsibility to check the OSP website for the posting of an anticipated award.

D. Issuance of Contract

1. Any resultant contract of this *Bid Solicitation* is subject to State approval processes which may include Legislative review.
2. A State Procurement Official will be responsible for the solicitation and award of any resulting contract.

1.16 **MINORITY AND WOMEN-OWNED BUSINESS POLICY**

- A. A minority-owned business is defined by Arkansas Code Annotated § 15-4-303 as a business owned by a lawful permanent resident of this State who is:

- African American
- American Indian
- Asian American
- Hispanic American
- Pacific Islander American
- A Service Disabled Veteran as designated by the United States Department of Veteran Affairs

- B. A women-owned business is defined by Act 1080 of the 91st General Assembly Regular Session 2017 as a business that is at least fifty-one percent (51%) owned by one (1) or more women who are lawful permanent residents of this State.

- C. The Arkansas Economic Development Commission conducts a certification process for minority-owned and women-owned businesses. If certified, the Prospective Contractor's Certification Number should be included on the *Bid Signature Page*.

1.17 EQUAL OPPORTUNITY POLICY

- A. In compliance with Arkansas Code Annotated § 19-11-104, OSP is required to have a copy of the anticipated Contractor's *Equal Opportunity (EO) Policy* prior to issuing a contract award.
- B. *EO Policies* may be submitted in electronic format to the following email address: eeopolicy.osp@dfa.arkansas.gov, but should also be included as a hardcopy accompanying the solicitation response.
- C. The submission of an *EO Policy* to OSP is a one-time Requirement. Contractors are responsible for providing updates or changes to their respective policies, and for supplying *EO Policies* upon request to other State agencies that must also comply with this statute.
- D. Prospective Contractors who are not required by law by to have an *EO Policy* **must** submit a written statement to that effect.

1.18 PROHIBITION OF EMPLOYMENT OF ILLEGAL IMMIGRANTS

- A. Pursuant to Arkansas Code Annotated § 19-11-105, Contractor(s) providing services **shall** certify with OSP that they do not employ or contract with illegal immigrants.
- B. By signing and submitting a response to this *Bid Solicitation*, a Prospective Contractor agrees and certifies that they do not employ or contract with illegal immigrants. If selected, the Prospective Contractor certifies that they will not employ or contract with illegal immigrants during the aggregate term of a contract.

1.19 RESTRICTION OF BOYCOTT OF ISRAEL

- A. Pursuant to Arkansas Code Annotated § 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.
- B. This prohibition does not apply to a company which offers to provide the goods or services for at least twenty percent (20%) less than the lowest certifying business.
- C. By checking the designated box on the Bid Signature Page of the response packet, a Prospective Contractor agrees and certifies that they do not, and will not for the duration of the contract, boycott Israel.

1.20 PAST PERFORMANCE

In accordance with provisions of State Procurement Law, specifically OSP Rule R5:19-11-230(b)(1), a Prospective Contractor's past performance with the State may be used to determine if the Prospective Contractor is "responsible". Bids submitted by Prospective Contractors determined to be non-responsible will be disqualified.

1.21 COMPLIANCE WITH THE STATE SHARED TECHNICAL ARCHITECTURE PROGRAM

The Prospective Contractor's commodity or service **must** comply with the State's shared Technical Architecture Program which is a set of policies and standards that can be viewed at: <http://www.dis.arkansas.gov/policiesStandards/Pages/default.aspx>. Only those standards which are fully promulgated or have been approved by the Governor's Office apply to this solution.

1.22 VISA ACCEPTANCE

- A. Awarded Contractor should have the capability of accepting the State's authorized VISA Procurement Card (p-card) as a method of payment.
- B. Price changes or additional fee(s) **must not** be levied against the State when accepting the p-card as a form of payment.
- C. VISA is not the exclusive method of payment.

1.23 PUBLICITY

- A. Do not discuss the solicitation nor your bid response, nor issue statements or comments, nor provide interviews to any public media during the solicitation and award process.

B. Failure to comply with this Requirement may be cause for a Prospective Contractor's bid to be disqualified.

1.24 RESERVATION

The State will not pay costs incurred in the preparation of a bid.

SECTION 2 – REQUIREMENTS

- *Do not provide responses to items in this section unless specifically and expressly required.*

2.1 INTRODUCTION

This Invitation For Bid (IFB) is issued by the Office of State Procurement (OSP) on behalf of the Arkansas Insurance Department for the State of Arkansas Public School Insurance Trust (APSIT) and its participating governmental entity public school districts, open enrollment public charter schools, and education cooperatives for Public School Commercial Multiple Line Building and Content Insurance as specified herein. The APSIT insurance plan is administered by the Risk Management Division (RMD) of the Arkansas Insurance Department (AID) in accordance with Arkansas Code Annotated 6-20-1501 to 1515.

This is a multiple line all risks of direct physical loss or damage master insurance contract covering 77 public entity participating governmental entities with insured values exceeding \$5.45 Billion. There are approximately 2,811 reported structures and leased locations. Participation in the APSIT insurance plan by the participating governmental entities is voluntary.

Specific questions regarding this IFB and the insurance plan **must** be directed to OSP in accordance with 1.8 CLARIFICATION OF BID SOLICITATION. The property locations will be open for inspection by appointment only. Contact the OSP buyer to inspect any location and OSP will make arrangements through the RMD of the Arkansas Insurance Department. Prospective Contractors **shall not** contact the individual participating governmental entities directly for underwriting questions or inspection appointments.

After award, copies of Building Appraisal Inspection Reports on all property locations will be available upon request to the successful Contractor.

Reports with current insured values and Construction, Occupancy, Protection, and Exposure (C.O.P.E.) information data will be included in the Statement of Value and Broker Schedule Reports and will be provided to the successful Prospective Contractor after award.

The RMD has worked with the participating governmental public school entities to provide insurance expertise, consulting, loss control, and appraisal services since 2004. The RMD establishes all insured values for the participating governmental entity accounts. The entities are not allowed to self-report insured values. The RMD maintains a Risk Management Information System (RMIS) which is extensive and can provide a wealth of underwriting information to the successful Prospective Contractor.

The APSIT trust fund, established for over 30 years and merged into one fund in 2007, is dedicated to the operation of commercial multiple line all risk and business auto insurance programs for public school districts, open enrollment public charter schools, and educational cooperatives located in the State of Arkansas. The APSIT trust fund currently has a fund balance in excess of \$14 million.

Fund expenditures for the trust fund are established by law, and funds are managed by the Office of Treasurer for the State of Arkansas. An outside audit of the Arkansas Insurance Department to include the APSIT trust fund is conducted annually by Arkansas Legislative Audit. The audit can be found at <http://www.arklegaudit.gov>.

The following attachments are provided with the solicitation for informational purposes:

- Attachment A APSIT SUPPLEMENTAL DECLARATIONS 2018
- Attachment B APSIT BUSINESS INTERRUPTION ENDORSEMENT
- Attachment C APSIT ENDORSEMENT A
- Attachment D APSIT CLAIM PROTOCOL ENDORSEMENT C
- Attachment E APSIT PROPERTY COVERAGE FORM 2018
- Attachment F APSIT Schedule of School District Entity Retentions Endorsement F
- Attachment G APSIT REQUIREMENT IN CASE OF A LOSS ENDORSEMENT B
- Attachment H APSIT Cabot 43-04 Flood Coverage Endorsement D
- Attachment I APSIT Additional Premium and Return Premium Endorsement E
- Attachment J Equipment Breakdown Endorsement and Schedule Coverage Form

- Attachment K APSIT Monthly Loss History Report - January 2018
- Attachment L Annual Loss Experience January 2018
- Attachment M Loss History By Description Totals Report
- Attachment N APSIT Monthly Property Broker Report - January 2018
- Attachment O 2017 Current Insurance Policy Contract Coverage Form and Endorsements
- Attachment P List of Participants, Address, Phone, Contact Mailing List
- Attachment Q APSIT Additional Premium Calculation Worksheet - January 2018
- Attachment R Sample Building Appraisal Inspection Report

2.2 PROSPECTIVE CONTRACTOR QUALIFICATIONS

- A. Prior to award, the Prospective Contractor **shall** be licensed to do business in the State of Arkansas.
- B. The Prospective Contractor **shall** have binding authority with the Insurance Company.
- C. Prior to award, the Prospective Contractor **shall** have a dedicated commercial line Account Manager, in position, with no less than 5 years of experience in commercial multiple lines insurance who will be assigned to handle the APSIT plan from the start of the contract.
- D. The Account Manager **shall not** have less than one (1) year experience in drafting and reviewing manuscript policies and editing other policy form language.
- E. The Account Manager resume **must** be furnished in the *Bid Response Packet*.
- F. The Prospective Contractor **shall** have an office location in Arkansas where the dedicated commercial lines Account Manager is located to provide account management.
- G. The RMD reserves the right to make whatever investigation is necessary to determine that the apparent successful Prospective Contractor is compliant with the specifications in this IFB.
- H. The Contractor **shall** be knowledgeable of all aspects of the building locations insured and insurance coverage referred to herein and in Attachments A-J and N.
- I. The Prospective Contractor **shall** provide evidence of insurance agents' and brokers' errors and omissions insurance with a minimum limit of \$10,000,000.00 per occurrence.
 - 1. Evidence of this coverage **must** be provided on an ACORD Certificate of Liability Insurance form in the *Bid Response Packet*.
 - 2. Evidence of this coverage **must** be presented in writing to the Arkansas Insurance Department - Risk Management Division for all subsequent years, by June 10 during the term of the contract.

2.3 PROSPECTIVE INSURANCE COMPANY QUALIFICATIONS

- A. Prior to award, the Insurance Company(s) **shall** be licensed to do business in the State of Arkansas and **shall** be an admitted company.
- B. Prior to award, the Insurance Company(s) **shall** have Panel Adjusters with settlement authority in position.
 - 1. The Prospective Contractor **shall** provide the name and contact information for the Panel Adjuster(s) assigned to this account in the *Bid Response Packet*. See APSIT Claim Protocol Endorsement C Item 16 (Attachment D) for additional details.
- C. The Insurance Company(s) **shall** have an A.M. Best Company rating of A (Excellent), Class FSC XII or better, and the Equipment Breakdown (Boiler and Machinery) Company, if separate from the multiple line all risk Insurance Company **shall** have an A. M. Best Company rating of A (Excellent), Class FSC X or better.
- D. The Insurance Company **shall not** be an alien insurance company.

- E. Prior to award, the Insurance Company **shall** have a dedicated Claims Manager in position and assigned to this account.
1. The Prospective Contractor **shall** provide the name and contact information of the Claims Manager in the *Bid Response Packet*.

2.4 GENERAL REQUIREMENTS

A. Resulting Contract:

1. The insurance policies **must** become a part of the contract between the Arkansas Insurance Department on behalf of the APSIT insurance plans and the successful Prospective Contractor.
 2. All specifications and requirements herein **must** govern where a conflict between the specifications and requirements and the insurance policy exists. Any settlement will be in the best interest of APSIT.
- B. The Contractor **shall** invoice for all lines of insurance on one billing invoice. All renewal premiums will be paid annually each year on or after July 1.
- C. Additional Premium and Return Premium invoice(s) **must** be accompanied by the applicable insurance policy change endorsement and the applicable APSIT Additional Premium Calculation Worksheet (See Attachment Q).
- D. Additional Premium and Return Premium **must** be payable as follows in accordance with APSIT Additional Premium and Return Premium Endorsement E (Attachment I).
1. First Installment for the period July 1 to December 31 **must** be invoiced in January.
 2. Second Installment for the period January 1 to March 31 **must** be invoiced in April.
 3. Reported change in Total Insured Values for the period of April 1 to June 30 **must** be waived by the Insurance Company. This requirement specification ensures that the State will not pay for premiums in a subsequent fiscal year which were incurred in a previous fiscal year.
 4. The Contractor **shall** note the Pro Rata factor of 1.000 in column F of the APSIT Additional Premium Calculation Worksheet reported as of the period end of July. This allows for the Insurance Company to receive full premium in the subsequent policy year for:
 - All valuation changes from the preceding period of April 1 to June 30;
 - Any July 1 inflation increase on total values;
 - All new accounts added as of July 1.
- E. Named Insured **must** be "State of Arkansas Public School Insurance Trust and Participating Entities (APSIT)".
- F. The four (4) digit Local Education Agency Code Number (LEA CODE) **must** become a part of the participating governmental entity name and **must** be used in all claims reporting, all claims payments, all Named Insured Schedules and all correspondence. (See Attachment P)
- G. The RMD maintains the values on the Broker Schedule Reports for the APSIT insurance plan. The RMD will prepare and send reports to the Contractor on or about the first of each month the policy is in effect. Reports include but are not limited to:
- APSIT Additional Premium Calculation Worksheet
 - APSIT Retentions by District
 - APSIT Mailing List of Current Insureds
 - APSIT Monthly Broker Schedule Reports (See Attachments F, N, P, and Q).
- H. The Insurance Company **shall** write the insurance policy(s) for all perils on a composite rated basis.

- I. The Insurance Company **shall** write the insurance policy as group/master policy(s) whereby additional public school district governmental entities can be added to the policy at the current composite rate on a pro rata basis.
- J. The Insurance Company **shall** write all insurance policies by October 1 each year during the term of the contract.
- K. The Insurance Company **shall** calculate all mid-term additions and deletions of covered locations on a pro rata basis as reported and calculated on the APSIT Additional Premium Calculation Worksheet. (See Attachment Q).
- L. The Contractor **shall** present all annual adjustments of rates or non-renewals to RMD in writing no less than 60 days before the policy renewal date. RMD will provide contact information to the Contractor. RMD will review and **shall** have the right to approve or disapprove all rate adjustments with consideration of but not limited to:
 - Original bid rate as the base
 - Present market condition
 - Losses to date
 - Added locations
 - Underwriting of new entities
- M. The Insurance Company **shall** ensure there is no mid-term adjustment or change in any rate or composite rate by endorsement during the policy year.
- N. The Contractor **shall not** establish any loss fund reserve with any other financial institution or company for the APSIT insurance plan annual aggregate deductible or any other loss category deductible or any other entity deductible. Arkansas law states that no money will be appropriated from the trust fund for any purpose except to pay for those expenses as described in the code. A loss reserve fund is not a defined expense.

2.5 CLAIMS-RELATED REQUIREMENTS

NOTE: The Contractor **shall** provide the following and **shall not** rely upon the Insurance Company to complete the following for all claims:

- A. The Contractor **shall** provide a claim intake office located in Arkansas.
- B. The Contractor **shall** provide a claim intake office that **must** have claim intake staffed by employees of the Contractor with 24-hour Claims Reporting intake including a toll free claim reporting phone number for all claim intake; and not just a call answering service.
- C. The Contractor **shall** handle all claim calls in an efficient manner to minimize expense and customer dissatisfaction.
- D. The Contractor **shall** verify accuracy of all claim-related documents.
- E. The Contractor **shall** be responsible for claim intake of approximately one hundred twenty (120) claims reported each year. Direct claim reporting to the carrier is not allowed by the participating governmental entity.
- F. The Contractor **shall** report all claims to the Insurance Company Claim Intake Department and adjuster(s) on the same day of notice, or following business day if notice is received on the weekend or holiday.
- G. The Contractor **shall** be responsible for coding of all ACORD Loss Notice information including but not limited to the following:
 - 1. APSIT sequential claim number including fiscal/policy year and claim number.
 - 2. Entity name and LEA number with applicable contact information.
 - 3. Causes of loss descriptions established by Risk Management Division.

4. Brief description of loss or damage indicated on ACORD Loss Notice.
 5. Date and time of loss.
 6. Coding of ACORD Loss Notice which match loss history information reported monthly.
 7. Location of loss.
 8. Insurance Company name and policy number.
- H. The Contractor **shall** prepare the APSIT Monthly Loss History Reports in accordance with Risk Management Division requirements including but not limited to the following: (See Attachment K).
1. Format as outlined by Risk Management Division.
 2. Claim number coding and loss category descriptions.
 3. Highlight new claim, change in claim status or financial change for easy review by Risk Management Division.
 4. Dedicated person to process monthly loss history reports.
 5. Coding of Insurance Company loss history reports which match ACORD Loss Notice information reported monthly.
 6. Date of loss, claim number, participating governmental entity name, and code number.
 7. Description of loss.
 8. Loss History Report which include all claims for all coverage lines.
- I. The Contractor **shall** provide phone and email communication to claimants, adjusters, investigators, attorneys, and others as required that are related to claims involving this account.

2.6 OTHER CONTRACTUAL REQUIREMENTS PROVIDED BY THE CONTRACTOR

NOTE: The Contractor **shall** provide the following and **shall not** rely upon the Insurance Company to complete the following:

- A. The Contractor **shall** provide annual marketing strategies and modeling reports identifying anticipated marketing considerations and proposing marketing strategy for major loss exposures prior to policy renewal.
- B. The Contractor **shall** provide a compilation of underwriting data and specifications for renewal negotiations.
- C. The Contractor **shall** provide coverage and price negotiations with insurers to secure the best terms and provisions for each coverage.
- D. The Contractor **shall** provide an annual evaluation of the commitment and financial stability of the Insurance Company to ensure compliance with the IFB specifications.
- E. The Contractor **shall** ensure the accuracy of all policy forms.
- F. The Contractor **shall** review policies in advance of policy issue and delivery for accuracy and correctness to minimize the need for corrections by endorsement.
- G. The Contractor **shall** deliver one (1) electronic and one (1) paper copy of each policy each year to the Risk Management Division by October 1. RMD will provide contact information to the Contractor.

- H. The Contractor **shall** be responsible for negotiating any additional policy form changes with the Insurance Company, as requested by RMD.
- I. The Contractor **shall** issue endorsements to the policy only at the request and approval of the RMD.
- J. The Contractor **shall** schedule quarterly meetings with the Risk Management Division to discuss loss control issues, exposure changes and general administrative matters.
- a. Meetings **shall** be held at the Arkansas Insurance Department in Little Rock at a time that is approved by RMD.
- b. All travel and/or associated expenses incurred by the Contractor **shall** be paid by the Contractor.
- K. The Contractor **shall** provide an annual report by April 15 each year, to include the following in a format approved by RMD:
- Schedule of policies in force
 - Coverage provisions
 - Premiums
 - Insurance claims experience for the prior policy year
 - Recommendations for possible adjustment to insurance coverage for the next policy year
- L. The Contractor **shall** complete an ACORD Evidence of Property Insurance certificate requests on the same day, or next business day if requests are emailed on the weekend.
- a. The certificate **must** be completed and issued on the standard industry form as required by the Risk Management Division.
- M. The Contractor **shall** provide a dedicated person for the processing of the certificate request(s); estimated at one hundred (100) issued per year.
- a. The dedicated person **shall** be the point of contact for RMD in all matters related to processing certificate requests.
- N. The Contractor **shall** provide consultation and review with RMD on policy interpretation and analysis of insurance forms for future renewals.

2.7 BID PRICING REQUIREMENTS

- A. The Prospective Contractor **shall** bid on all coverage parts of the multiple line all risk forms and mechanical breakdown forms as specified in Section 3. Prospective Contractors are not limited to submitting only one bid.
- B. All bids submitted by the Prospective Contractor **must** be final and **must not** be subject to any contingencies.
- C. The Total Annual Premium cost **must** be for a (12 month) policy period for the coverage lines required.
- D. The Prospective Contractor **shall not** add any additional fees or costs to the premiums quoted on the *Official Price Sheet*.
- E. The Insurance Company **shall not** add any additional fees or costs to the premium quoted on the *Official Price Sheet*.
- F. The Prospective Contractor **shall** provide a Rate(s) and a Total Annual Premium on the *Official Price Sheet* based upon the total insured value of \$5,540,247,120.00, reported as of January 2018. (See Attachment N).
1. The RMD will provide the Contractor with the current total insured value as of April 1, 2018, to be used for the July 1, 2018 invoice.

2. The rate(s) provided on the *Official Price Sheet* **must** be used for invoicing effective July 1, 2018.
 3. The rate(s) quoted on the *Official Price Sheet* **must not** be changed, after July 1, 2018.
- G. The Prospective Contractor **shall** enter a Rate in each yellow-shaded cell on the *Official Price Sheet*.
- H. The Prospective Contractor **shall** give a Rate that is per one (1) dollar of Total Insured Value.
- I. The Prospective Contractor **shall** enter a "0" in the Equipment Breakdown Coverage (Boiler & Machinery) if the rate is included in the Multiple Line All Risk Coverage Rate cell.
- J. The yellow-shaded Rate cells will be multiplied by the Values cell to calculate the Annual Premiums.
- K. The Annual Premiums for the Multiple Line All Risk Coverage and the Equipment Breakdown Coverage (Boiler & Machinery) will be added together and automatically entered into the GRAND TOTAL ANNUAL PREMIUM cell.
- L. The GRAND TOTAL ANNUAL PREMIUM will be used for low cost determination.

2.8 INFORMATION FOR UNDERWRITING

- A. Total Insured Value reported as of January 2018 is \$5,540,247,120.00. This Total Insured Value includes buildings and personal property assets. See Attachment N for current Total Insured Values by participating governmental entity as of January 2018.
- B. Perils Insured: Commercial multiple line all risks of direct physical loss or damage including;
- Flood
 - Earth Movement
 - Boiler and Machinery
 - Terrorism
 - Time Element Extra Expense
 - Inland Marine
 - Crime – Money and Securities
- C. There is no flood coverage for building and content property located in special flood hazard areas, as defined as any and all Flood Zone A designations, on the FIRM Map panels for Arkansas.
- D. Assets Insured: This is a master insurance plan providing coverage for building, content, scheduled fine art, and scheduled mobile equipment assets for 77 participating governmental entities including;
- Public school districts
 - Open enrollment public charter schools
 - Educational cooperatives located throughout the State of Arkansas
- E. 2017/2018 Current Insurance Policy: See Attachment O for a copy of the complete current 2017/2018 insurance policy.
- F. Five (5) year loss history information is provided on the APSIT Monthly Loss History Report. (See Attachment K).
- G. Currently there are only three (3) inland marine fine art assets scheduled for two (2) participating school districts. The current total reported value of all fine art is \$58,604. There is no anticipation for this scheduled amount to increase at present time.
- H. Scheduled and Unscheduled Inland Marine Mobile Equipment:
1. The APSIT insurance plan is extended to cover all unscheduled mobile equipment assets for all participating governmental entities. The exception is mobile equipment assets with a value of \$100,000 or greater which **must** be scheduled for the mobile equipment policy sub limit to apply.
 2. Currently, there are no scheduled mobile equipment assets with a value of \$100,000 or greater. See

manuscript APSIT Endorsement A (Attachment C).

3. Inland marine mobile equipment asset values are not included in the Reported Total Insured Values of 2.8.A.
 4. The RMD discontinued reporting mobile equipment asset schedules and values in fiscal year 2013.
 5. The total estimated value for all unscheduled mobile equipment assets is estimated to be less than \$4,000,000.
- I. Policy/Premium Overview Information as of July 1, 2017:
- Insurance Company: National Union Fire Insurance Company
 - Coverage Form: Manuscript policy form.
 - Participating Governmental Entities Insured: 77.
 - Renewal Premium for 2017-2018 Policy Year: \$2,328,396.
 - Total Insured Values reported 4/01/2017: \$5,382,081,193.
- J. There is a self-insured retention defined as the APSIT annual aggregate retention for the all risk coverage. The annual aggregate retention is \$3,000,000. There are other per occurrence retentions and deductibles for boiler and machinery, money and securities, earth movement, and flood. See the APSIT Coverage Form 2018 (Attachment E) for more details.
- K. The APSIT will pay any and all loss adjustment expenses pertaining to claims within the APSIT annual aggregate retention in addition to all specialty loss adjustment expenses. The APSIT loss adjustment expenses do not erode the \$3,000,000 annual aggregate retention. See the APSIT Endorsement C – APSIT Property Claim Protocol (Attachment D) for more details.
- L. The Prospective Contractor and Insurance Company **shall** note on the “Tab 1 - Values by Building – Broker Schedule Report” (Attachment N) that there are some locations listed with a zero value in the Current Total Building Value column “X” and/or the Current Content Value column “Y”. This is an intentional decision made in some instances by the Risk Management Staff for specific building locations that are in poor condition or other valid reasons.
- M. The Prospective Contractor and Insurance Company **shall** note on the “Tab 1 - Values by Building – Broker Schedule Report” (Attachment N) that there are some locations listed with a value in the Current Agreed Value column “W”. This value may be less than the current replacement cost value reported on the specific Building Appraisal Report. This is an intentional decision made in some instances by the Risk Management Staff for specific building locations that are functionally obsolete and/or the insured has repurposed the building. See the Section F.14.d. Basis of Valuation provision in the APSIT Coverage Form 2018 (Attachment E) for additional details. Also, see 3.1.B. for additional details.
- N. The Prospective Contractor and Insurance Company **shall** note on the “Tab 1 - Values by Building – Broker Schedule Report” (Attachment N) that there are some locations listed with the building name description including the word “Vacant” in the Building Name column “E”. This is an intentional decision made in some instances by the Risk Management Staff for specific building locations as discovered upon re-inspection. See the Section F.7.1-2 Vacant or Unoccupied Buildings provision in the APSIT Coverage form 2018 (Attachment E) for additional details.
- O. Reported location is defined as the building or structure scheduled per line item on the “Tab 1 - Values by Building – Broker Schedule Report” (Attachment N), and not the physical address or mailing address for a participating governmental entity.

2.9 UNDERWRITING REQUIREMENTS OF COVERAGE

- A. Named Insured **must** be “State of Arkansas Public School Insurance Trust and Participating Entities”.
- B. Mailing Address:
 - Arkansas Public School Insurance Trust
 - Arkansas Insurance Department
 - C/O Risk Management Division
 - 1200 West Third Street, Room 108
 - Little Rock, AR 72201-1904
- C. Effective Date and time **must** be July 1, 2018, 12:01 a.m. Local Time.
- D. The Prospective Contractor **shall** attach a sample copy of the Insurance Company declaration page, and all APSIT manuscript coverage forms and endorsements, in the *Bid Response Packet* as specified in 3.1.A.
- E. The Insurance Company **shall** use the APSIT manuscript coverage form and endorsements and **shall** provide all coverage terms and conditions including policy limit and policy sub limits as specified in 3.1.A.
- F. The Insurance Company limit of insurance **must** be no less than \$1,000,000,000.00 for any one occurrence subject to other policy sub limits. See the APSIT Supplemental Declarations 2018 (Attachment A) for more details.
- G. Legal Entity/Business Description Type **must** be Governmental.
- H. The Prospective Contractor **shall** calculate subsequent annual renewal premium as required in 2.4.L. based upon the total insured values reported in the monthly Broker Schedule Reports prepared by the Risk Management Division as of April 1 each year during the term of the contract.
- I. The Prospective Contractor and Insurance Company **shall not** submit a bid quote on the *Official Price Sheet* for coverage as part of Multiple Insured Grouped/Shared Policy Limit plans with any other insured(s).
- J. The Prospective Contractor and Insurance Company **shall not** submit a bid quote on the *Official Price Sheet* with a multiple insurance company Quota/Shared policy limit plan.
- K. The Prospective Contractor and Insurance Company **shall not** submit a bid quote on the *Official Price Sheet* with a layered multiple insurance company policy limit insurance plan.
- L. The Insurance Company **shall not** write the policy(s) with a “Cut Through” endorsement to another insurance company.
- M. The insurance policy limit and sub limits **must not** be less than the following. These requirements are more fully defined in 3.1.C. and 3.4.B.:

All Risks of Direct Physical Loss or Damage	\$1,000,000,000 per occurrence
Earth Movement All Zones except New Madrid	\$100,000,000 Annual Aggregate
Earth Movement New Madrid Zone	\$50,000,000 Annual Aggregate
Flood (All Zones Other Than Zones A)	\$100,000,000 Annual Aggregate
Flood Zone A (Special Flood Hazard Areas)	No Coverage
Equipment Breakdown (Boiler & Machinery)	\$250,000,000 per occurrence
Terrorism	\$1,000,000,000 per occurrence
Time Element Extra Expense	\$25,000,000 per occurrence
Money/Securities, except Employee Dishonesty	\$50,000 per occurrence
All Other Policy Sub Limits	As specified in 3.1.C. and 3.4.B.

SECTION 3 – INSURANCE POLICY COVERAGE REQUIREMENTS

3.1 MULTIPLE LINE ALL RISKS OF DIRECT PHYSICAL LOSS INSURANCE POLICY COVERAGE FORMS

- A. The Insurance Company **shall** use the following manuscript coverage forms in their entirety and without exception. (See Attachment A-I)
1. APSIT Property Coverage Form 2018
 2. APSIT Supplemental Declarations 2018
 3. APSIT Business Interruption Endorsement
 4. APSIT Endorsement A
 5. APSIT Requirement In Case Of Loss Endorsement B
 6. APSIT Claim Protocol Endorsement C
 7. APSIT Cabot 43-04 Flood Coverage Endorsement D
 8. APSIT Additional Premium and Return Premium Endorsement E
 9. APSIT Schedule of School District Entity Retentions Endorsement F
- B. The MAXIMUM AMOUNT PAYABLE **must** be as defined in the APSIT Supplemental Declarations 2018 (See Attachment A): In the event of loss under the policy, the Insurer **shall** be limited to the least of the following liabilities:
1. The actual adjusted amount of loss, less applicable deductible(s).
 2. Any other Limit of Liability or Sublimit of Insurance or Amount of Insurance specifically stated in this policy to apply to any particular insured loss or coverage or location.
 3. The Agreed Amount values stated in the latest Statement of Values or other documentation on file with the Insurer separately for each of the following categories: Mobile Equipment, Fine Arts/Collections, Real Property and Personal Property.
- C. The Policy limit and policy sub limits **must** be as defined in the APSIT Supplemental Declarations 2018, (See Attachment A for all details).
1. **POLICY LIMIT:**
The limit of liability in any one occurrence as a result of all covered loss or damage regardless of the number of locations, coverages, or perils insured under this Policy **must not** be less than \$1,000,000,000.00 for any one occurrence subject to the following sub-limits. Policy Sub-Limits do not increase the policy limit of \$1,000,000,000.00.
 2. **POLICY SUB LIMITS:**
The following sub limits of liability **must** apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and **must** be part of, not in addition to, the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year **must** begin at the inception date of this policy and **must** be concurrent with the anniversary dates of this policy.

Sub Limits of Liability:			
	a.	\$ 100,000,000	Earth Movement (Annual Aggregate, for all coverages provided) except;
1	b.	\$ 50,000,000	Earth Movement (Annual Aggregate, for New Madrid Earthquake Zone Counties (See Sections G- Definitions- Earth Movement Counties)
	a.	\$ 100,000,000	Flood (Annual Aggregate, for all coverages provided) except;
2	b.	\$ 0.00	Flood (Annual Aggregate, for all coverages provided) in Zone A locations, Special Flood Hazard Areas (SFHA).
3		\$ 10,000,000	Debris Removal
4		\$ 1,000,000	Property Removed from Described Locations
5		\$ 1,000,000	Protection and Preservation of Property
6		\$ 5,000,000	Mobile Equipment:
	a.		Includes transit as well as over the road coverage / collision
	b.		Coverage applies for all Perils Insured under this Policy, including Flood and Earthquake.
7		\$ 250,000	Fire Fighting Materials and Expenses
8		\$ 5,000,000	Professional Fees
9		\$ 1,000,000	Expediting Expenses
10		\$ 100,000	Land and Water Clean Up Expense (Annual Aggregate, for all coverage provided) - Named Perils Only
11		\$ 10,000,000	Newly Acquired Property – 90 Days Reporting
12		\$ 1,000,000	Unnamed Locations Coverage
13		\$ 1,000,000	Fine Arts / Collections – Subject to Schedule on File
14		\$ 5,000,000	Accounts Receivable
15		\$ 10,000,000	Valuable Papers and Records
16		\$ 250,000	Electronic Data Processing, Data and Media-Property Damage
17			Demolition and Increased Cost of Construction:
	a.	Policy Limit	Item A: Undamaged Portion
	b.	\$ 25,000,000	Item B: Demolition
	c.	\$ 25,000,000	Item C: Compliance with the Law
	d.	\$ 1,000,000	Item D: Business Interruption
18		\$ 10,000,000	Errors and Omissions
19	a.	\$ 1,000,000	Personal Property in Transit - (DOES NOT INCLUDE MOBILE EQUIPMENT - refer to Mobile Equipment sub-limit above) Except;
	b.	\$ 250,000	Transit as regards Fine Arts / Collections
20	a.	\$ 1,000,000,000	United States Certified Act of Terrorism Coverage
	b.	Not Covered	Terrorism Coverage for Locations Outside of the United States (Annual Aggregate, for all coverages provided)

21	\$	2,500,000	Off-Premises Service Interruption – Property Damage/Business Interruption – Combined Limit Includes but not limited to telephone and telecommunication; to include overhead and transmission lines for indirect (Business Interruption/Extra Expense Only) subject to \$1,000,000 Food Spoilage Sub-Limit; In the event of loss or damage covered by this policy, no coverage is provided unless the service interruption exceeds 24 hours beginning from the time of loss or damage covered by this policy. If the service interruption exceeds 24 hours, the loss will be calculated from the time of loss or damage covered by this policy, subject to the policy retention.
22	\$	100,000	Arson or Theft Reward
23	\$	50,000	Money and Securities
24	\$	100,000	Locks and Keys
25	\$	100,000	Tenants Legal Liability and Expense
26	\$	1,000,000	Soft Costs
27	\$	250,000	Fungus, Mold, and/or Mildew
28	\$	2,500	Per employee, per occurrence for Personal Property of others
29	\$	5,000,000	Property in the course of construction
Sub Limits- Business Interruption:			
1		N/A	Gross Earnings, Rents, and Expense to Reduce Loss
2	\$	25,000,000	Extra Expense Per Occurrence
3		N/A	Gross Earnings From Property in Transit
4		N/A	Days of Ordinary Payroll
5		Up to 30 Days	Days of Civil Authority-the number of days is part of, and not in excess to any other sub limits of liability.
6	\$	10,000	Contingent Business Interruption
7		N/A	Research and Development Expense
8	\$	100,000	Ingress/Egress (1 Mile Limitation)
9		N/A	Tax Treatment
10		N/A	Days of Extended Period of Indemnity
11		Included in 21	Off Premises Service Interruption – Business Interruption Policy Sublimit 21

3. The above Policy sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof. With respect to item 5, the number of days is part of and not in excess to any other outstanding sub-limits of liability.

D. The Annual Aggregate Retention and Deductibles **must** be as defined in the APSIT Coverage Form 2018, (See Attachment E).

1. Application of Aggregate Retention and Deductibles:

a. For the annual period commencing with the effective date of this policy and each annual period thereafter, the Insurance Company will not be liable for loss to covered property but **shall** be liable when the Insured sustains a loss or losses that exceed the aggregate retention of \$3,000,000 regardless of the number of locations affected and only after the applicable School District Entity retentions outlined in Endorsement F are satisfied for each loss that would have been payable under this policy.

b. If the Insured’s aggregate retention of \$3,000,000.00 is exceeded during any applicable policy year, the School District Entity retention amounts outlined in Endorsement F **must** apply for each loss under this policy for the remaining unexpired term of that policy year. Each School District Entity retention

must apply in the event an occurrence involves more than one School District Entity.

- c. Any subsequent recoveries on losses reported to the Insurance Company for purposes of arriving at the Insured's aggregate retention **must** be applied as if they were received prior to the payment of any loss. For the purposes of this coverage, the term "aggregate retention" **must** mean the total of the Insured's net self-insured retention per claim after the application of all salvage, subrogation, or other recoveries have been realized. Any subrogation or recovery received after the Insured's aggregate retention has been paid will be remitted directly to the Insurance Company from the School District Entity or other applicable source.
- d. Losses caused directly by Earth Movement, Flood, Boiler and Machinery, or Money and Securities, if such coverage is provided, **must not** be included in the aggregate retention of losses retained by the Insured described in D.1.a. of this aggregate retention section. Such losses **must** be subject to the respective deductibles for Earth Movement, Boiler and Machinery, Money and Securities and Flood.
- e. Each applicable School District Entity retention, for each loss, **must** apply separately as outlined in Endorsement F. However, the maximum per occurrence School District Entity retention applied **must not** exceed the largest applicable retention, if multiple retentions apply.

2. Other Loss Category Deductibles:

- a. The following deductible amounts **must** apply per occurrence for loss or damage under this policy as outlined in the loss categories below:
- b. All Risks of Direct Physical Loss or Damage School District Entity Retention per Occurrence: Retentions ranging from \$1,000 to \$25,000, as applicable to various School District Entities separately as outlined in Endorsement F, **must** apply for each loss that is payable under this policy. Each applicable School District Entity retention **must** apply in the event an occurrence involves more than one School District Entity.
*All risks of direct physical loss or damage losses **must** apply to the aggregate retention; unless the following:*
- c. Earth Movement Retention (per occurrence for all coverages provided):
 - \$250,000 Per Occurrence.
 - Unless the location is in the New Madrid Earthquake Zone Counties (See Attachment E, Section G- Definitions).The retention **shall** then be 2% of Total Insurable Values at the time of the loss at each location involved in the loss or damage, subject to a minimum of \$250,000 and a maximum of \$1,000,000 for any one Occurrence.
*Earth Movement Losses **must not** apply to the aggregate retention.*
- d. Flood Retention (per occurrence for all coverages provided):
 - \$250,000 Per Occurrence.
 - Unless the location is in Zone A or Special Flood Hazard Areas, then there is no coverage.
*Flood Losses **must not** apply to the aggregate retention.*
- e. Boiler and Machinery:
 - \$5,000 Per Occurrence.
*Boiler and Machinery Losses **must not** apply to the aggregate retention.*

- f. Money and Securities:
 \$50,000 Per Occurrence.
*Money and Security Losses **must not** apply to the aggregate retention.*

3.2 ALL RISK PARTICIPATING GOVERNMENT ENTITY DEDUCTIBLES

- A. The All Risk Participating Governmental Entity deductible options **must** be \$1,000, \$2,500, \$5,000, \$10,000 and \$25,000.
- B. Each Participating Governmental Entity **must** be afforded the option of selecting the entity deductible option that meets their needs. See APSIT Schedule of School District Entity Retentions Endorsement F. (See Attachment F).

3.3 LOSS ADJUSTMENT EXPENSE

- A. Any and all loss adjustment expenses **shall** follow the APSIT Claim Protocol Endorsement C. (See Attachment D)

3.4 EQUIPMENT BREAKDOWN COVERAGE AND SCHEDULE (BOILER AND MACHINERY)

- A. The Equipment Breakdown (Boiler and Machinery) insurance coverage may be written through the same insurance company providing the multiple line all risk coverage or through another insurance company meeting or exceeding all specifications. (See section 2.3.C for additional requirements). (See Attachment J).
- B. Policy Limit and sub-limits: (See Attachment J).

Equipment Breakdown Sub Limits	
Limit	Coverage
\$ 250,000,000	Equipment Breakdown Policy Sub Limit
Sub limits of Liability (sub limits are within, and do not increase, the Equipment Breakdown Limit stated above):	
\$ 250,000	Expediting Expense
\$ 50,000.00	Hazardous Substances
\$ 100,000	Spoilage
\$ 100,000	Computer Equipment
\$ 100,000	Data Restoration
\$ 50,000	CFC Refrigerants
Included	Business Interruption
\$ 2,000,000	Extra Expense
Included in Business Interruption	Rental Value

Contingent Business Interruption	
\$ 10,000	Suppliers and/or Receivers of the Insured Goods or Services
\$ 250,000	"Service Interruption"

- C. Equipment Breakdown (Boiler and Machinery) Coverage Form: The policy coverage form(s) **must** meet or exceed the current Equipment Breakdown (Boiler and Machinery) Endorsement and Equipment Breakdown Schedule. (See Attachment J).

- D. ISO Form CP 12 70 09 96 Joint or Disputed Loss Adjustment Endorsement, its equivalent or better, **must** be included if the multiple line all risk insurance company and the boiler and machinery insurance company are not the same insurance company.
- E. Deductible **must** be \$5,000 per occurrence.
- F. Total Insured Value as of January 2018: \$5,540,247,120.
- G. Upon award, the Insurance Company **shall** provide a 24-hour toll free telephone number to RMD for scheduling boiler and pressure vessel inspections for compliance with the Arkansas Department of Labor laws, rules and regulations.
 - 1. Boiler and pressure vessel inspections **must** be made by appointment only.
 - 2. All costs and fees for location inspections **must** be included in the composite rate quoted on the *Official Price Sheet*.

SECTION 4 – GENERAL CONTRACTUAL ITEMS

- ***Do not provide responses to items in this section.***

4.1 PAYMENT AND INVOICE PROVISIONS

A. Forward invoices to:

Arkansas Insurance Department
Risk Management Division
1200 West Third Street Room 108
Little Rock, AR 72201-1904

- B. Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance goods and services by the agency.
- C. The invoice, invoice remit, and any summary **must** be delivered via paper at no cost to the State.
- D. Do not invoice the State in advance of delivery and acceptance of any goods or services.
- E. Payment will be made only after the Contractor has successfully satisfied the agency as to the reliability and effectiveness of the goods or services purchased as a whole.
- F. The Contractor should invoice the agency by an itemized list of charges. The agency's Purchase Order Number and/or the Contract Number should be referenced on each invoice.
- G. Other sections of this *Bid Solicitation* may contain additional Requirements for invoicing.
- H. Selected Contractor **must** be registered to receive payment and future *Bid Solicitation* notifications. Contractors may register on-line at <https://www.ark.org/contractor/index.html>.

4.2 GENERAL INFORMATION

C. The State will not:

1. Lease any equipment or software for a period of time which continues past the end of a fiscal year unless the contract allows for cancellation by the State Procurement Official upon a 30 day written notice to the Contractor/lessor in the event funds are not appropriated.
2. Contract with another party to indemnify and defend that party for any liability and damages.
3. Pay damages, legal expenses or other costs and expenses of any other party.
4. Continue a contract once any equipment has been repossessed.
5. Agree to any provision of a contract which violates the laws or constitution of the State of Arkansas.
6. Enter a contract which grants to another party any remedies other than the following:
 - a. The right to possession.
 - b. The right to accrued payments.
 - c. The right to expenses of de-installation.
 - d. The right to expenses of repair to return the equipment to normal working order, normal wear and tear excluded.
 - e. The right to recover only amounts due at the time of repossession and any unamortized nonrecurring cost as allowed by Arkansas Law.

- D. Any litigation involving the State **must** take place in Pulaski County, Arkansas.
- E. The laws of the State of Arkansas govern this contract.
- F. A contract is not effective prior to award being made by a State Procurement Official.
- G. In a contract with another party, the State will accept the risk of loss of the equipment or software and pay for any destruction, loss, or damage of the equipment or software while the State has such risk, when:
 - 1. The extent of liability for such risk is based upon the purchase price of the equipment or software at the time of any loss, and
 - 2. The contract has required the State to carry insurance for such risk.

4.3 CONDITIONS OF CONTRACT

- A. Observe and comply with federal and State of Arkansas laws, local laws, ordinances, orders, and regulations existing at the time of, or enacted subsequent to the execution of a resulting contract which in any manner affect the completion of the work.
- B. Indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the Contractor.

4.4 STATEMENT OF LIABILITY

- A. The State will demonstrate reasonable care but will not be liable in the event of loss, destruction or theft of Contractor-owned equipment or software and technical and business or operations literature to be delivered or to be used in the installation of deliverables and services. The Contractor will retain total liability for equipment, software and technical and business or operations literature. The State will not at any time be responsible for or accept liability for any Contractor-owned items.
- B. The Contractor's liability for damages to the State will be limited to the value of the Contract or \$5,000,000, whichever is higher. The foregoing limitation of liability will not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract. The Contractor and the State will not be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability will not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.
- C. Language in these terms and conditions **must not** be construed or deemed as the State's waiver of its right of sovereign immunity. The Contractor agrees that any claims against the State, whether sounding in tort or in contract, will be brought before the Arkansas Claims Commission as provided by Arkansas law and governed accordingly.

4.5 RECORD RETENTION

- A. Maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and as specified by the State of Arkansas Law. Upon request, grant access to State or Federal Government entities or any of their duly authorized representatives.
- B. Make financial and accounting records available, upon request, to the State of Arkansas's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof.
- C. Other sections of this *Bid Solicitation* may contain additional Requirements regarding record retention.

4.6 PRICE ESCALATION

- A. Price increases will be considered at the time of contract renewal.
- B. The Contractor **must** provide to OSP a written request for the price increase. The request **must** include supporting documentation demonstrating that the increase in contract price is based on an increase in market price. OSP has the right to require additional information pertaining to the requested increase.
- C. Increases will not be considered to increase profit or margins.
- D. OSP has the right to approve or deny the request.

4.7 CONFIDENTIALITY

- A. The Contractor, Contractor's subsidiaries, and Contractor's employees will be bound to all laws and to all Requirements set forth in this *Bid Solicitation* concerning the confidentiality and secure handling of information of which they may become aware of during the course of providing services under a resulting contract.
- B. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of a resulting contract, and the State has the right to cancel the contract on these grounds.
- C. Previous sections of this *Bid Solicitation* may contain additional confidentiality Requirements.

4.8 CONTRACT INTERPRETATION

Should the State and Contractor interpret specifications differently, either party may request clarification. However if an agreement cannot be reached, the determination of the State is final and controlling.

4.9 CANCELLATION

- A. For Cause. The State may cancel any contract resulting from this solicitation for cause when the Contractor fails to perform its obligations under it by giving the Contractor written notice of such cancellation at least thirty (30) days prior to the date of proposed cancellation. In any written notice of cancellation for cause, the State will advise the Contractor in writing of the reasons why the State is considering cancelling the contract and provide the Contractor with an opportunity to avoid cancellation for cause by curing any deficiencies identified in the notice of cancellation for cause prior to the date of proposed cancellation. To the extent permitted by law and at the discretion of the parties, the parties may agree to **minor amendments** to the contract and avoid the cancellation for cause upon mutual agreement.
- B. For Convenience. The State may cancel any contract resulting from the solicitation by giving the Contractor written notice of such cancellation sixty (60) days prior to the date of cancellation.
- C. If upon cancellation the Contractor has provided commodities or services which the State of Arkansas has accepted, and there are no funds legally available to pay for the commodities or services, the Contractor may file a claim with the Arkansas Claims Commission under the laws and regulations governing the filing of such claims.

4.10 SEVERABILITY

If any provision of the contract, including items incorporated by reference, is declared or found to be illegal, unenforceable, or void, then both the agency and the Contractor will be relieved of all obligations arising under such provision. If the remainder of the contract is capable of performance, it will not be affected by such declaration or finding and **must** be fully performed.

SECTION 5 – STANDARD TERMS AND CONDITIONS

- *Do not provide responses to items in this section.*
- 1. **GENERAL:** Any special terms and conditions included in this solicitation **shall** override these Standard Terms and Conditions. The Standard Terms and Conditions and any special terms and conditions **shall** become part of any contract entered into if any or all parts of the bid are accepted by the State of Arkansas.
- 2. **ACCEPTANCE AND REJECTION:** The State **shall** have the right to accept or reject all or any part of a bid or any and all bids, to waive minor technicalities, and to award the bid to best serve the interest of the State.
- 3. **BID SUBMISSION:** Original Bid Packets **must** be submitted to the Office of State Procurement on or before the date and time specified for bid opening. The Bid Packet **must** contain all documents, information, and attachments as specifically and expressly required in the *Bid Solicitation*. The bid **must** be typed or printed in ink. The signature **must** be in ink. Unsigned bids **shall** be disqualified. The person signing the bid should show title or authority to bind his firm in a contract. Multiple bids **must** be placed in separate packages and should be completely and properly identified. Late bids **shall not** be considered under any circumstances.
- 4. **PRICES:** Bid unit price F.O.B. destination. In case of errors in extension, unit prices **shall** govern. Prices **shall** be firm and **shall not** be subject to escalation unless otherwise specified in the *Bid Solicitation*. Unless otherwise specified, the bid **must** be firm for acceptance for thirty days from the bid opening date. "Discount from list" bids are not acceptable unless requested in the *Bid Solicitation*.
- 5. **QUANTITIES:** Quantities stated in a *Bid Solicitation* for term contracts are estimates only, and are not guaranteed. Contractor **must** bid unit price on the estimated quantity and unit of measure specified. The State may order more or less than the estimated quantity on term contracts. Quantities stated on firm contracts are actual Requirements of the ordering agency.
- 6. **BRAND NAME REFERENCES:** Unless otherwise specified in the *Bid Solicitation*, any catalog brand name or manufacturer reference used in the *Bid Solicitation* is descriptive only, not restrictive, and used to indicate the type and quality desired. Bids on brands of like nature and quality will be considered. If bidding on other than referenced specifications, the bid **must** show the manufacturer, brand or trade name, and other descriptions, and should include the manufacturer's illustrations and complete descriptions of the product offered. The State **shall** have the right to determine whether a substitute offered is equivalent to and meets the standards of the item specified, and the State may require the Contractor to supply additional descriptive material. The Contractor **shall** guarantee that the product offered will meet or exceed specifications identified in this *Bid Solicitation*. Contractors not bidding an alternate to the referenced brand name or manufacturer **shall** be required to furnish the product according to brand names, numbers, etc., as specified in the solicitation.
- 7. **GUARANTY:** All items bid **shall** be newly manufactured, in first-class condition, latest model and design, including, where applicable, containers suitable for shipment and storage, unless otherwise indicated in the *Bid Solicitation*. The Contractor hereby guarantees that everything furnished hereunder **shall** be free from defects in design, workmanship and material, that if sold by drawing, sample or specification, it **shall** conform thereto and **shall** serve the function for which it was furnished. The Contractor **shall** further guarantee that if the items furnished hereunder are to be installed by the Contractor, such items **shall** function properly when installed. The Contractor **shall** guarantee that all applicable laws have been complied with relating to construction, packaging, labeling and registration. The Contractor's obligations under this paragraph **shall** survive for a period of one year from the date of delivery, unless otherwise specified herein.
- 8. **SAMPLES:** Samples or demonstrators, when requested, **must** be furnished free of expense to the State. Each sample should be marked with the Contractor's name and address, bid or contract number and item number. If requested, samples that are not destroyed during reasonable examination will be returned at Contractor's expense. After reasonable examination, all demonstrators will be returned at Contractor's expense.
- 9. **TESTING PROCEDURES FOR SPECIFICATIONS COMPLIANCE:** Tests may be performed on samples or demonstrators submitted with the bid or on samples taken from the regular shipment. In the event products tested fail to meet or exceed all conditions and Requirements of the specifications, the cost of the sample used and the reasonable cost of the testing **shall** be borne by the Contractor.
- 10. **AMENDMENTS:** Contractor's bids cannot be altered or amended after the bid opening except as permitted by regulation.
- 11. **TAXES AND TRADE DISCOUNTS:** Do not include State or local sales taxes in the bid price. Trade discounts should be deducted from the unit price and the net price should be shown in the bid.
- 12. **AWARD:** Term Contract: A contract award will be issued to the successful Contractor. It results in a binding obligation without further action by either party. This award does not authorize shipment. Shipment is authorized by the receipt of a purchase order from the ordering agency. Firm Contract: A written State purchase order authorizing shipment will be furnished to the successful Contractor.
- 13. **DELIVERY ON FIRM CONTRACTS:** This solicitation shows the number of days to place a commodity in the ordering agency's designated location under normal conditions. If the Contractor cannot meet the stated delivery, alternate delivery schedules may become a factor in an award. The Office of State Procurement **shall** have the right to extend delivery if reasons appear valid. If the date is not acceptable, the agency may buy elsewhere and any additional cost **shall** be borne by the Contractor.

- 14. DELIVERY REQUIREMENTS:** No substitutions or cancellations are permitted without written approval of the Office of State Procurement. Delivery **shall** be made during agency work hours only 8:00 a.m. to 4:30 p.m. Central Time, unless prior approval for other delivery has been obtained from the agency. Packing memoranda **shall** be enclosed with each shipment.
- 15. STORAGE:** The ordering agency is responsible for storage if the Contractor delivers within the time required and the agency cannot accept delivery.
- 16. DEFAULT:** All commodities furnished **shall** be subject to inspection and acceptance of the ordering agency after delivery. Back orders, default in promised delivery, or failure to meet specifications **shall** authorize the Office of State Procurement to cancel this contract or any portion of it and reasonably purchase commodities elsewhere and charge full increase, if any, in cost and handling to the defaulting Contractor. The Contractor **must** give written notice to the Office of State Procurement and ordering agency of the reason and the expected delivery date. Consistent failure to meet delivery without a valid reason may cause removal from the Contractors list or suspension of eligibility for award.
- 17. VARIATION IN QUANTITY:** The State assumes no liability for commodities produced, processed or shipped in excess of the amount specified on the agency's purchase order.
- 18. INVOICING:** The Contractor **shall** be paid upon the completion of all of the following: (1) submission of an original and the specified number of copies of a properly itemized invoice showing the bid and purchase order numbers, where itemized in the *Bid Solicitation*, (2) delivery and acceptance of the commodities and (3) proper and legal processing of the invoice by all necessary State agencies. Invoices **must** be sent to the "Invoice To" point shown on the purchase order.
- 19. STATE PROPERTY:** Any specifications, drawings, technical information, dies, cuts, negatives, positives, data or any other commodity furnished to the Contractor hereunder or in contemplation hereof or developed by the Contractor for use hereunder **shall** remain property of the State, **shall** be kept confidential, **shall** be used only as expressly authorized, and **shall** be returned at the Contractor's expense to the F.O.B. point provided by the agency or by OSP. Contractor **shall** properly identify items being returned.
- 20. PATENTS OR COPYRIGHTS:** The Contractor **must** agree to indemnify and hold the State harmless from all claims, damages and costs including attorneys' fees, arising from infringement of patents or copyrights.
- 21. ASSIGNMENT:** Any contract entered into pursuant to this solicitation **shall not** be assignable nor the duties thereunder delegable by either party without the written consent of the other party of the contract.
- 22. CLAIMS:** Any claims the Contractor may assert under this Agreement **shall** be brought before the Arkansas State Claims Commission ("Commission"), which **shall** have exclusive jurisdiction over any and all claims that the Contractor may have arising from or in connection with this Agreement. Unless the Contractor's obligations to perform are terminated by the State, the Contractor **shall** continue to provide the Services under this Agreement even in the event that the Contractor has a claim pending before the Commission.
- 23. CANCELLATION:** In the event, the State no longer needs the commodities or services specified for any reason, (e.g., program changes; changes in laws, rules or regulations; relocation of offices; lack of appropriated funding, etc.), the State **shall** have the right to cancel the contract or purchase order by giving the Contractor written notice of such cancellation thirty (30) days prior to the date of cancellation.
- Any delivered but unpaid for goods will be returned in normal condition to the Contractor by the State. If the State is unable to return the commodities in normal condition and there are no funds legally available to pay for the goods, the Contractor may file a claim with the Arkansas Claims Commission under the laws and regulations governing the filing of such claims. If upon cancellation the Contractor has provided services which the State has accepted, the Contractor may file a claim. **NOTHING IN THIS CONTRACT SHALL BE DEEMED A WAIVER OF THE STATE'S RIGHT TO SOVEREIGN IMMUNITY.**
- 24. DISCRIMINATION:** In order to comply with the provision of Act 954 of 1977, relating to unfair employment practices, the Contractor agrees that: (a) the Contractor **shall not** discriminate against any employee or applicant for employment because of race, sex, color, age, religion, handicap, or national origin; (b) in all solicitations or advertisements for employees, the Contractor **shall** state that all qualified applicants **shall** receive consideration without regard to race, color, sex, age, religion, handicap, or national origin; (c) the Contractor will furnish such relevant information and reports as requested by the Human Resources Commission for the purpose of determining compliance with the statute; (d) failure of the Contractor to comply with the statute, the rules and regulations promulgated thereunder and this nondiscrimination clause **shall** be deemed a breach of contract and it may be cancelled, terminated or suspended in whole or in part; (e) the Contractor **shall** include the provisions of above items (a) through (d) in every subcontract so that such provisions **shall** be binding upon such subcontractor or Contractor.
- 25. CONTINGENT FEE:** The Contractor guarantees that he has not retained a person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the Contractor for the purpose of securing business.
- 26. ANTITRUST ASSIGNMENT:** As part of the consideration for entering into any contract pursuant to this solicitation, the Contractor named on the *Bid Signature Page* for this solicitation, acting herein by the authorized individual or its duly authorized agent, hereby assigns, sells and transfers to the State of Arkansas all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of this

assignment and which relate solely to the particular goods or services purchased or produced by this State pursuant to this contract.

- 27. DISCLOSURE:** Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, **shall** be a material breach of the terms of this contract. Any Contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy **shall** be subject to all legal remedies available to the agency.