

# Invitation to Negotiate (ITN)

## RE-SOLICITATION

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**Loss Reimbursement Examinations  
Florida Hurricane Catastrophe Fund (FHCF)  
State Board of Administration of Florida (SBA)**

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<b>Issue Date:</b>	<b>August 23, 2018</b>
<b>Questions Deadline:</b>	<b>August 27, 2018, 1:00 PM ET</b>
<b>Answers to Questions Posted:</b>	<b>August 29, 2018</b>
<b>Response Deadline:</b>	<b>September 6, 2018, 2:00 PM ET</b>

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*Do not contact the SBA Executive Director/CIO, the Evaluation Team, SBA employees, or any member of the Board of Trustees or their respective staffs, consultants or managers, or the members of the FHCF Advisory Council, regarding this proposal request. Direct all correspondence or inquiries during the proposal process to the contact listed below.*

**Designated Contact:**

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## SECTION I – GENERAL INFORMATION

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### A. Background

The Florida Hurricane Catastrophe Fund (FHCF) was created by Section 215.555, Florida Statutes, in November 1993, for the purpose of reimbursing certain insurers writing policies covering residential property in the State of Florida for a portion of their catastrophic hurricane losses.

Pursuant to the governing law, the FHCF is administered by the State Board of Administration of Florida (SBA). The SBA is a constitutional entity of Florida state government that provides a variety of investment services to various governmental entities, one of those being the FHCF. The Board of Trustees (Board or Trustees) governs the SBA. The Board is comprised of the Governor, the Chief Financial Officer, and the Attorney General.

The Trustees delegate authority to the SBA Executive Director/CIO (Executive Director), who serves at the discretion of the Trustees. The Executive Director is responsible for managing and directing all administrative, personnel, budgeting, investment policy, and investment functions of the SBA. The management and day-to-day operations of the FHCF is the responsibility of the Chief Operating Officer of the FHCF (Chief Operating Officer), who reports directly to the Executive Director. The Chief Operating Officer currently manages twelve professional and administrative support staff. Paragon Strategic Solutions Inc. currently provides administrative and actuarial consulting services.

The purpose of the FHCF is to protect and to advance the State's interest in maintaining insurance capacity in Florida by providing reimbursements to insurers for a portion of their catastrophic hurricane losses. All authorized insurers in Florida that write covered policies, as defined in Section 215.555, Florida Statutes, are required annually to enter into a reimbursement contract with the SBA, to report their exposure, and to pay an actuarially indicated premium. Each year, participating insurers are sent the FHCF data call instructions, which outline how their exposure data is required to be reported. In the event of a hurricane with losses large enough to exceed an insurer's retention and thus trigger FHCF coverage, insurers are required to report their losses by calendar year-end and quarterly thereafter. In general, the FHCF reimburses insurers based on paid losses. The law governing the FHCF also provides for advances to certain insurers under limited circumstances outlined therein.

On September 10, 2017, Hurricane Irma made its first U.S. landfall at 9:10 a.m. EDT in Cudjoe Key located in Monroe County, Florida. At 3:35 p.m. EDT that same day, Irma made its second landfall over Marco Island located in Collier County, Florida. As a result of this event, the FHCF has made reimbursements to participating insurers. When a hurricane occurs that triggers reimbursement from the FHCF to participating insurers, the FHCF conducts examinations to verify the accuracy of reported losses. The SBA is seeking proposals from qualified and experienced Respondents to conduct loss reimbursement examinations.

Additional information regarding the SBA and the FHCF is available on the FHCF's website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

## **B. Purpose**

The SBA is issuing this Invitation to Negotiate (ITN) for the purpose of soliciting proposals from qualified individuals or firms (hereinafter referred to as Respondents) offering examination services to review losses reported to the FHCF by participating insurers.

The scope of this ITN does not include examinations to review reported exposure data; however, the loss reimbursement examination may require verification of exposure data as it relates to reported claims for policies.

The successful Respondent(s) will need to demonstrate exceptional credentials, and expertise in examinations necessary to provide the services described in this ITN. The FHCF will oversee the loss examination process and serve in a program monitoring and policy making role. To be considered, each Respondent's proposal must meet the standards and requirements set forth in Section IV, Response Requirements.

The SBA intends to enter into a contract with the Respondent(s) selected. The final fee and the basis thereof will be determined during contract review and negotiation.

The issuance of this ITN is merely the beginning of the negotiation process. Alternate means of accomplishing the requirements specified herein, with reasonable assurance of satisfactory results, will be considered and may be accepted, at the SBA's sole discretion, without further addendum to this ITN. The SBA may, in its sole discretion, enter into one or more contracts that include terms (including terms relating to pricing and services) that are materially different from the requirements of this ITN or the terms of any response submitted under this ITN. As a result, the SBA may consider any and all responses (including modifications to any response), any information obtained from oral interviews (if any), the negotiation process between the SBA and one or more of the Respondents, or information from any other source or alternative in determining whether to enter into one or more contracts and the terms and provisions of such contract. Any contract that shall serve as the agreement between the parties will be developed through the negotiation process. The SBA may enter into negotiations with the Respondent(s) in order to achieve the most effective plan. The SBA reserves the right to negotiate concurrently or separately with competing Respondents any time after the finalists are selected. The SBA reserves the right to accept portions of a competing Respondent's response and use such portions to form an overall program in the best interest of the SBA. Furthermore, the SBA shall have the right to use any or all ideas or adaptations of the ideas presented in any response received pursuant to this ITN. Selection or rejection of a response will not affect this right. The SBA reserves the right to reject any and all responses or portions thereof. The SBA reserves the right to withdraw this ITN or a portion of this ITN without selecting a vendor. The right of the SBA to set aside submitted proposals and re-negotiate with its existing vendors is retained without exception. The SBA reserves the right to not utilize the services of any selected Respondent(s) or to terminate the selection without cause or without penalty.

### **C. Minimum Qualifications**

**Respondent(s) must be able to affirm the following statements in order to be considered for the award:**

1. The Respondent must accept and enter into a written services contract as supplied by the SBA. Final language will be negotiated in the contract negotiation phase, and the Respondent must accept and agree that the final contract will include (as applicable) the following items and provisions:
  - a. Confidentiality – The Respondent must agree to maintain confidentiality of all data reviewed unless otherwise required by applicable law, requested by a regulatory authority (with advance notice to the SBA), or authorized in a prior writing or request by the SBA. The Respondent must also acknowledge and agree that the SBA is subject to the Florida Public Records Laws and, therefore, the SBA’s agreement (if any) to keep confidential and not to disclose the Respondent’s information will be provided only to the extent permitted by the laws of the State of Florida.
  - b. Indemnification – The Respondent must agree to indemnify and to hold the SBA harmless from any and all losses, claims, and damages (including reasonable attorneys’ fees) arising out of the negligence, willful misconduct, breach of duty, breach of contract, or violation or non-compliance with any law, rule, regulation, or other legal requirements of the Respondent or its agents, nominees, or appointees.
  - c. Exculpation and Limitation of Liability and Remedies – The Respondent must agree that the final contract for services will not exculpate or limit the liability of the Respondent or otherwise limit the remedies of the SBA against the Respondent.
  - d. Governing Law and Jurisdiction – The Respondent must agree that the final contract will be governed by, construed under, and interpreted in accordance with the laws of the State of Florida without regard to conflict of laws and principles. The Respondent must agree and consent to the exclusive jurisdiction of the Florida state courts located in Leon County, Florida with respect to all legal proceedings that may be instituted by the Respondent or the SBA under the contract.
  - e. Conflict of Interest – The Respondent and its key professionals must not have, or potentially have, a material conflict of interest with the staff of the SBA or the members of its Board.
  - f. Prohibited Activities – The Respondent is prohibited from engaging in activities in connection with services for the FHCF which produce direct or indirect financial gain for the Respondent other than for the agreed upon compensation without the SBA’s written consent after being fully informed of such activities in writing.
2. The Respondent must agree (by written affirmation) to provide the services as detailed in Section II, as well as agree to all other requirements as stated in this ITN.

**Respondents must further meet all of the following requirements set forth in items 3-7 below. Any other experience that can be shown to be comparable may be considered at the sole discretion of the SBA.**

3. The Respondent must have a minimum of five years examination/auditing services to property insurers.
4. The primary individuals directly assigned to provide loss reimbursement examination services to the FHCF must possess one or more of the following professional designations:
  - a. Certified Insurance Examiner (CIE)
  - b. Accredited Insurance Examiner (AIE)
  - c. Accredited Financial Examiner (AFE)
  - d. Certified Financial Examiner (CFE)
  - e. Certified Public Accountant (CPA)
  - f. Chartered Property and Casualty Underwriter (CPCU)
5. The Respondent must demonstrate its capabilities and experience examining policy coverages on personal residential policies, commercial residential policies, mobile home policies, farmowners policies, and any other covered policies as defined in Section 215.555, Florida Statutes.
6. The Respondent must demonstrate its capabilities and experience examining property insurance claims.
7. The Respondent must demonstrate its capabilities to work with Microsoft Access, Microsoft Excel, and Microsoft Word.

## SECTION II – SCOPE OF SERVICES

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The scope of the assignment encompasses the loss reimbursement examination needs associated with the SBA's duties under the law. Section 215.555(4)(f), Florida Statutes, states, in part, "in order to ensure that insurers have properly reported the losses for which reimbursements have been made, the board shall inspect, examine, and verify the records of each insurer's covered policies....for the specific purpose of validating the accuracy of....losses required to be reported under the terms and conditions of the reimbursement contract." Thus, the SBA is seeking proposals from qualified Respondents to provide examination services to review losses reported to the FHCF. The services required include, but are not limited to, the items listed in the Services Questionnaire, Appendix I.

The FHCF currently anticipates approximately 40 to 80 companies will receive reimbursement from the FHCF for Hurricane Irma. The FHCF anticipates reviewing the reported losses for each of those companies but retains the right to determine which companies will be examined. The costs of the loss reimbursement examinations are paid by the FHCF. Based on losses as currently reported, the FHCF expects to conduct 10 to 20 examinations per year, over a 3 to 5 year period. Each examination is estimated to require about 120 billable hours per exam; however, this may vary depending on the complexity of the claims. The FHCF intends to enter into a five-year contract with one or more Respondents so the scope of this ITN may change as losses develop or if the FHCF experiences other events that result in reimbursements to companies.

The FHCF currently employs seven staff members to work in the exposure and loss reimbursement examination programs. The Director of Examinations is responsible for overseeing the development and execution of the examination programs. The FHCF has previously conducted loss reimbursement examinations for companies reporting losses for Hurricane Opal and Hurricane Erin in 1995, for Hurricane Charley, Hurricane Frances, Hurricane Ivan, and Hurricane Jeanne in 2004, and for Hurricane Wilma in 2005.

Once loss reimbursement examinations begin, the FHCF staff determines the priority and timeline for examinations. The FHCF will notify companies 60 to 90 days before the examination is scheduled to commence. Any records required to be submitted in advance by the company will be due within 30 days of the date of the notification letter. The examiner will make the initial contact with the company and conduct all preparatory and on-site work for the examination. The examinations are estimated to take an average of three weeks to conduct which includes one week occurring on-site at the company. If the selected Respondent(s) is a firm, the FHCF expects the management of that firm to train qualified staff to conduct the examinations and oversee the work conducted. The FHCF will provide the initial examination expectations and any subsequent changes to these expectations as needed; however, it is the responsibility of the selected Respondent(s) to ensure all staff assigned to conduct examinations are knowledgeable and qualified. The FHCF will hold the management of the selected Respondent(s) responsible for any work the FHCF finds unacceptable.

The FHCF instructs companies subject to an examination of reported losses to provide a private working space for the examiner, which includes internet connection. The examiner is allowed to

use the office equipment of the company as needed to complete the examination. The loss reimbursement examination program requires the examiner to review, on a sample basis, individual claims to determine if the claims are covered by the FHCF. The FHCF will be available at any time to assist the examiner with questions related to FHCF coverage.

Once the examiner's work is complete, a report is prepared and submitted to the FHCF. This report includes a recommendation from the examiner on whether the participating insurer's losses were reported accurately. The examiner is required to assess the frequency and materiality of errors found. The examination workpapers which include all documentation from the examination to support the examiner's report, as well as a final copy of the report, is submitted to the FHCF within three to six weeks following the last day of the fieldwork.

Documentation from the examination becomes the property of the FHCF. The examiner is permitted to keep a copy of the documentation until such time as the examiner is notified by the FHCF that the examination is closed. The FHCF requires the selected Respondent(s) to submit an approved plan for destruction of the records and sign an agreement to maintain the confidentiality of all FHCF data. Section 215.555, Florida Statutes, requires any information contained in an examination report, which information is described in Section 215.557, Florida Statutes, is confidential and exempt from the provisions of Subsection 119.07(1), Florida Statutes and Subsection 24 (a), Article I of the State Constitution.

The FHCF expects the selected Respondent(s) to review all examination workpapers for accuracy and completeness before submitting the workpapers to the FHCF. The FHCF will review the workpapers for acceptability and an examiner may be asked to correct any work that is found unacceptable at no additional cost to the FHCF.

Using the examiner's report, the FHCF will determine the final examination recommendation to the insurer. Examiners do not make recommendations to an insurer while on-site. The final examination recommendations will be communicated through the examination report. The FHCF will notify the insurer of the results of the examination and will follow-up with the participating insurer. The examiner may have to participate in and support the findings in exit conferences with insurers or any follow-up meetings where the examination work is referenced. Any exit conference or subsequent meeting are generally conducted only at the request of the insurer and may not be necessary after each examination.

The examination services require the Respondents to have an excellent working knowledge of Microsoft Access, Microsoft Excel, and Microsoft Word. The FHCF receives large volumes of data, which the Respondents must be able to review and use. Respondents to this ITN must be able to set up tables and run queries in Microsoft Access. Respondents must have a working knowledge of Microsoft Word and Microsoft Excel as all examination reports are to be prepared using these programs. The FHCF will not provide information technology support for examiners.

Respondents must have experience interpreting policy coverages and claims information on residential and commercial property policies.

A successful Respondent must agree to maintain confidentiality of all data reviewed. If the Respondent is a firm, the SBA expects to be assigned a dedicated client servicing team consisting of knowledgeable, experienced, and responsive individuals.

## SECTION III – REQUIRED INFORMATION

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This section identifies the information that should be submitted in response to this ITN, and the order in which it should appear in the proposal response package. Each proposal response package should include the following, in the order listed below:

### **A. Cover Letter**

The response shall contain a cover letter addressed to the designated contact identifying the Respondent's name and principal address. Provide the name, telephone number, and email address of a person authorized to represent the Respondent regarding all matters related to the proposal. The letter shall also explicitly affirm the following:

1. The Respondent has the current capability to provide the proposed services.
2. The Respondent has thoroughly reviewed this ITN, understands the scope of services, and meets each of the minimum qualifications set forth in Section I.C. of this ITN.
3. The Respondent acknowledges and accepts all terms and conditions included in this ITN.
4. If applicable, the Respondent has included Trade Secret Information as a separate attachment, along with a table of contents, as indicated in Section IV.J. of this ITN.
5. The Respondent acknowledges that it is in compliance with the "Quiet Period" provisions in Section IV.Q. of this ITN. The person authorized to bind the Respondent to all commitments made in its proposal is the signatory of the letter.

### **B. Services Questionnaire**

The Respondent shall complete and submit the Services Questionnaire attached hereto as Appendix I. When completing the questionnaire, the Respondent must give clear, concise, quantifiable replies to all questions, restating each question in bold face type and using no smaller than 12 point font, with its response directly below. Tables and graphs are exempt from this font requirement, but must be readable. The length of the response is at the discretion of the Respondent; however, responses are expected to be brief and to contain full and fair disclosure of essential elements. Any omitted or incomplete responses may eliminate a Respondent from evaluation. As indicated in Section IV.J. below, Trade Secret Information must be included as a separate attachment.

### **C. Service Requirements Affirmation Statement**

The proposal shall include a signed copy of the Service Requirements Affirmation Statement attached hereto as Appendix II.

### **D. Financial Information**

If the Respondent is a firm/organization, provide the most recent audited financial statements which includes the auditor's report and any management letters which have been issued.

## **SECTION IV – RESPONSE REQUIREMENTS**

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This section indicates the terms and conditions that will govern the submission and review of proposals made in response to this ITN. The Respondent(s) selected to provide loss reimbursement examination services, as part of the ITN process, will be required to enter into a contract with the SBA.

### **A. Completeness**

A response must be complete as to all terms and conditions, including the appendices, on the date submitted. Additional information submitted after the response documents or separate from the response documents will not be considered unless specifically requested by the SBA, and then only to the extent requested. Incomplete responses may be eliminated from further consideration.

### **B. Requests for Modification of a Response**

A Respondent to this ITN may withdraw and modify its response prior to the response deadline only upon approval by the SBA. A request for modification must be in writing and addressed to the designated contact at the delivery address set forth in G. below, and must adequately explain the reasons for the request to modify the response. If the SBA approves the request, a modified response may then be submitted. The SBA will not consider modifications offered in any other manner, whether oral or written. Under no circumstances may the Respondent modify a response unilaterally at a date or time subsequent to the response deadline specified in E. below. The SBA may, however, permit any Respondent to modify its response after the deadline specified in E. below, if the SBA determines that such modification is in the best interest of the SBA or the FHCF.

### **C. Respondent Guarantees**

All terms and conditions submitted in response to this ITN (all parts) must be guaranteed to remain effective and may not be changed, amended, modified, qualified, or otherwise altered by the selected Respondent(s) for a period beginning on the date of the response filing deadline for this ITN, and ending at the conclusion of the contract. All fees and charges as proffered in response to this ITN must be guaranteed for the term of the contract.

### **D. Requests for Clarification of this ITN**

All questions regarding the clarification of any requirement, standard, or question in this ITN because of any ambiguity, conflict, discrepancy, omission, or other error, must be received by the SBA no later than 1:00 p.m. ET on August 27, 2018.

Written requests for clarification should be sent via email or fax to the designated contact provided in G. below.

The SBA reserves the right to accept or reject any or all requests for clarification, either in whole or in part, and may require requests to be clarified or supplemented through additional written

submissions. Respondents will be notified of the rejection of their request for clarification. Oral requests for clarification will not be accepted.

The SBA's responses to clarification requests will be posted on the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under "Announcements." Respondents unable to download responses should direct their requests for hard copies via email or fax to the designated contact provided in G. below. Such responses shall be considered an addendum to and, as such, an integral part of this ITN.

The SBA does not guarantee the validity or reliability of information obtained from other sources. If it becomes necessary to revise any part of this ITN, an addendum or clarification will be posted on the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under "Announcements." The Respondent is responsible for checking the FHCF website for any addendums or updates.

#### **E. Response Requirements and Deadline**

All responses must include the completed items listed in Section III including Trade Secret Information in IV.J., if applicable, of this ITN. The response deadline for this ITN is 2:00 p.m. ET, September 6, 2018. For the items listed in Section III. A., B., and C., submit eight (8) bound copies of your response and an electronic copy of your response on a CD/DVD or USB flash drive in PDF format. Submit the response to the premises of the SBA at the delivery address as provided in G. below. Facsimile and electronic transmissions are not acceptable. All responses must be submitted in a sealed envelope or box and must be marked "ITN for Loss Reimbursement Examination Services – FHCF." The SBA accepts no responsibility whatsoever for failure to deliver or late delivery by postal or commercial courier services. Failure by the postal or commercial courier service to meet the response deadline may result in disqualification.

#### **F. SBA Not Liable for Respondent's Cost**

The SBA shall not be liable or responsible for any costs incurred by any Respondents for preparing and submitting any response to this ITN, attending any oral interview, if necessary, or for any other activities or occurrences related in any way to this ITN or prior to the issuance of a contract. The SBA shall pay all costs incurred by the selected Respondent(s) after the issuance of the contract in accordance with the applicable compensation schedule as agreed upon by the SBA and the successful Respondent(s). The SBA will not pay expenses and costs incurred outside the scope of the applicable compensation schedule.

## **G. Delivery Address**

Linda Guyas, Administrative Assistant  
State Board of Administration of Florida  
Florida Hurricane Catastrophe Fund  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
Email: [linda.guyas@sbafla.com](mailto:linda.guyas@sbafla.com)  
Phone: (850) 413-1336  
Fax: (850) 413-1344

## **H. Respondent's Responsibility**

Each Respondent should familiarize itself with the service requirements and the work to be performed before submitting a response. All proposals shall remain valid for at least 180 days from the date of submission.

## **I. Oral Interviews at the SBA**

Respondents that submit a proposal in response to this ITN may be required to give an oral presentation of their proposal to the SBA. Should oral presentations be entertained, each selected Respondent will be given an opportunity to clarify or elaborate on its proposal, but this will not be intended to change the Respondent's original written submission. Oral interviews will be held October 1, 2018, if needed.

## **J. Disclosure of Proposal Contents**

All material submitted by Respondents shall become the property of the SBA and will not be returned. Proposals submitted may be reviewed and evaluated by persons designated by the SBA, in its sole discretion. Each Respondent understands and agrees that all documents and records made or received by the SBA in connection with this ITN or any official business of the SBA are public records and must be furnished and disclosed to any person under a request to inspect or copy such documents or records, pursuant to Chapter 119, Florida Statutes.

If information is provided that could reasonably be ruled a "trade secret" as defined in Section 812.081, Florida Statutes, such information shall be included in a separate attachment clearly marked – "Trade Secret Information – Loss Reimbursement Examination Services – FHCF." Include a table of contents within this attachment with a detailed listing of and explanation for EACH item marked as a "trade secret." Designation of items as "trade secrets" by Respondents is not dispositive and does not guarantee that the items will not ultimately be disclosed pursuant to Chapter 119, Florida Statutes.

The State of Florida places a high priority on the public's right of access to governmental meetings and records. By submitting a response, each Respondent further understands and agrees that the SBA shall have the right to use any and all information, records, documentation, or items, including any derivation or adaptation thereof or knowledge gained thereby, presented by any

Respondent in any response, during any interview, or otherwise in connection with this ITN in negotiating and entering into any contract or for any purpose. The SBA shall have such rights regardless of whether the SBA enters into any contract with such Respondent or any Respondent under this ITN, successfully negotiates any contract with any Respondent, rejects any or all responses to this ITN, amends or withdraws this ITN at any time, or otherwise satisfies its needs through alternative means.

#### **K. Right to Amend and/or Withdraw ITN**

The SBA, in its sole discretion, reserves the right to amend or withdraw this ITN at any time and for any reason. Issuance of this ITN in no way constitutes a commitment by or obligation of the SBA to enter into any contract, and the SBA may, in its sole discretion, reject all responses to this ITN for any reason whatsoever.

#### **L. Rejection of Proposals**

The SBA will be the sole judge of the Respondent's responsiveness to this ITN and reserves the right to reject, in whole or in part, any or all responses, with or without cause, without incurring any liability whatsoever. The SBA may also waive any material or immaterial defect in a response or deviation from the requirements of this ITN. Any waiver exercised under this section will in no way modify any provision of this ITN.

#### **M. Contract Execution**

After selection of the finalist(s), the SBA will enter into contract negotiations with the selected Respondent(s) to finalize terms, fees and conditions. This ITN and the selected Respondent(s) proposal(s), or any part thereof, may be included in and made a part of the final contract. The resulting contract and all attachments shall be considered a public document.

If, in the sole opinion of the SBA, an acceptable contract with the selected Respondent(s) cannot be reached, the SBA reserves the right to negotiate with the next preferred Respondent(s) or to take any other actions in its sole discretion as contemplated by this ITN.

#### **N. Contract Term**

The SBA intends to enter into a five-year contract with the selected Respondent(s).

#### **O. False or Misleading Statements**

Any response which contains false or misleading statements, or which provides references which do not support an attribute, condition, or capability claimed in the response document, will not be considered by the SBA if, in the opinion of the SBA, such false or misleading statements were intended to mislead the SBA in its evaluation of the response.

## **P. Collusion**

By responding, the Respondent represents that its proposal is not made in connection with any competing Respondent submitting a separate response to this ITN and is in all respects fair and without collusion or fraud. It is further represented that the Respondent did not directly or indirectly induce any party to submit a false or sham proposal or to refrain from proposing. In addition, the Respondent represents that it did not participate in the development process of this ITN, had no knowledge of the specific contents of this ITN prior to its issuance, and that no employee of the SBA participated directly or indirectly in the Respondent's proposal preparation.

## **Q. Quiet Period**

During the "selection period" (defined below), the Respondent (its agents, officers, principals and employees, including any individual assisting the Respondent in this process) will not engage in any written or verbal communication or any lobbying efforts or other attempts to influence the SBA (including the SBA Executive Director/CIO, any member of the Evaluation Team, any SBA employee, whether or not such individual or employee is assisting in the selection of the Respondent), or any member of the Trustees or their respective staffs, consultants or managers, or the members of the FHCF Advisory Council, regarding this proposal request, the merits of the Respondent, or regarding whether the SBA should retain or select the Respondent with respect to this proposed request. An exception is given for the SBA Procurement Manager, the designated contact named in G. above, and designated members of the Negotiation Team. Any unauthorized contact may disqualify the Respondent from further consideration. Normal business communications are allowed for current SBA service providers who are also ITN Respondents. Any and all such efforts made by the Respondent or its agents, officers, principals, employees, or lobbyists will be disclosed to the Executive Director within five calendar days of its becoming known.

The "selection period" for this ITN begins on August 23, 2018, and will continue until the final selection has been announced, all proposals have been rejected, or the selection process is otherwise concluded. Nothing herein shall preclude the SBA from seeking clarification about the substance of the response to this ITN within the time frame as provided herein. Nothing herein shall preclude a Respondent from seeking a request for clarification as provided herein.

## **R. Further Instructions and Conditions**

1. *Conformance with instructions* – All responses to this ITN must conform to these instructions. Failure to conform may be considered appropriate cause for rejection of the response.
2. *Terms and conditions of this ITN* – Submission of a proposal indicates the Respondent's acceptance of the terms and conditions contained in this ITN, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the SBA and the Respondent(s) selected.

3. *Conformance with statutes* – Any contract awarded as a result of this ITN must be in full conformance with statutory, regulatory, and other legal requirements of the State of Florida and the U.S. government.
4. *Joint proposals* are not permitted.
5. *Timing and sequence* – The timing and sequence of events resulting from this ITN will be determined solely by the SBA and may be modified by the SBA in its sole discretion.
6. *Oral agreements* – Any alleged oral agreement or arrangement made by a Respondent with the SBA or any employee of the SBA shall be superseded by the written contract between the SBA and such Respondent.
7. *Amending or canceling requests* – The SBA reserves the right to amend or cancel this ITN at its sole discretion.
8. *Rejection for default or misrepresentation* – The SBA reserves the right to reject the proposal of any Respondent that is in default of any prior contract, for misrepresentation, or otherwise as may be determined by the SBA (or its designate) in its sole discretion.
9. *Clerical errors in awards* – The SBA reserves the right to correct inaccurate awards resulting from its clerical errors.
10. *Respondent's presentation of supporting evidence* – A Respondent, if requested, must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in its response.
11. *Corrections and changes* – Any corrections or changes to this ITN will be issued by the SBA, will be identified as a correction or change, and will be posted on the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under “Announcements.” Corrections or changes made in any other manner will not be binding. It is the responsibility of the Respondent to obtain all corrections and changes.
12. *Dispute Resolution* – Any contract shall not include binding arbitration provisions.
13. *Right to reject previous vendors* – The SBA reserves the right to reject a proposal by a Respondent that has previously provided work to the FHCF or whose personnel includes individuals previously rejected by the SBA for services.
14. *Respondent's credentials* – The SBA may make such investigations, as deemed necessary, to determine the ability of the Respondent to perform the services specified in this ITN. The SBA reserves the right to reject any response if the evidence submitted by, or investigation of, the Respondent fails to satisfy the SBA that the Respondent is properly qualified to carry out the obligations of the contract.

15. *Proposal content and format* – In determining the capabilities of a Respondent to perform the services specified herein, the information required in this ITN must be provided by the Respondent and will be weighed by the Evaluation Team as indicated in the evaluation process. **(Note: Each requirement must be thoroughly addressed. Taking exception to any requirement listed in this ITN may disqualify the Respondent and its response, in the SBA’s sole discretion.)**

## SECTION V – EVALUATION CRITERIA

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The Respondent will be evaluated on the merits of its capabilities and its understanding of the needs of the FHCF.

The responses will be assessed on a comparative basis and will be independently evaluated by an Evaluation Team on the basis of the written responses to this ITN, additional written information as requested and oral interviews, if any. Points will be assigned as indicated below. Other response requirements without points assigned will not be used in computing the score received, but will be used for informational purposes or as a basis for possible disqualification. The level of fees indicated by a Respondent will not be scored; however, the competitiveness, transparency, and responsiveness of a Respondent's fees may be reviewed in the context of the evaluation criteria. Using the scoring and evaluation process, Respondents may be recommended by the Evaluation Team for oral interviews at the SBA, if needed. Commitments made by the Respondents at the oral interviews will be considered binding. Information and materials obtained during the oral interviews will be used by the Evaluation Team to prepare final scores for the Respondents. The final scoring may take into consideration any information, evidence, or capabilities that, in the judgment of the Evaluation Team, demonstrate a Respondent as being best qualified to provide the necessary services to the SBA.

The evaluation will utilize the following broad scoring categories. In scoring responses, weights for these categories will be applied as indicated below.

<i>Respondent's experience and qualifications</i>	40%
<i>Respondent's personnel/professional staff experience, qualifications, specialized capabilities, expertise, and availability</i>	35%
<i>Respondent's technological and protection of confidential information abilities</i>	10%
<i>Quality, clarity, and responsiveness of the proposal</i>	10%
<i>Adherence to ITN requirements</i>	5%
<i>Total</i>	100%

The evaluation framework used to evaluate responses within the broad scoring categories will consider the following components by category:

### **Respondent's experience and qualifications**

Responses will be assessed on a comparative basis reviewing the overall operations, client experience, experience with property insurers, experience with the FHCF, and other special services beneficial to the FHCF.

### **Respondent's personnel/professional staff experience, qualifications, specialized capabilities, expertise, and availability**

Responses will be assessed on a comparative basis reviewing the quality of the key professional personnel assigned to provide services to the FHCF considering their experience, their qualifications, their specialized capabilities or expertise, and their availability as it relates to the Scope of Services as outlined in this ITN.

**Respondent's technological and protection of confidential information abilities**

Responses will be assessed on a comparative basis reviewing the resources, capability, and experience to complete computer operations and to maintain, protect, and destroy confidential information as it relates to the Scope of Services as outlined in this ITN.

**Quality, clarity, and responsiveness of the proposal**

Responses will be assessed on a comparative basis related to the overall quality, clarity, and responsiveness thereof as evidence of the ability of a Respondent to effectively demonstrate a high quality, verifiable, responsive ability to meet the Scope of Services as outlined in this ITN.

**Adherence to ITN requirements**

Responses will be assessed on a comparative basis reviewing the completeness of a Respondent's submission relative to the universe of Respondents and the ITN's technical requirements.

The disclosures in the Services Questionnaire, B. *Conflicts of Interest, Notice of Legal Proceedings, Small and Minority Business, and Fee Proposal*, will be used for informational purposes or as a basis for possible disqualification, but will not otherwise be considered in the evaluation process.

The Evaluation Team will review the responses and assign a score in each category for each Respondent. The scoring by each member of the Evaluation Team will be aggregated to establish an overall ranking by the team.

The Negotiation Team intends to evaluate service levels, fee proposals, terms of performance, and other contract terms within the context of the Respondent's complete response (i.e., written response, additional written information submitted by the Respondent and oral interviews, if any), and any other information available to the Negotiation Team from any other source. Subsequent contract negotiation is expected to take place upon the selection of the finalist(s).

The Chief Operating Officer will present the final scores and rankings with a recommendation to the Executive Director. The Executive Director shall have the sole authority, in his discretion, to determine whether the SBA will enter into any agreement with any Respondent and to make all final decisions regarding the matters contemplated by this ITN.

**The SBA will not be required to select the lowest-cost Respondent.**

## SECTION VI – TIMELINE

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The timeline of the search and evaluation process as currently planned (subject to change at the sole discretion of the SBA without liability) is as follows:

<b>August 23, 2018</b>	<b>ITN Issued</b>
<b>August 27, 2018 (1:00 p.m. ET)</b>	<b>Deadline for Written Requests for Clarification</b>
<b>August 29, 2018</b>	<b>SBA Response to Written Requests for Clarification Posted</b>
<b>September 6, 2018 (2:00 p.m. ET)</b>	<b>Responses to ITN Due</b>
<b>September 24, 2018 (2:00 p.m. ET)</b>	<b>Evaluation Team Meeting for Selection of Finalist(s) and Determination of Oral Interviews</b>
<b>October 1, 2018</b>	<b>Oral Interviews (if needed)</b>
<b>October 3, 2018 (2:00 p.m. ET)</b>	<b>Evaluation Team Meeting for Selection of Finalist(s) (if needed)</b>
<b>November 1, 2018</b>	<b>Effective Date of Contract</b>

Note: The SBA reserves the right to change the ITN timeline. Changes will be posted on the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under “Announcements,” and may be provided directly to the Respondents/Finalists.

# Appendix I: Services Questionnaire

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Responses to each item should appear in the same order as listed in this ITN. The Respondent must give clear, concise, quantifiable replies to all questions, restating each question in bold face type and using no smaller than 12 point font, with its response directly below. The SBA requires direct answers to each item and does not require generalized marketing information. Tables and graphs are exempt from the font requirement, but must be readable.

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## A. Scored Questions

<p><b>THE LENGTH OF EACH RESPONSE IS LEFT TO THE DISCRETION OF THE RESPONDENT; HOWEVER, CLUTTERING THE RESPONSE WITH IRRELEVANT MATERIAL IS NOT DESIRABLE. RESPONSES ARE EXPECTED TO BE BRIEF AND CONTAIN FULL AND FAIR DISCLOSURE OF ALL ESSENTIAL ELEMENTS.</b></p>
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### 1. Experience and Qualifications

- A. Provide a brief summary of the key values and distinguishing features of the Respondent.
- B. Describe briefly the Respondent's background/history, ownership structure, primary location(s) and size (number of offices).
- C. List all insurance coverage the Respondent has for errors & omissions, any professional liability insurance, and any other insurance related to examination services.
- D. Has the Respondent or key personnel ever failed to fulfill its obligations under a contract with a previous client? If so, please explain. Provide a list of three client references (name, phone number, and mailing address) whom the SBA may contact. Provide a list of three clients (name, phone number, and mailing address) who have terminated, cancelled, or non-renewed the Respondent's services within the past three years. Indicate if none.
- E. Has the Respondent or key personnel previously held a contract with the SBA? If so, was the contract not renewed? Was the contract terminated?
- F. Describe any anticipated changes to your organization's basic ownership structure or any other significant changes anticipated in your organization, its management, or key personnel.
- G. Describe the type of examinations the Respondent has performed in the last five years.

- H. Describe Respondent's experience reviewing and interpreting policy coverages related to personal residential, commercial residential, mobile home, farmowners, and other covered policies identified in Section 215.555, Florida Statutes.
- I. Describe the Respondent's experience in conducting examinations of companies writing residential property insurance policies. Describe the type of examination work conducted.
- J. Describe the Respondent's experience reviewing property insurance claims in relation to property coverages.
- K. Describe the Respondent's experience in conducting examinations of insurance claims information. Describe the type of examination work conducted and specify the type of insurance claims examined.
- L. Describe the Respondent's experience, if any, performing claims audits for reinsurers.
- M. Identify the internal and external entities that audit, regulate, and review the Respondent's services. Briefly discuss the frequency and scope of audits performed during the last three years.
- N. Describe the level of management review applied to workpapers and reports resulting from audits and reviews.
- O. Elaborate on the Respondent's capabilities to provide any other related services to the FHCF which are not already described in your response.

**2. Experience, Qualifications, Specialized Capabilities, Expertise, and Availability of Respondent's Personnel/Professional Staff**

- A. Identify how many personnel the Respondent currently employs and how many will be assigned to provide services to the FHCF.
  - 1. Total
  - 2. Management/Administrative
  - 3. Technical/Analytical
  - 4. Other
- B. Provide a brief professional biography for each of the personnel listed above. Describe each individual's current role, their experience, and the length of time they have been with the organization. Identify their professional designations and any memberships in professional societies. Include copies of current licenses of those identified above and indicate if any disciplinary actions were taken by licensing organizations.
- C. Provide an organizational chart showing functions, positions, and titles of those identified above.

- D. Describe how priorities are set and resources are assigned for clients.
- E. Describe how the Respondent will ensure there are sufficient, qualified staff to perform the work specified in this ITN throughout the contract term. Do you anticipate adding staff? If so, identify the number of additional staff needed. Describe the type of work that will be performed by each additional staff member (e.g., administrative, technical).
- F. Describe how management ensures services provided to a client are in accordance with proper standards of care, regulatory requirements, and the executed contract for the services. Identify controls currently in place to ensure that these services are in accordance with the instructions issued by the client.
- G. Comment on the Respondent's personnel turnover in the audit or examination services area in the past three years. Differentiate between individuals leaving the organization and those moving to other departments within the organization. Describe your efforts to attract and maintain qualified examiners.
- H. With regard to personnel leaving or moving to other departments, describe how the Respondent handles training of replacements for existing client relationships.
- I. Specify how soon the Respondent would be available to conduct loss reimbursement examinations on behalf of the FHCF.

### **3. Technology and Protection of Confidential Information**

- A. Describe the type of work the Respondent has done using Microsoft Access.
- B. Describe the type of work the Respondent has done using Microsoft Excel.
- C. Describe the type of work the Respondent has done using Microsoft Word.
- D. Describe your experience using electronic workpaper software. Specify the type of software used.
- E. Describe how the Respondent secures laptops and desktop computers to ensure protection of confidential data. Also, describe how often the protective measures are reviewed and updated and how you ensure remote workers apply the protection.
- F. Any exposure information made available to the Respondent, which is received or reviewed while performing loss reimbursement examination services, is confidential in accordance with Section 215.557, Florida Statutes, and shall not be disseminated to anyone outside the SBA. The strict confidentiality of any information made available to the Respondent while performing loss reimbursement examination services shall be maintained. This confidentiality shall not expire upon termination of the awarded contract, but shall survive unless and until the Respondent receives written permission from the SBA to release or disseminate to individuals outside the SBA.

Describe the Respondent's capability to comply with the FHCF's expectation of maintaining confidentiality and define measures for protecting and destroying confidential information, including capabilities for maintaining a secure site for storage of archived records.

## ***B. Non-Scored Questions***

### **1. Conflicts of Interest**

The Respondent shall have no interest and shall not acquire any interest that shall conflict in any manner or degree with the performance of the services required under this ITN.

The Respondent must disclose:

- A. Whether any officer, director, employee, or agent is also a current or former employee of the SBA, or the respective staffs of the Trustees, or any of the members of the Board, and if there are any factors, financial or otherwise, known to them which may give rise to a conflict of interest between the Respondent and the SBA and its employees, or have the effect of impacting the ability of the Respondent to meet its responsibilities, duties, and obligations to the SBA, as set forth in this ITN. Disclose the name of any SBA employee who owns, directly or indirectly, an interest of five percent (5%) or more of the Respondent's company or any of its branches or affiliates.
- B. Any arrangement with any individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to providing examination services to the FHCF. If applicable, provide a copy of any contract relating to the arrangement and describe in detail the nature of the arrangement and the method of computing compensation.
- C. Any person or firm retained for the purpose of seeking to be selected pursuant to this ITN. Will the Respondent pay or be obligated to pay any firm or an individual who is not a full time employee if you are selected to provide loss reimbursement examination services to the FHCF? If so, identify the individual or firm, provide specific information relating to compensation paid or to be paid, and provide a copy of any written contract relating to such arrangement.
- D. Any services provided in the last five years to an insurer that writes property insurance in Florida or to the Florida Department of Financial Services, Office of Insurance Regulation.

### **2. Notice of Legal Proceedings**

- A. Each Respondent shall disclose any and all existing and known threatened material lawsuits, legal or administrative proceedings or governmental investigations, criminal actions or law enforcement activities (including those by federal, state, or local authorities, or self-regulatory organizations) or non-routine Federal Reserve,

- Comptroller of the Currency, Securities and Exchange Commission, Municipal Securities Rulemaking Board, or Commodities Futures Trading Commission inquiries or investigations relating to the Respondent or any of the Respondent's affiliates, including any proceedings to which the Respondent, its affiliates, or any of their respective officers, directors, or employees, is a named party or of which any of such has been the focus. Is the Respondent aware of any activities of its organization, its affiliates, or their respective officers, directors or employees that are likely to result in any of the above investigations or proceedings?
- B. List and describe any such proceedings or actions that have been commenced within the last two years, including whether the Respondent or any of its affiliates, or their respective officers, directors, or employees have been censured by any regulatory body.
  - C. In the last two years, has the Respondent, its principals, or any of the Respondent's affiliates submitted a claim to its insurance carrier (or paid a claim if self-insured) for errors and omissions, fiduciary liability, and/or fidelity bond insurance coverage? If yes, explain and provide details.
  - D. Does the Respondent have a procedure by which it may undertake internal investigations of its employees, officers, or directors? Briefly describe. Disclose any and all ongoing internal investigations of any of the Respondent's officers, directors, or employees. Give specific attention to those persons who would be closely responsible for the services sought by the SBA.

### **3. Small and Minority Business**

The SBA supports and encourages diversity and participation of small and minority business enterprises in contracting. In order to identify minority or woman-owned businesses or other firms which actively pursue providing opportunities to women and minorities, provide the following information. Indicate if your firm is a minority-owned business or a woman-owned business, and identify the principal shareholders who qualify your firm. Indicate the number and percentage of professionals within your firm who are minorities or women. Provide a list of the names and positions of any minority professionals who will be working under this contract. Provide a brief description of your firm's minority hiring/affirmative action program.

### **4. Fee Proposal**

Provide the SBA with a fee proposal based on the Scope of Services outlined in Section II. Respondents are encouraged to provide the SBA with the most competitive price offered to large public institutions. The proposed fee should be inclusive of all costs, including travel costs. Fees will be considered in conjunction with the proposed Scope of Services and negotiated prior to awarding the contract.

The fee proposal must include a separate price for each type of exam listed below, based on the estimated number of hours and the estimated number of travel days if applicable.

Exhibit A, embedded in this document at the bottom of this section, is an Excel spreadsheet that must be completed by each Respondent to show the fee proposal for each type of exam. The proposed fees are an estimate and the actual costs to the Respondent may vary depending on the complexity of the exam, the proximity of the exam to the Respondent's work location, and the costs incurred while on-site.

1. On-site exam fee (estimated 120 total hours with 1/3 on-site and 2/3 off-site – 4 to 5 days travel)
2. Desk exam fee (estimated 30 hours – assuming no travel)
3. An hourly rate for consulting services, exclusive of travel costs

If travel is required for consulting services, the SBA will reimburse travel costs in accordance with state travel guidelines in Section 112.061, Florida Statutes.

Also, provide recent examples (during the last three years) of fees you have charged for comparable projects, if any.



Exhibit A

# Appendix II: Service Requirements Affirmation Statement

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By inclusion and execution of the statement provided herein, Respondents shall certify that:

- ❑ The selection of the Respondent will not result in any current or potential conflict of interest with the SBA or any participating insurer. Alternately, should any potential or existing conflict be known by the Respondent, the response shall specify the party with which the conflict exists or might arise, the nature of the conflict, and whether the Respondent would step aside or resign from that engagement creating the conflict.
- ❑ The response is made without prior understanding, agreement, or connection with any corporation, Respondent, or person submitting a proposal for the same services, and is in all respects fair and without collusion or fraud.
- ❑ The selection of the Respondent will not violate Section 215.684, Florida Statutes, which prohibits the State from selecting certain providers that have been convicted of or entered a plea of nolo contendere to fraud within a period of two years of such conviction.
- ❑ The Respondent and the agents, officers, principals, and professional employees thereof have not and will not participate in any communication prohibited in this ITN.
- ❑ The Respondent's responses to this ITN are those of the Respondent and have not been copied or obtained from any other Respondent responding to any other ITN or competitive proposal whether in Florida or elsewhere either in the past or present.

*The Respondent hereby agrees to abide by all conditions of this ITN for Loss Reimbursement Examination Services, and I hereby certify that all information provided in this response is true and correct, that I am authorized to sign this response for the Respondent and that the Respondent is in compliance with all requirements of this ITN, including but not limited to, requirements in this exhibit.*

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Authorized Signature (Manual)

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Name and Title (Typed)

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Date (Typed)