

# INVITATION TO NEGOTIATE (ITN)

## Florida Hurricane Catastrophe Fund

### State Board of Administration of Florida

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### *Reinsurance Intermediary Services*

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Issuance of ITN	October 16, 2020	
Requests for Clarification	October 23, 2020	2:00 p.m. ET
Responses to Requests for Clarification	October 30, 2020	
ITN Response Deadline	November 6, 2020	2:00 p.m. ET

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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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**State Board of Administration of Florida**  
**Florida Hurricane Catastrophe Fund**  
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# **TABLE OF CONTENTS**

<b>Section I – General Information.....</b>	<b>3</b>
A. Background	
B. Purpose	
C. Minimum Qualifications	
<b>Section II – Scope of Services .....</b>	<b>6</b>
<b>Section III – Required Information .....</b>	<b>7</b>
A. Cover Letter	
B. Services Questionnaire	
C. Service Requirements Affirmation Statement	
<b>Section IV – Response Requirements .....</b>	<b>8</b>
A. Completeness	
B. Requests for Modification of a Response	
C. Respondent Guarantees	
D. Requests for Clarification of the ITN	
E. Response Requirements and Deadline	
F. SBA Not Liable for Respondent’s Cost	
G. Delivery Address	
H. Respondent’s Responsibility	
I. Oral Interview/Presentation	
J. Disclosure of Proposal Contents	
K. Right to Amend and/or Withdraw	
L. Rejection of Proposals	
M. Contract Execution	
N. Contract Term	
O. False or Misleading Statements	
P. Collusion	
Q. Conflicts of Interest	
R. Quiet Period	
S. Further Instructions and Conditions	
<b>Section V – Evaluation Criteria.....</b>	<b>14</b>
<b>Section VI – Timeline .....</b>	<b>16</b>
<b>Appendix I.....</b>	<b>17</b>
Services Questionnaire	
<b>Appendix II.....</b>	<b>20</b>
Service Requirements Affirmation Statement	

## 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 for the State of Florida.

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 FHCF Chief Operating Officer, who reports directly to the Executive Director. The Chief Operating Officer currently manages thirteen professional and administrative support staff. Raymond James and Associates, Inc. currently serves as the FHCF's Financial Advisor. 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. Funding for reimbursable losses comes predominantly from the available cash balance, reimbursement premium due from participating insurers, reinsurance contracts, if any, and the issuance of revenue bonds.

The FHCF's potential obligation to reimburse participating insurers is set statutorily, for each contract year. The current maximum statutory obligation for a single season is \$17 billion. However, the FHCF's obligation is limited to its actual claims-paying capacity, which is the balance of the fund at year end, plus any reinsurance purchased and the amount the FHCF is able to raise through the issuance of revenue bonds.

The FHCF's December 31, 2020, fund balance is projected to be \$11.38 billion. The available resources for the 2020 hurricane season total \$15.53 billion, which is the total projected fund year-end fund balance of \$11.38 billion plus outstanding pre-event bonds totaling \$4.15 billion.

Section 215.555 (7), Florida Statutes, provides that the SBA may procure reinsurance from reinsurers acceptable to the Office of Insurance Regulation for the purpose of maximizing the capacity of the FHCF. The FHCF may enter into capital market transactions, including but not limited to, industry loss warranties, catastrophe bonds, side-car arrangements, or financial contracts permissible under section 215.47(11) and (12), Florida Statutes. In an effort to transfer a portion of the FHCF's risk to the global markets, the FHCF purchased \$1 billion of aggregate excess catastrophe reinsurance from 2015 through 2018. In 2019, the FHCF purchased \$920 million excess of \$10.5 billion and no such risk transfer products were purchased for the 2020 hurricane season. The FHCF is not required under the law to purchase reinsurance each year. Many factors are used in the FHCF's decision to purchase reinsurance but two primary considerations are pricing and available capacity in the market. The FHCF's decision to purchase reinsurance historically has been at times where it resulted in little to no disruption in the market by limiting capacity and the price was advantageous.

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

## **B. Purpose**

The SBA is issuing this ITN for the purpose of soliciting competitive proposals from reinsurance intermediaries capable of providing brokerage and analytical services and assisting with the design and placement of reinsurance products and other financing arrangements which enhance the FHCF's loss reimbursement capabilities. The reinsurance intermediary may be asked to assist in designing a product or a combination of products that ensures the FHCF's ability to reimburse losses in a timely and sufficient manner. The product(s) will need to meet the liquidity and capacity needs of the FHCF. The SBA fully expects that the reinsurance intermediary may need to work with the FHCF's Financial Advisor and the FHCF's Administrator in helping to design strategies and products that meet the needs and objectives of the FHCF. A high value will be placed on the reinsurance intermediary's ability to participate as part of this team. The services to be provided by the Respondent are outlined in the Scope of Services.

## **C. Minimum Qualifications**

**Respondent(s) must be able to affirmatively respond to each of the following statements in order to be considered:**

1. The Respondent must have at least ten years of experience providing reinsurance advisory and brokerage services similar to those described in Section II - Scope of Services.
2. If requested by the SBA, the Respondent must be willing to negotiate terms in order to enter into a written services and compensation contract/agreement as supplied by the SBA which will include (as applicable) the following 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.
  - g. Public Records – The Respondent must agree to be bound by the provisions of the laws of Florida governing the disclosure of public records, including without limitation Chapter 119 F.S.
3. 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.

## SECTION II – SCOPE OF SERVICES

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The services of the reinsurance intermediary shall include, but are not limited to, the following:

The selected Respondent will serve in the role of a reinsurance intermediary for the FHCF and the services provided will include, but not be limited to the following:

1. Annually assess the reinsurance market and provide reinsurance options available for risk transfer of FHCF losses. These options should take into consideration the impact that the FHCF's participation will have on market capacity and market pricing.
2. When requested, provide preliminary proposals regarding potential coverage and market pricing. Products should meet the liquidity and capacity needs of the FHCF given the FHCF's cash balance and potential for issuing revenue bonds to finance its capacity and maximize the claims paying capacity for the FHCF in accordance with Section 215.555(7)(a) and (b), Florida Statutes. Products should be provided on the most cost-effective basis. The costs to ensure the FHCF's capacity must be reflected in the FHCF's rates and should not conflict with the FHCF's statutory requirement to develop actuarially indicated premiums. Products will be expected to meet the requirements of all laws, rules, and regulations applicable to the FHCF. Only responses which indicate an understanding of the FHCF and its role in the residential property insurance marketplace, and which best meet the needs of the FHCF, will be considered.
3. Provide brokerage administration services to assist in the procurement of reinsurance products for the FHCF once the transaction is formally approved, including but not limited to the following:
  - a. Marketing the program, including preparation of presentations,
  - b. Preparation of all transaction related contracts and documents,
  - c. Analysis of the financial strength of potential reinsurers,
  - d. Processing payments, and maintaining accounts and records includes, but is not limited to, processing premium payments and allocations to the appropriate parties and any other payments related to the transaction such as refunds/credits and maintaining accurate accounts and records of all transactions,
  - e. Preparation of bordereaux and loss requests,
  - f. Assisting with claims and recoveries for the FHCF, if needed, and
  - g. Assisting with any disputes with reinsurers.
4. The selected Respondent will be expected to have access to global reinsurance, financial, and capital markets. The Respondent will also be required, upon request by the FHCF as part of its services, to provide advice, assistance, and participation in any presentations to, or hearings and proceedings before, the SBA Trustees, the FHCF Advisory Council, legislative staff or committees, and other governmental agencies with oversight responsibilities.

## 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 and understands the scope of services and meets the minimum qualifications set forth in Section I, General Information, subsection 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, Response Requirements, subsection J.
5. The Respondent acknowledges that it is in compliance with the "Quiet Period" provisions in Section IV, Response Requirements, subsection R of this ITN. The person authorized to bind the Respondent to all commitments made in its proposal shall be the signatory of the letter.

### B. Services Questionnaire

The Respondent shall complete and submit the Services Questionnaire attached hereto as Appendix I. Using 12 point, Times New Roman font, the Respondent must give clear, concise replies to all questions, **restating each question in bold face type and 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, Response Requirements, subsection J below, Trade Secret Information must be included as a separate attachment. Other references to materials in appendices or outside the bound volume will not be included in the evaluation of the response.

### C. Service Requirements Affirmation Statement

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

## **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 the ITN. The Respondent(s) selected to provide 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 on the date submitted, including appendices. 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 prior approval by the SBA. A request for modification must be in writing and addressed to the designated contact at the delivery address and email 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 the 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 the 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 2:00 p.m. ET on October 23, 2020.

Written requests for clarification must be sent via e-mail 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 e-mail 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 J. below, if applicable, of this ITN. The response deadline for this ITN is 2:00 p.m. ET, November 6, 2020. Respondents shall adhere to the following guidelines when submitting their response:

1. Submit response electronically via email no later than 2:00 p.m. ET on November 6, 2020 to [Procurement@sbafla.com](mailto:Procurement@sbafla.com).
2. Reference "**ITN for Reinsurance Intermediary Services**" in the subject line.
3. Preferred ITN response format is single searchable .pdf document.
4. Submit eight (8) bound copies of your response no later than 2:00 p.m. ET on November 6, 2020. All responses must be submitted in a sealed envelope or box clearly marked "**ITN for Reinsurance Intermediary Services.**" The delivery address is provided in G. below.

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 services to meet the response deadline may result in disqualification. It is the Respondent's responsibility to confirm receipt.

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

The SBA shall not be liable or responsible for any costs incurred by any Respondent 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 on or prior to the issuance of a contract. The SBA shall pay the selected Respondent(s) after the execution of the contract in accordance with the compensation schedule agreed upon by the SBA and the successful Respondent. The SBA will not pay expenses and costs incurred outside the scope of the applicable compensation schedule.

#### **G. Delivery Address**

Heidi Hinz, Operations Support Specialist  
State Board of Administration of Florida  
Florida Hurricane Catastrophe Fund  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
Email: [Procurement@sbafla.com](mailto:Procurement@sbafla.com)  
Phone: (850) 413-1332

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

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

## **I. Oral Interview/Presentation**

Respondents that are selected as finalists in response to this ITN may be required to conduct an oral interview/presentation with respect to their responses to the SBA and demonstration of the proposed solution. At the oral interview/presentation, each selected Respondent will be given an opportunity to clarify or elaborate on its response. The SBA will determine the occurrence, date, time, and location of such interviews/presentations. The oral interview/presentation will be used to assess the capability in satisfying the requirements set forth within this ITN.

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

All material submitted by Respondents shall become the property of the SBA and will not be returned. Proposals submitted will 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 – Reinsurance Intermediary Services." 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 not modify any provision of this ITN.

## **M. Contract Execution**

A contract for reinsurance intermediary services may not be entered into as a result of this ITN. Only upon authorization and approval of a transaction or other agreed upon related services will a contract, as supplied by the SBA, be executed. In executing any transaction, the selected reinsurance intermediary shall be expected to execute legal documents customary in connection with the transaction with substantive provisions acceptable to the SBA.

Nothing contained herein is in any way a commitment by the SBA or shall be read or interpreted to require the SBA to ultimately execute the transactions which are the subject of this ITN. Additionally, no respondent shall be entitled to receive any compensation or reimbursement of expenses in the event no transactions are consummated or implemented.

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

## **N. Contract Term**

The SBA contemplates an ongoing relationship with the selected Respondent for up to five years, unless renewed, extended or terminated. Any contract entered into will be subject to periodic review and revision.

## **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 statement was 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 ITN development process, had no knowledge of the specific contents of the ITN prior to its issuance, and that no employee of the SBA nor any member of the Trustees' staffs participated directly or indirectly in the Respondent's proposal preparation.

## **Q. Conflicts of Interest**

The Respondent must disclose within its proposal whether any officer, director, employee, or agent is also a current or former employee of the SBA. All Respondents must further disclose 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.

## **R. Quiet Period**

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 during the "selection period" (defined below) with the SBA (including the Executive Director, 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, the FHCF's Financial Advisor, 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 and the designated contact person named in G. above. 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.

The Respondent will not engage in any lobbying efforts or other attempts to influence the SBA, the Executive Director of the SBA, the Evaluation Team, or SBA employees, in an effort to be selected. Any and all such efforts made by the Respondent or its agents, officers, principals, employees, or lobbyists will be disclosed to the Executive Director of the SBA within five calendar days of its becoming known.

The "selection period" for this ITN begins on issuance of the ITN per the timeline in Section VI 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.

## **S. 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 the ITN* – Submission of a proposal indicates the Respondent's acceptance of the conditions contained in this ITN, unless clearly and specifically noted in the proposal submitted and confirmed in a contract between the SBA and the Respondent 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 creativity, its capabilities, its understanding of the needs of the FHCF, along with its abilities and willingness to work with other members on the FHCF's Financial Services Team to address 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 and expenses indicated by a Respondent will not be scored; however, the competitiveness, transparency, and responsiveness of a Respondent's fees and expenses 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 Team will utilize the following broad scoring categories:

Experience and qualifications of the Respondent's organization/firm	30%
Experience, strengths, capabilities, qualifications, and FHCF specific experience of the assigned brokerage team	30%
Respondent's capability, marketing plan, market access, and resources to provide the scope of services	30%
Quality, clarity, and responsiveness of the proposal	5%
Adherence to ITN requirements	5%
Total	100%

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

### **Respondent's organization/firm experience and qualifications**

Responses will be assessed on a comparative basis reviewing the size and breadth of overall operations, client experience, FHCF experience, and other special services beneficial to the FHCF.

### **Respondent's assigned staff experience, strengths, capabilities, qualifications, and FHCF specific experience**

Responses will be assessed on a comparative basis reviewing the quality of the key professional personnel, including the brokerage team, assigned to provide services to the FHCF and considering their overall experience and their specific experience with the FHCF.

**Respondent’s capability, marketing plan, market access, and resources to provide the scope of services**

Responses will be assessed on a comparative basis reviewing the relative merits (and points of differentiation) on the resources, capability, and approach to providing services, and staff to meet the respective components of 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 the Respondent’s submission and if the response met this ITN’s technical requirements.

The disclosures in the Services Questionnaire, *B. Conflicts of Interest*, *C. Notice of Legal Proceedings*, *D. Small and Minority Business*, and *E. 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>October 16, 2020</b>	<b>ITN Issued</b>
<b>October 23, 2020 (2:00 PM ET)</b>	<b>Deadline for Written Requests for Clarification</b>
<b>October 30, 2020</b>	<b>SBA Response to ITN Questions Posted</b>
<b>November 6, 2020 (2:00 PM ET)</b>	<b>Responses to ITN Due</b>
<b>November 13, 2020 (2:00 PM ET)</b>	<b>Evaluation Team Meeting &amp; Selection of Finalist(s)</b>
<b>November 17-18, 2020</b>	<b>Oral Interviews with Evaluation Team (if needed)</b>
<b>November 23, 2020</b>	<b>Final Evaluation Team Selection Meeting (if needed)</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

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

**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.**

#### 1. Company Overview

- A. Describe briefly the background/history, ownership structure, primary location(s), and size (number of offices). As it relates to your role as a reinsurance intermediary, describe any anticipated changes to your organization's basic ownership structure or any other significant changes in your organization, its management, or key personnel.
- B. Describe the strengths of your firm in placing traditional reinsurance or other risk transfer products for a large public institution and why selecting your firm over other firms responding to this ITN would be advantageous to the SBA.
- C. Detail your firm's philosophy and approach for a risk transfer program for the FHCF.

#### 2. Personnel

State the names and locations of key personnel, including the primary brokerage team, who will be assigned to this project and provide brief biographical information on each person. This information should include each individual's specific experience as a reinsurance intermediary and any applicable licenses and professional, trade, and technical qualifications.

#### 3. Experience

- A. Governmental or quasi-governmental organizations:
  1. Describe your familiarity and prior experience with reinsurance services for governmental or quasi-governmental organizations such as residual markets and catastrophic pools. Describe any risk transfer experience with the SBA including any products and results.
  2. If your firm provides similar services to Citizens Property Insurance Corporation and/or the Florida Insurance Guaranty Association, and the FHCF is in the market at a similar time, discuss any conflict of interest, workload, personnel, available capacity, or pricing issues that might exist if your firm is also chosen by the SBA.
- B. Describe any special expertise your firm has regarding the property and casualty insurance industry which would be advantageous in structuring products for the FHCF.
- C. Describe your experience with non-traditional sources of reinsurance capital (i.e., from pension funds or hedge funds, collateralized reinsurance, etc.). Briefly characterize and explain the differences and the advantages and disadvantages of using such non-traditional products as compared to more traditional sources of reinsurance capital.

D. Describe your firm's market standing and experience nationally, as well as in Florida, regarding the placement of catastrophe reinsurance coverage and provide the annual transaction volume for which you provided reinsurance intermediary services for the past three years.

**4. Brokerage Administration**

Describe your brokerage administration capabilities including marketing, contract and cover slip drafting and administration, handling of loss payments, resolving disputes, evaluating the financial strength of potential reinsurers, etc.

**5. Access to Markets**

Discuss your firm's access to domestic and foreign reinsurance markets and to the capital markets for insurance-linked securities (ILS) and the dollar volumes of business placed over the past three years that are relevant to the FHCF. If the Respondent has a working relationship with other firms such that the working relationship is critical to the placement of products, such relationship should be explained as well as the explanation for why the relationship is necessary.

**6. Special Expertise**

Describe any other special services, capabilities or expertise that would be beneficial to the FHCF.

***B. 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:

1. Whether any officer, director, employee, or agent is also a current or former employee of the SBA, or the respective staffs of the Trustees, 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.
2. Any arrangement with any individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to acting as reinsurance intermediary for the SBA. 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.
3. Any person or firm retained for the purpose of seeking to be selected pursuant to this ITN. Will your firm pay or be obligated to pay any firm or an individual who is not a full time employee of your firm if you are selected to serve as reinsurance intermediary to the SBA? 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.

***C. Notice of Legal Proceedings***

1. 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?

2. 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.
3. 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, please explain and provide details.

#### ***D. 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.

#### ***E. Fee Proposal***

Detail your proposed commission/fee structure for traditional and collateralized reinsurance (not catastrophe bond products) as a percentage of coverage placed and indicate any maximum cap on fees and any minimum fees. 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. Fees will be considered in conjunction with the proposed Scope of Services and negotiated prior to awarding the contract. No respondent shall be entitled to receive any compensation or reimbursement of expenses in the event no transactions are consummated or implemented.

## Appendix II: Service Requirements - Affirmation Statement

By inclusion and execution of the statement provided herein, each Respondent 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 Response 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 Reinsurance Intermediary Services and certifies 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, the 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)