

REQUEST FOR PROPOSAL

FOR

INTERMEDIARY FIRE DEPARTMENT BILLING SERVICE

ARKANSAS RURAL RISK UNDERWRITING ASSOCIATION

PART I. ADMINISTRATIVE AND GENERAL INFORMATION

1.1 Background

The Arkansas Rural Risk Underwriting Association (“ARRUA”) was established pursuant to Act 25 of the First Extraordinary Session of the 75th General Assembly of the State of Arkansas to provide fire and extended coverage insurance for occupied dwellings and contents in rural areas (classified as 9 and 10 by the Insurance Services Office) of the state to eligible applicants. ARRUA is governed by its Board of Directors, subject to the provisions of §23-88-304 of the Arkansas Insurance Code.

1.2 Purpose

The purpose of this Request for Proposal (RFP) is to obtain competitive, detailed proposals from respondents who are interested in acting as a contract manager for billing assistance for fire department subscription dues pursuant to §23-88-306 (d).

1.3 Definitions

As used in this RFP, the following terms are specifically defined:

- A. “Affiliate” means any person or entity (not an employee) that the intermediary works with in fulfilling the terms of this Contract
- B. “Contract” means the written agreement entered into between ARRUA and the successful Proposer.
- C. “Intermediary” means any person or entity having a contract with ARRUA as a result of this RFP.
- D. “May” means an advisory or permissible action.
- E. “ARRUA” means the Arkansas Rural Risk Underwriting Association.
- F. “Proposal” means a submission made in accordance with this RFP by an entity seeking to be the intermediary for Fire Department Billing Services on behalf of ARRUA.
- G. “Proposer” means any person or entity seeking to enter into a contract with ARRUA as a result of this RFP.

- H. "RFP" means this Request for Proposal.
- I. "Shall" means a mandatory action or requirement.
- J. "Should" means desirable.

1.4 Schedule of Events

This RFP can be viewed via the AR Department of Insurance website: <http://www.insurance.arkansas.gov>

Event	Date	Time (CDT)
RFP sent to prospective Proposers	Begins March 26, 2014	
Deadline to receive written inquiries	April 10, 2014	1:30 p.m.
Deadline to answer written inquiries	April 17, 2014	4:30 p.m.
Deadline to Submit Proposals	May 1, 2014	4:30 p.m.
ARRUA Board reviews Proposals	May 9, 2014	

The ARRUA Board reserves the option to select up to four Proposers to conduct an oral presentation at a time to be determined by the Board. If this option is elected, all oral presentations will be conducted at a future ARRUA Board Meeting as determined by the Board members and will be relayed to the Proposers at least 30 days in advance of the date selected. Each oral presentation will be limited to one (1) hour with no more than three (3) attendees or participants. The Board will give weight to those Proposers who have at least one (1) attendee or participant as the person the Proposer intends to lead the group that would fulfill the requirement of this RFP should the Proposer be successful. The estimated starting time for each oral presentation will be provided with the invitation.

1.5 Proposal Submittal

All Proposals shall be received by ARRUA no later than the date and time shown above in the Schedule of Events. **ARRUA requests that one (1) original and fifteen (15) copies of the Proposal be submitted.** The original Proposal shall contain original signatures and should be clearly marked as the "Signed Original".

Clearly mark the outside of the envelope/package containing the Proposals with the following information: **Fire Department Billing Services proposal for ARRUA**

Proposals may be mailed via United States Postal Service of deliver to:

ARRUA Administrator

Attention: Sandy Williams

C/O American Underwriters Insurance Company

P. O. Box 2020

824 Front Street

Conway, AR 72033

The Proposer is solely responsible for ensuring that its courier or delivery service provider makes inside deliveries to the physical location listed above. ARRUA is not responsible for any delays caused by the Proposer's chosen means of delivering the Proposal.

The Proposer is solely responsible for the timely delivery of its Proposal. Failure to meet the deadline to submit Proposals shall result in the rejection of the Proposal.

1.6 Proposal Response Format

Proposals submitted for consideration shall follow the format and order of presentation as described below:

- A. Cover Letter. Proposers should use the cover letter to exhibit their understanding and approach to the project described in the RFP and to identify themselves. The cover letter should also contain the name, title address, telephone number, facsimile number, and email address of the person(s) authorized by the Proposer to obligate the Proposer. The cover letter should contain a summary of the Proposer's ability to perform the intermediary services described in the RFP and confirm that the Proposer is willing to perform those services and enter into a contract with ARRUA. The person signing the letter and/or Proposal must be an individual authorized to bind the Proposer.
- B. Table of Contents.
- C. Proposer Qualification and Experience. The history and background of the Proposer, its stability and any related services provided to existing or former clients.
- D. Technical Proposal. Illustrating and describing the manner in which the Proposer will comply with the requirements outlined in this RFP. Consideration should be given to the following issues:
 - a. Proposer's experience in working with fire departments in the state of Arkansas;
 - b. Proposer's experience in developing and executing a successful billing or collections process or involvement with other mailing or communication campaigns;
 - c. What plans the Proposer might develop to aid fire departments to have more success as it related to their success in collecting their subscription fees.
 - d. What type of billing or invoice process the Proposer plans to submit to ARRUA on an annual basis?
- E. Innovative Concepts. The place for a proposer to present innovative concepts or ideas, if any, not already outlined in the Technical Proposal or discussed or contemplated by ARRUA in this RFP. Some areas to consider would be including but not limited to:
 - a. Plans for marketing this program with various fire departments throughout the state;

- b. Helping various fire department maintain or develop either individual or centralized data bases for this service, as well as other positive uses for the respective fire departments who utilize the Proposer's service;
- c. How to benchmark and/or improve upon participation in this program throughout the state;
- d. Discussion of pros and cons of establishing other deliver or "mailing" or fire department invoices.

1.7 Legibility/Clarity

Responses to the requirement of this RFP in the format(s) requested are desirable with all questions answered in as much detail as practicable. The Proposer's response is to demonstrate an understanding of the requirements. Proposals prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP, are desired. Each Proposer is solely responsible for the accuracy and completeness of its Proposal.

1.8 Proposal Clarifications Prior to Submittal

Inquiries concerning this RFP may be delivered by mail, e-mail, or facsimile to:

ARRUA Administrator

Attention: Sandy Williams

C/O American Underwriters Insurance Company

P. O. Box 2020

824 Front Street

Conway, AR 72033

Sandy.Williams@FairmontSpecialty.com

Fax: 501-450-6914

An inquiry period is established for an interested Proposer to perform a detailed review of this RFP and submit any related written questions. Without exception, all questions shall be in writing (e.g., letter, facsimile and/or email) and received by 1:30 p.m. CDT on April 10, 2014. Inquiries received after that time and date shall not receive a response.

Written responses to timely written inquiries will be provided via facsimile and/or e-mail by 4:30 p.m. on Thursday, April 17, 2014 to all entities ARRUA is aware of who have received a copy of this RFP.

1.9 Contact with ARRUA Board of Directors is Prohibited

Any person or entity that is interested in acting as ARRUA's intermediary is prohibited from initiating contact with any member of the ARRUA Board of Directors with regards to any matter related to or arising out of this RFP. Communication regarding any matter related to or arising out of this RFP must be directed to ARRUA Administrator Sandy Williams. Contact information for Sandy Williams is provided in Section 1.8

The current members of the Board of Directors for ARRUA are Richard Sims on behalf of Farm Bureau Mutual Insurance Company of Arkansas, Inc., Lorrie Brouse on behalf of Allstate Insurance Company, Mike Alderson on behalf of American Underwriters Insurance Company, Robert Birkmaier on behalf of Nationwide Insurance Company, Michael Branch on behalf of State Auto Insurance Companies, Inc., Jim Woods on behalf of the Republic Group, Wayne White on behalf of Farmers union Mutual Insurance Company. The Board of Directors reserved the right to disqualify any Propose that violates this section.

1.10 Errors and Omissions

ARRUA is not liable for any error in this RFP. However, if ARRUA determined it is necessary to make a correction or clarification to this RFP due to patent errors identified in received proposals, ARRUA has the option to request clarification or additional information from the Proposer(s) even though the deadline for Proposal submission has passed.

1.11 Changes, Addenda, Withdrawals

ARRUA reserved the right to change the Schedule of Events or issue Addenda to this RFP at any time. ARRUA also reserved the right to cancel or reissue this RFP.

If, in response to any change made by ARRUA, a Proposer needs to submit changes or addenda to an already-submitted Proposal; such changes shall be submitted in a sealed envelope prior to the Proposal submission deadline, signed by an authorized representative of the Proposer and cross-referenced clearly to the relevant section(s) of the Proposal. Such change must be accompanied by a brief explanation outlining why the change made by ARRUA resulted in the supplemental submission.

1.12 Withdrawal of Proposal

A Proposer may withdraw a Proposal that has been submitted at any time up to the deadline to submit proposals. Such a request to withdraw must be submitted in writing to Ms. Williams prior to the Proposal submission deadline and signed by an authorized representative of the Proposer.

1.13 Material in the RFP

Proposal shall be based on the material contained in this RFP. This RFP includes official responses to inquiries, addenda, and other material that may be provided by ARRUA pursuant to this RFP.

1.14 Proposal Rejection

Issuance of this RFP in no way constitutes a commitment by ARRUA to award a contract. ARRUA reserves the right to cancel this RFP.

1.15 Ownership of Proposal

All materials submitted in response to this RFP become the property of ARRUA. Selection or rejection of a Proposal does not affect this right. All Proposals submitted will be retained by ARRUA and not returned to Proposers.

The inclusion of any copyrighted materials in a Proposal or inquiry does not transfer the copyright to ARRUA. The selected proposal will become part of any awarded contract.

The inclusion of any copyrighted materials in a Proposal or inquiry does not transfer the copyright to ARRUA. The selected proposal will become part of any awarded contract.

1.16 Cost of Proposal Preparation

ARRUA is not liable for any costs incurred by prospective Proposers prior to issuance of or entering into a contract. Costs associated with developing the Proposal, preparing the Proposal, preparing for any oral presentation, and any other expenses incurred by the Proposer in responding to the RFP are entirely the responsibility of the Proposer and shall not be reimburse in any manner by ARRUA.

1.17 Non-Negotiable Contract Terms

Non-negotiable contract terms include but are not limited to assignment of contract, record retention, contract changes, governing law, and claims or controversies.

1.18 Proposal Validity

All Proposals shall be considered valid for acceptance until such time that a contract is awarded.

1.19 Intermediary Responsibilities

The Intermediary will be required to assume responsibility for aspects for acquiring, procuring, providing, managing and supporting a fire department billing service program for ARRUA as outlined in this RFP. ARRUA shall consider the Intermediary to be the sole point of contact with regard to contractual matters. The Intermediary agrees to present their progress at least annually to the ARRUA Board, and, at the Board's request, attend the ARRUA Board meeting.

1.20 Use of Additional Intermediaries/Resources

The intermediary may work with persons or entities that the intermediary believes will assist it in acquiring, procuring, providing, managing, and supporting ARRUA's fire department billing

service program. Submitted Proposal can contain the identity of such persons or entities. Payment for work done by such a person or entity is the sole responsibility of the intermediary.

1.21 Oral Presentations

Optional oral presentations, with up to four selected proposers who are determined by ARRUA to be reasonable susceptible of being selected will be made on or subsequent to the May 9th Board meeting. ARRUA can award the contract based on the Proposals without any reference to or reliance upon an oral presentation. However, any commitments or representations made during an oral presentation may become part of the final contract.

1.22 Acceptance of Proposal Content

The mandatory RFP requirements shall become contractual obligations if a contract is awarded. Failure of the selected Proposer to accept these obligations shall result in a rejection of the Proposal.

1.23 Insurance Requirements

The Intermediary shall procure and maintain for the duration of the awarded contract insurance against claims for injuries to persons or damage to property that may arise from or in connection with the performance of the services described in this RFP and in the awarded contract by the intermediary and its agents, employees, partners, or subcontractors.

Each Proposer must submit with its Proposal a certificate of insurance from its Directors and Officers (D & O) and Errors and Omissions (E&O) carrier(s) as well as a written statement of D & O and/or E&O claims against its business from January 1, 2010 through the date of the Proposal.

1.24 Indemnification and Limitation of Liability

1.24.1 Acts of God. Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or *force majeure*. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under the contract.

1.24.2 Intermediary Acts/Omissions. The intermediary shall be fully liable for the acts and/or omissions of its agents, employees, partners, or subcontractors and shall fully indemnify and hold harmless ARRUA from suits, actions, damages, and cost of every name and description relating to personal injury and damage to real or person property caused by the intermediary, its agents, employees, partner or subcontractors in the performance of the awarded contract, without limitation. However, the intermediary has no obligation to indemnify ARRUA for that portion of any claim, loss or damage relating to the acts and/or omissions of ARRUA.

- 1.24.3 Litigation Against Intermediary and/or Affiliates. The Intermediary must provide ARRUA with prompt written notice of all litigation, including threatened litigation against the intermediary and/or its affiliates concerning an issue arising out of the duties undertaken by the intermediary pursuant to the awarded contract.
- 1.24.4 Liability Between Intermediary and ARRUA. Unless specifically enumerated herein or mutually agreed between the parties, neither party shall be liable to the other for special, indirect, or consequential damages, including lost data or records, even if the party has been advised of the possibility of such damages. Neither party shall be liable for lost profits, lost revenue, or lost institutional operating savings.
- 1.24.5 Payment of Monies Owed under §1.24. ARRUA may, in addition to other remedies available to them at law or equity and upon notice to the intermediary, retain such monies from amounts due the intermediary, or may proceed against the performance and payment bond, if any, as may be necessary to satisfy any claim for damages, penalties, costs, and the like asserted by or against them.

1.25 Record Retention

ARRUA and the intermediary agree that any information, files, records, and data generated, obtained, or created by either ARRUA or the Intermediary shall be for the exclusive use of ARRUA and its affiliates, directors, officers, servants, agents and employees and/or the Intermediary and its agents, employees, partners, affiliates or subcontractors and as necessary in carrying out its obligations under the Contract. ARRUA and the Intermediary further agree that they shall not use any information, files, records, and data generated, obtained or created by either ARRUA or the intermediary in a manner that violated any law or regulation.

1.26 Content of Contract/Order of Precedence

In the event of an inconsistency between the contract, the RFP, and or the intermediary's Proposal, the inconsistency shall be resolved by giving precedence in the following order: (1) the final contract; (2) the RFP and any related addenda; and (3) the Intermediary's Proposal.

1.27 Contract Changes

No additional changes, enhancement, or modifications to any contract resulting from this RFP shall be made without prior approval of ARRUA. Any changes, once approved, will result in the issuance of an amendment to the contract.

1.28 Substitution of Personnel

If, during the term of the contract, the intermediary cannot provide the personnel as proposed and requests a substitution, that substitution must meet or exceed the proposed personnel.

1.29 Governing Law

All activities associated with this RFP, including the submitted Proposals, shall be construed and regulated under and by the laws of the State of Arkansas. The awarded contract shall be construed and regulated under and by the laws of the State of Arkansas.

1.30 Claims or Controversies

For any claim or controversy arising out of or relating to this RFP process and the awarded contract that results in litigation, ARRUA, and Proposers, and the Intermediary agree that such litigation shall be brought in the appropriate state or federal courts located in Pulaski County, Arkansas. For purposes of such litigation, ARRUA, the Proposers, and the Intermediary hereby stipulate to the convenience of the appropriate state or federal courts located in Pulaski County, Arkansas.

PART II. SCOPE OF SERVICES

2.1 Background

Since 2003 ARRUA has had a fire department billing service program in place. The current contract expires on December 31, 2014.

2.2 Proposal Elements

The sections below outline the basic information ARRUA seeks from each Proposer. Proposers are welcome to provide additional information in support of their proposals.

2.2.1. Corporate Background Information and Experience

Proposals shall include:

1. A brief description of the Proposer.
2. A brief history of the Proposer.
3. A corporate or organizational structure of the Proposer, up to and including the ultimate owner.
4. An organization structure for the Proposer.
5. The number of years the Proposer has been in business.
6. The number of years the Proposer has been in the business of acquiring, managing, providing, and/or supporting a mailing service to clients.
7. A detailed discussion of the proposer's prior experience in acquiring, managing, providing, and/or supporting a mailing service.
8. A complete list of clients with whom the Proposer works as an intermediary in acquiring, managing, providing, and/or supporting a mailing service. A list of new clients for each year from 2008 through December 31, 2013.

9. A list of clients that were lost, if any, from 2008 through December 31, 2013, including the reasons(s) why each client was lost.
 10. Detail the processes and procedures are in place to safely secure the data received as a result of performing this Contract.
 11. In the event of a security breach, detail the policies and procedures you have in place to notify the affected parties and to minimize the damage resulting from such an action.
 12. A list of the Proposer's pending litigation (civil and criminal) regulatory reviews, fines, and formal complaints, including the date and basis for each listed item.
 13. At least three (3) references, including a contact person and telephone number for each reference and the relationship the Proposer has with each reference.
- 2.2.2. Proposed Management and Staff. Proposals shall include detailed information about the experience and qualifications of the Proposer's assigned personnel who are considered vital to the successful performance of the Contract.

2.3 Pricing and Negotiation

Each proposal shall include the description of a fire department billing service for ARRUA with the expected pricing. This description must include a list of the entities the Proposer would likely approach and, for each, an explanation as to why that entity would be approached.

2.4 Compensation

Proposals shall include detailed information regarding all services that the Proposer would make available to ARRUA as part of the Proposer's program to acquire, provide, support and manage ARRUA's fire department billing service. This detailed listing must include separate compensation listed for each service or element. Proposals must include the structure of the Proposer's suggested compensation as well as an indication of the minimum, if any, and maximum compensation the Proposer requires to perform the services required by ARRUA.

The compensation owed by the Intermediary to any additional persons or entities with which it works in acquiring, providing supporting and managing ARRUA's fire department billing service is the responsibility of the Intermediary. Each year, the Intermediary will be required to disclose all fees, commissioner, earnings, and other compensation and/or payments made or received by all involved entities that related to ARRUA's fire department billing service program.

ARRUA is interested in receiving innovative pricing concepts, including but not limited to ideas regarding flat fees, minimum and maximum compensation, and monthly payments to the Intermediary.

2.5 Innovative Concepts

ARRUA welcomes and encourages Proposals that contain innovative concepts regarding fire department billing services. ARRUA encourages proposer to describe what changes or modifications they would recommend support the collection of subscription dues for fire

departments in Arkansas, as well as reduce the possibility of assessing the insurers, protect ARRUA's efforts to create a surplus, and/or reduce the cost paid by ARRUA for this fire department billing service program.

2.6 Term of Contract

The expiration date of the fire department billing service that would be replaced under the contract awarded pursuant to this RFP is December 31, 2017.

2.7 Confidentiality Requirements

In performance of the resulting Contract, the Intermediary agrees to comply with and assume responsibility for compliance by its employees with the following requirements:

1. All work will be done under the supervision of the Intermediary or the Intermediary's employee.
2. Any information made available in any format shall be used only for the Intermediary's purpose in acquiring, providing, supporting, and/or managing ARRUA's fire department billing service program. Information contained in such material shall be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract or as expressly provided by ARRUA.

ARRUA has the right to void the Contract if the Intermediary fails to adhere to the above requirements.

PART III. EVALUATION

3.1 Criteria

Each Proposal will be evaluated based on the required and recommended elements as listed in Parts I and II. Each Proposal will be evaluated in light of the material and the substantiating evidence presented as part of the Proposal, not on the basis of what may be inferred from the Proposal.