

Midwestern Higher Education Compact

Program Administrative
Services for
MHEC's
Programs of Insurance

REQUEST FOR PROPOSAL

Prepared by the
Midwestern Higher Education Compact

Announced: January 11, 2012
Submission Deadline: March 12, 2012, 4:00 p.m. CDT



The Midwestern Higher Education Compact is a nonprofit regional organization established by compact statute to assist Midwestern states in advancing higher education through interstate cooperation and resource sharing. Member states are: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

MHEC seeks to fill its interstate mission through programs which:

- enhance productivity through reductions in administrative costs
- encourage student access, completion and affordability
- facilitate public policy analysis and information exchange
- facilitate regional cooperation
- encourage quality education programs and services in higher education
- encourage innovation in the delivery of educational services

January 2012

Midwestern Higher Education Compact

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A. Introduction

The Midwestern Higher Education Compact (MHEC-*pronounced mek*) is soliciting proposals from insurance brokerage firms for administrative services for its insurance programs. Brokerage firms seeking to be a candidate for program administrator are NOT authorized to approach any markets on MHEC's behalf.

MHEC uses a program administrator to manage its programs of insurance in conjunction with programming staff from the MHEC office. The program administrator's functions include placement of insurance coverage, provision of customary services such as the issuance of insurance certificates and assistance in the settlement of claims, organizing meetings, supporting loss control, providing consultative services on exposures, and marketing of programs of insurance.

MHEC currently has one program of insurance:

- The Master Property Program (MPP) with over 50 colleges and universities insuring over \$79 billion in values; and
- MHEC has also formed a standing Risk Management Committee which is tasked with exploring the feasibility of establishing additional programs of insurance. The Risk Management Committee typically meets no more than once a year.

In this RFP MHEC is seeking a program administrator that will have the following duties:

- 1) Serve as program administrator for the MPP and any related services; e.g. loss control and other engineering (as more fully defined in the RFP);
- 2) Serve as staff of the MHEC Risk Management Committee; and
 - Compensation for being the MPP program administrator and staff of the Risk Management Committee (1 & 2 above) will be determined through the RFP process.
- 3) Serve as consultant for any risk management product or service that a MHEC group might consider (e.g. property and casualty package program or procurement of stop loss coverage).
 - Compensation for consulting services for any other risk management programs will be negotiated when such future programs are developed. In addition, once these new risk management programs are developed, the program administrator would be required to provide additional personnel to the program; they would not be allowed to simply add those duties onto the personnel working on the MPP.

Please note: If the new risk management product or service (from 3 above) is property related (e.g. property and casualty package program), the winning vendor may serve as program administrator for such a program. If the new risk management product or

service is not property related, and a program administrator is needed to run the new program, an RFP may be required to select the program administrator for that newly developed program.

B. Midwestern Higher Education Compact (MHEC)

MHEC is an interstate organization chartered to promote collaboration and resource sharing among private and public higher education in the Midwest. Formed in 1991, MHEC offers programs and services in cost savings, student access, and policy research and analysis. The compacting member states are: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The daily operations and program activities of MHEC are directed by President Larry Isaak and the MHEC staff. Providing support for MHEC's insurance programs are: Rob Trembath, vice president and general counsel, and Mary Roberson, director of communications and marketing.

MHEC has entered into an agreement with its sister compacts in the West and East to allow institutions in these member states to participate in the MHEC Master Property Program, they are the:

- Western Interstate Commission for Higher Education (WICHE); and
- New England Board of Higher Education (NEHBE).

C. Western Interstate Commission for Higher Education (WICHE)

The Western Interstate Commission for Higher Education (WICHE) is a regional organization created by the Western Regional Education Compact, adopted in the 1950s by Western states to facilitate resource sharing among the higher education systems of the West. The fifteen member states include Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.

The daily operations and program activities are directed by President David Longanecker and the WICHE staff. Jere Mock, vice president of programs and services, provides support to WICHE members participating in MHEC's insurance programs.

D. New England Board of Higher Education (NEHBE)

The New England Board of Higher Education (NEBHE) was founded in 1955, when six visionary New England governors – realizing that the future prosperity of New England rested on higher education – committed their states to the shared pursuit of academic excellence. NEBHE was approved by New England's six state legislatures and authorized by the U.S. Congress. The six member states include: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

The daily operations and program activities are directed by President Michael K. Thomas and the NEBHE staff. Genevieve Davis, chief financial officer, provides support to NEBHE members participating in MHEC's insurance programs.

E. MHEC's Risk Management Committee

After the formation of MHEC in 1991, MHEC identified various ways to collaborate to achieve cost savings for its member states. MHEC and its constituents identified insurance as an area where savings could be realized. A committee of risk managers representing all of the member states identified the development of a property insurance program as the first initiative. This committee remains active and is populated by risk managers representative of MHEC member states.

F. Master Property Program (MPP)

The Master Property Program (MPP) was first offered in July of 1994. Since that time, the Program's Leadership Committee has formulated its strategic mission "to be the premier property insurance program for institutions of higher learning" through the expansion of coverage, reduction of costs, and stabilization of property insurance rates over extended periods of time.

The Program includes a focus on loss control through the development of institutional loss control programs, the sharing of information and the experience of member institutions.

Currently, 50 colleges and universities are participating in the Master Property Program. The Program currently insures over \$79 billion in values. The Program is built in layers. (See Appendix E.)

Base Program Layers:

- Individual member deductible (minimum of \$25,000);
- A captive-managed loss fund of over \$43 million, from which dividends may be earned, funding \$1,000,000 of each loss;

- A primary layer of insurance of \$100 million with a policy for each member that drops down to the member deductible in the event the loss fund is exhausted; and
- An excess layer of insurance of \$400 million written on a shared, per occurrence basis.

Optional Program Layers:

- an optional excess layer of insurance of \$500 million written on a shared, per occurrence basis currently taken by eight (8) institutions;
- two optional excess layers of insurance, each \$250 million written on a shared, per occurrence basis – both layers each have three (3) participating institutions

The primary insurance policy provides *individual* limits of \$100 million written on a manuscript form. The policy provides broad coverage with minimal sublimits and exclusions, and is issued by a single company to each member of the Program. The excess layers are underwritten by a number of companies with policies following the underlying form. The management of the loss fund is not included in this RFP and those services will continue to be provided by Captive Resources LLC (CRI).

On an individual basis, there are member institutions that have total insured values ranging from \$99 million to over \$13 billion. Unbundled services include: engineering, infrared scanning, property data management system, appraisal services, and loss adjustment services. Participation in the program entitles members to attend an annual two-day Loss Control Workshop funded by the Program.

A listing of current members and their approximate total insured values as of July 1, 2011, is shown on Appendix G.

G. MPP Leadership Committee

The interests of the participants of the Master Property Program are coordinated by a Leadership Committee. The membership is selected by representatives of the participating institutions. The MPP Leadership Committee manages the main elements of the Master Property Program and recommends policy changes to the full program membership at the Annual All Insured Members Meeting held each March.

The Leadership Committee is comprised of thirteen (13) representatives. Nine (9) representatives come from participating institutions in MHEC member states. There are currently two (2) representatives for participating institutions in the WICHE member states, and presently one (1) open seat for institutions in the NEBHE member states. In accordance with MHEC by-laws, the chair and vice-chair of the Leadership Committee are appointed by the president of MHEC. The current chair is Edward Knollmeyer,

director of risk management at the University of Missouri and the vice-chair is Chris Glidewell, director of risk management for Southern Illinois University.

The Leadership Committee has formed five subcommittees to facilitate its work: Executive, Engineering and Loss Control, Finance and Audit, Underwriting and Marketing, and Loss Control Workshop. An Ad Hoc Subcommittee has been appointed to coordinate the selection of a program administrator for the MHEC's insurance programs and is chaired by Michael M. (Mick) Doxey, director of risk management, Grand Valley State University.

H. The MHEC RFP Process

This RFP is issued by the Midwestern Higher Education Compact's Ad-Hoc Subcommittee for Program Administration of MHEC's insurance programs on behalf of the Master Property Program Leadership Committee.

1. Point of Contact

Mary Roberson, MHEC director of communications and marketing, will manage the selection process (maryr@mhec.org or 612-626-0070) and will be the sole point of contact.

2. Objective

The objective of the RFP process is to provide interested parties with information to enable them to prepare and submit a proposal which would allow MHEC to:

- Obtain formal agreements for program administration services;
- Make sure that MHEC and the members of its programs of insurance are receiving market driven pricing for the services they require; and
- Select a program administrator with the resources and experience to allow MHEC to offer the premier group risk transfer programs available to institutions of higher education.

3. Schedule of events

The following schedule lists meetings and deadlines related to this Request For Proposal (RFP) on the selection of a program administrator for MHEC's programs of insurance. Deadline dates are as indicated unless otherwise changed by the RFP subcommittee. In the event that the RFP Subcommittee finds it necessary to change any of the dates or activities listed in this calendar, it will do so by issuing an amendment to the RFP to prospective Providers.

Timing of RFP Process

Event	Target Completion Date
Effective issue date of RFP	Wednesday, January 11, 2012
Advertisements of RFP	MHEC Website (www.mhec.org/rfps) January 11, 2012
	Business Insurance January 16, 2012 issue
	National Underwriter January 16, 2012 issue
Vendor deadline for submitting Intent to Respond Form – (Appendix A)	Friday, January 20, 2012
Mandatory Pre-Bid Webinar	Wednesday, January 25, 2012 9:00 a.m. to 11:00 a.m. (CST)
Final Questions Due	Wednesday, February 8, 2012
Final Answers Distributed	Wednesday, February 15, 2012
Deadline for Submission of RFP	Monday, March 12, 2012 4:00 p.m. (CDT)
Identification and Notification of Finalists	Friday, April 6, 2012
Interviews with Finalists	Wednesday, April 25 & Thursday, April 26, 2012
Inform Contractor & Award Contract	No later than Monday, July 16, 2012
Effective Date of Contract	Saturday, September 1, 2012

4. Selection Process

The selection process will be guided by an evaluation of the range and quality of program administrative services offered, and the cost of those services in the context of what represents the best interests of the Midwestern Higher Education Compact and the members of its programs of insurance. The evaluation of responses will be performed by the Master Property Program Leadership Committee. Its findings and recommendations will be submitted to the MHEC president for approval.

I. Instructions to Respondents

1. Request for Proposal (RFP) Document

Respondents are expected to examine the complete RFP document and all appendices. The failure to do so is at the respondent's risk. It is the respondent's responsibility to ask questions, request clarifications, or otherwise advise MHEC if any language, specification or requirement of the RFP appears to be ambiguous, contradictory, and/or arbitrary, or appears to inadvertently restrict or limit the requirements stated in the RFP to a single source.

All questions with regard to the submission of proposals should be made in writing and directed to Mary Roberson, MHEC director of communications and marketing, at maryr@mhec.org. Only information supplied by MHEC in writing through Mary Roberson or this RFP or amended RFP should be used as a basis for the preparation of Provider responses.

2. Evaluation and Award

Any clerical errors, apparent on its face, may be corrected by MHEC before contract award. Upon discovering an apparent clerical error, MHEC may contact the respondent and request clarification of the intended proposal. The correction shall be incorporated in the notice of award. MHEC reserves the right to request clarification of any portion of the respondent's response in order to verify the intent. The respondent is cautioned, however, that its response may be subject to acceptance or rejection without further clarification.

MHEC reserves the right to make an award to the respondent who meets the terms, conditions, and specifications of the RFP and whose proposal is considered to best serve MHEC's interest. In determining responsiveness and the responsibility of the respondent, the following shall be considered when applicable: the ability, capacity, and skill of the respondent to perform as required; whether the respondent can perform promptly, or within the time specified without delay or interference; the character, integrity, reputation, judgment, experience and efficiency of the respondent; the quality of past performance by the respondent; the previous and existing

compliance by the respondent with related laws and regulations; and the sufficiency of the respondent's financial resources.

MHEC reserves the right to accept or reject any or all proposals and to waive any technicality or informality. Any protest must be made to the MHEC president within ten working days following notice of award. The decision of the MHEC president shall be final and binding.

3. Mandatory Pre-bid Webinar

A mandatory pre-bid webinar will be held from 9:00 a.m. – 11:00 a.m. CST on Wednesday, January 25, 2012. Responses to the RFP, from respondents that fail to attend the pre-bid meeting will not be accepted. An individual spokesperson should be selected by each prospective brokerage firm prior to the call.

The RFP document and any appendices constitute the complete set of specifications and proposal response forms. See Appendix A for the Intent to Respond form. The Intent to Respond form is a required document and must be returned by Friday, January 20, 2012. Final questions must be submitted in writing via e-mail to Mary Roberson (maryr@mhec.org) by Wednesday, February 8, 2012. All questions and responses will be emailed to all firms that have requested a copy of the RFP and attended the pre-bid meeting, by Wednesday, February 15, 2012.

No written information that is obtained other than through this RFP or its addenda or through formal written responses to submitted questions shall be binding on MHEC. No employee of MHEC is authorized to interpret any portion of this RFP or give information as to the requirements of the RFP in addition to that contained in or amended to this written RFP document or any formal written responses to submitted questions. In case of any doubt or difference of opinion as to the true intent of the RFP, the decision of MHEC's president shall be final and binding on all parties.

Proposals will be subject to the General Terms and Conditions shown in Appendix B.

4. Contract Award and Assignment

The successful respondent shall, within ten (10) days after the receipt of formal notice of program award and assignment of the contract, enter into contract negotiations with MHEC. The contract documents shall include the Advertisement for Proposals, Specifications and Addenda, Exhibits, Proposal Form, Form of Contract, and Letter of Award. The contract will be awarded no later than Monday, July 16, 2012, with an effective date of Saturday, September 1, 2012.

The contract to be awarded and any amount to be paid thereunder shall not be transferred, sublet, or assigned without the prior approval of MHEC. MHEC will enter

into a master agreement for a three-year term with seven (7) one-year optional renewals for a total of ten (10) years.

5. Book of Business

MHEC does not guarantee a book of business or premium volume. Institutions participate in MHEC's programs of insurance at their election and are free to make other choices prior to the annual renewal date.

6. Contract Termination for Cause

In the event the program administrator violates any provisions of the contract, MHEC may serve written notice upon the program administrator setting forth the violations and demanding compliance with the contract. Unless within ten (10) days after serving such notice, such violations shall cease and satisfactory arrangements for correction be made, MHEC may terminate the contract by serving written notice upon the program administrator; but the liability of program administrator for such violation; and for any and all damages resulting therefrom, as well as from such termination, shall not be affected by any such termination.

7. Contract Termination for Convenience

MHEC reserves the right, in its best interest as determined by MHEC, to cancel the contract by giving written notice to the program administrator one hundred twenty (120) days prior to the effective date of such cancellation.

8. Accounting Practices

The program administrator shall maintain, during the term of the contract, all books of account, accounting records, reports, and records in accordance with generally accepted accounting practices and standard for records directly related to this contract. The program administrator agrees to make available to MHEC, member states, and participating institutions, during normal business hours, all books of account, reports and records relating to this contract for the duration of the contract and retain them for a minimum period of six (6) years beyond the last day of the contract term.

9. Disclaimer

This Request For Proposal is not an offer to purchase. It is a request for administrative services product information and cost to assist MHEC and members of its insurance programs to evaluate their utilization of program administrative services for the Master Property Program and any additional programs of insurance MHEC may consider in the future. Brokerage firms seeking to be a candidate for program administrator are **NOT** authorized to approach any markets on MHEC's behalf. Neither MHEC nor members of

its insurance programs assumes any financial responsibility for the cost of preparation of proposals by vendors, nor does MHEC make any commitment to enter into a contract for service based on responses to this Request For Proposal.

J. Program Administrative Services

The service requirements of the program administrator of MHEC programs of insurance are outlined below. The management of the loss fund and actuarial work is not part of this RFP. The successful administrator shall coordinate services with Captive Resources LLC (CRI) and in accordance with the requirements and provisions stated herein.

Brokerage firms seeking to be a candidate for program administrator are **NOT** authorized to approach any markets on MHEC's behalf.

1. Placement of Programs

- a) Seek competitive programs and market coverages on an unbiased basis and in the best interests of MHEC's Programs of Insurance.
- b) Prepare an annual market analysis and forecast. This report shall include information on trends, market availability, pricing, and short- and long-term market direction.
- c) Prepare and collect underwriting data, statements of values, specifications, and other data required by insurers/program partners for renewal.
- d) Arrange unbundled engineering services as directed by the Engineering and Loss Control Subcommittee and approved by the Leadership Committee and in accordance with expectations of the underwriters as communicated to the program administrator by such underwriters.
- e) Market entire programs of insurance on behalf of MHEC as directed by MHEC.
- f) Use best efforts to arrange for the placement of ancillary coverages and services required by Participating Member Institutions (e.g. crime, excess flood, earthquake, etc.) on a direct billing basis with Participating Member Institutions requesting such coverages.
- g) Conduct annual evaluation of program structure.
- h) The program administrator is responsible to negotiate on behalf of the Master Property Program and its Participating Member Institutions all fees and contract terms for all layers of the program with policy issuing carriers, including the fronting policy for the captive layer, as instructed by MHEC.

2. Account Services

- a) Provide dedicated staff qualified to handle an account of this size.
- b) Prepare materials for meetings and marketing materials for prospects.
- c) Deliver binders subject to placement and follow-up with carriers for policy issuance.
- d) Issue certificates of insurance and answer program coverage questions from Participating Member Institutions with respect to insurance policies placed by the program administrator.
- e) Verify the accuracy and adequacy of all binders, policies, policy endorsements, invoices and other insurance related documents for conformity to agreed terms and coverages.

- f) Assist the program's committees in the design of policy forms and programs as needed.
- g) Invoice on a net basis directly to Participating Member Institutions or local brokers, except in the case of direct billing by insurers and/or ancillary placements. Be responsible for collecting premiums from Participating Member Institutions and paying all service providers and participating insurers, it being understood and agreed that the program administrator shall not be responsible for any uncollected premiums.
- h) Facilitate collection of program costs and coordinate disbursement to all applicable program partners as instructed by MHEC. Document premium accounting and provide wire transfer summaries to the captive consultant. Complete program cost distribution for presentation to the Leadership Committee at the fall meeting.
- i) Due diligence: provide premium reconciliation to the Participating Member Institutions on an annual basis.
- j) Provide renewal timeline approximately six (6) months in advance of renewal date.
- k) Be fully qualified and competent with proper license, knowledge, experience, and personnel.
- l) Work with Participating Member Institution's local brokers/agents as instructed by MHEC or the Participating Member.
- m) Compute, invoice and bill surplus lines taxes according to each state's requirements for Members who are subject to the tax. Collect and remit the tax to the states with proper documentation for filing where required by the applicable laws in such states. For those states that do not require the insurance broker to file the surplus lines tax filings on behalf of clients, provide the proper documentation to each Member to permit such Member to file the surplus lines taxes itself.
- n) Advocate on Participating Member's behalf of any service issues to the extent instructed by MHEC.
- o) Provide a web-based platform to maintain individual Participating Member information , including contacts, policies, property values, COPE data, and program costs, as well as Program and Governance information to be accessible by the applicable Participating Member, MHEC, Program Committee/Subcommittee and/or other Program partner, all as directed by the MPP Leadership Committee.
- p) Provide annual summary of cost savings spreadsheet to the MHEC office every Fall

3. Meeting Preparation

- a) The program administrator shall conduct annual face-to-face stewardship meetings with respective program committees reviewing activities, service commitments, and placements including a review of fees and commissions and future plans.
- b) Attend and develop agendas with MHEC and Participating Member Institution input in the coordination of meetings as requested. There will be an annual meeting typically in March of all of the insured member institutions. For the MPP Program at least two face-to-face meetings are held with the Leadership Committee: one shortly after the renewal in the Fall (typically in October); one prior to the renewal typically in May/June; and other meetings are held as needed, e.g. due diligence or special renewal issues. There are typically several meetings conducted via conference call to address specific issues or solicit direction for a program. Meetings are typically held in the Midwest cities of: Minneapolis, Chicago, St. Louis, and Kansas City.

- c) Attend/participate in meetings of program subcommittees: Executive, Engineering and Loss Control, Finance and Audit, Underwriting and Marketing, and Loss Control Workshop. These subcommittee meetings are generally held in coordination with the Leadership Committee Meetings, and/or are conducted via conference calls as necessary.
- d) Provide the ability to record committee/subcommittee conference calls, subject to the standard terms and conditions of the program administrator's web meeting provider, for the sole purpose of recording MHEC's committee / subcommittee conference calls.
- e) Work in coordination with the MHEC office, Committees/Subcommittees and the captive consultant to prepare agendas. Prepare meeting materials for all attendees of the annual meeting, committee and subcommittee meetings or conference calls.
- f) Provide adequate staff to be in attendance to support the annual meeting, workshops, committee and subcommittee meetings and conference calls.
- g) Provide staff to give presentations on risk management, facilities, engineering and Environmental Health & Safety (EH&S) topics for the Annual Loss Control Workshop sessions. Simultaneous tracks of presentations are scheduled and addressed over the two days.
- h) Provide sponsorship, in conjunction with MHEC, the insurance carriers, vendors, and the captive consultant, for the Annual All Insured Members Meeting and Loss Control Workshop. Amount is subject to change based on attendance and meeting needs and will be mutually agreed upon between the parties.
- i) Co-sponsor dinners for Leadership Committee Meetings (MPP Leadership Committee meetings currently have approximately 25 people in attendance; subject to change in relation to participation in the MPP Program).
- j) Negotiate with vendors of services secured by the program administrator that MHEC expects such vendors to provide support/sponsorship of the Annual Loss Control Workshop.

4. Claims Advocacy

- a) Once the program renewal is bound, contact the third-party administrator identified by MHEC to review terms of the renewal.
- b) Review service expectations with MHEC, Participating Members and third-party administrator.
- c) Work with MHEC to establish claims management services for new Participating Members and advise the third-party administrator of such services.
- d) Be available to strategize on claims, either existing or a potential claim scenario.
- e) Assist Participating Member Institutions in preparing proofs of loss or claim reports and in obtaining settlements from insurers. A three-year history of reported program losses is shown in Appendix I.
- f) Advocate on behalf of Participating Member Institutions in the resolution of disputed claims.
- g) Report to and update MHEC Leadership Committee on any claims issues.

5. Marketing of Programs

- a) Market programs of insurance on behalf of MHEC to institutions of higher education or their consortiums. Prospects could potentially include members outside MHEC/NEBHE/WICHE regions.
- b) Participate in and support conference calls and face-to-face meetings with prospects. The number of applications to the program for the most recent two calendar years is shown in Appendix J.
- c) Develop marketing materials and be available to present to prospective members. Request updates to marketing materials from program partners, where necessary.
- d) Collect initial underwriting data on all prospects. Work with the captive consultant to review a prospect's loss profile if the loss ratio falls outside of the automatic quoting guidelines and confirm recommended loss fund contribution with captive consultant.
- e) Prepare an overview of prospects for review with appropriate program committee.
- f) Quote prospects subject to automatic quoting guidelines. If a prospect does not meet the guidelines, review and obtain approval of appropriate program committee.
- g) Provide support for MHEC programs of insurance at various regional and national meetings (e.g. CACUBO, URMIA, etc.).
- h) Support marketing of Programs of Insurance to prospects.

K. Submission Deadlines

The deadline for submission of proposals and related information is 4:00 p.m. CDT on Monday, March 12, 2012. Please see Section R for the organization and format in which the RFP must be submitted. All proposals must be submitted with the signature page. (See Appendix C.) The proposal must be enclosed in a sealed envelope plainly marked:

"Proposal for Furnishing and Delivery of Property Insurance Administrator Services"

The proposal should be addressed, mailed and/or delivered to the following address:

Midwestern Higher Education Compact
Attn: Mary E. Roberson
Director of Communications and Marketing
1300 South Second Street, Suite 130
Minneapolis, MN 55454-1079

To receive consideration, proposals must be received, at the above address, prior to the **Monday, March 12, 2012, 4:00 p.m. CDT** RFP deadline. Respondents assume full responsibility for the actual delivery of proposals during business hours at the specified address.

Unless otherwise specifically stated in the RFP, all specifications and requirements constitute minimum requirements. All proposals must meet or exceed the stated specifications or requirements.

L. Submission of Proposals

Respondents shall furnish information required by the solicitation in the form requested. MHEC reserves the right to reject proposals with incomplete information or which are presented on a different form. All proposals shall include a completed signature page signed in the appropriate location, by a duly authorized representative of the respondent's organization. (See Appendix C.) Signature on the proposal certifies that the respondent has read and fully understands all proposal specifications, plans, and terms and conditions.

By submitting a proposal, the respondent agrees to provide the specified services in the RFP, at the prices quoted, pursuant to all requirements and specifications contained therein. Furthermore, the respondent certifies that: (1) the proposal is genuine and is not made in the interest of or on behalf of any undisclosed person, firm, or corporation, and is not submitted in conformity with any agreement or rules of any group, association, or corporation; (2) the proposal has been arrived at independently, without consultation, communication or agreement with any competitor for the purpose of restricting competition, (3) the respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal; (4) the respondent has not solicited or induced any person, firm, or corporation to refrain from responding; (5) unless otherwise required by law, the offer cited in this proposal has not been and will not be knowingly disclosed by the vendor prior to opening directly or indirectly to any other vendor; and (6) the respondent has not sought by collusion or otherwise to obtain any advantage over any other respondent or over MHEC.

Modifications or erasures made before proposal submission must be initialed in ink by the person signing the proposal. Proposals, once submitted, may be modified in writing prior to the exact date and time set for the proposal submission deadline. Any such modifications shall be prepared on company letterhead, signed by a duly authorized representative, and state the new document supersedes or modifies the prior proposal. The modification must be submitted in a sealed envelope marked "Proposal Modification" and clearly identifying the RFP title, proposal submission deadline, time and date. Proposals may not be modified after the proposal submission deadline closing time and date. Telephone and facsimile modifications are not permitted.

Proposals may be withdrawn in writing, on company letterhead, signed by a duly authorized representative and received at the designated location prior to the submission deadline. Proposals may be withdrawn in person before the proposal closing upon presentation of proper identification. Proposals may not be withdrawn for a period of one hundred twenty (120) days after the scheduled closing time for the receipt of proposals.

In addition to addressing requested services, all proposals must address the information requested in the sections that follow.

1. Brokerage's Financial Condition

Submit your company's most recent audited financial statements (e.g. balance sheet, and profit and loss statement) and credit rating from a nationally respected rating agency.

2. Disclosure/Transparency Policies

Provide copies of your compensation disclosure policy and a sample of documents to be issued when submitting quotations.

3. References

Provide at least three references from current customers that purchase insurance on a group or consortia basis. Provide at least one reference from a customer to which you no longer provide service. Please include any higher education references.

4. Staffing Plan and Resumes

Provide information on proposed account executive(s) and support staff to service this account, including an organizational chart of all staff assigned to the MHEC MPP account. Attach detailed resumes of the account executive(s) and any support staff you plan to use and their roles in servicing the account. Include in each resume the number of years experience in each of the following exposure areas: Real and Personal Property, Auto/GL, Medical Professional Liability, Worker's Compensation, and Pollution Liability. Also include in the resume all items listed below.

- a. Name
- b. Title
- c. Number of years in this capacity
- d. Educational background
- e. General professional experience
- f. Professional experience in servicing higher education institutions
- g. List State Broker Licenses, Property Casualty and/or Health & Life which are held individually.

If applicable, describe the nature and level of staff resources and service capabilities readily available to you through any parent organization.

5. Access to Markets

The following companies currently provide insurance to the Master Property Program. Please indicate which markets you have access to:

- Chartis/Lexington Insurance Company
- Commonwealth
- Liberty Mutual
- Lloyd's of London
- Maiden Re
- One Beacon
- RSUI Indemnity
- Swiss Re
- XL Insurance Company

Please also list other markets that you may have access to. Additionally, list your access to the excess or surplus lines markets via your own organization or outside your organization. If any are external, please indicate.

6. Pricing

MHEC will consider proposals with compensation based on commission or flat fees. The contract is to be awarded for three (3) years with seven (7) one-year optional renewal periods exercised solely by MHEC. You must disclose the pricing for each year.

If proposing compensation based on commission, you must disclose how the commission will be calculated. For the purposes of this RFP, the following assumptions must be used to calculate the commission for the Master Property Program:

Contribution to Loss Fund	\$ 6,458,546
Cost of \$100M Primary Layer	10,197,194
\$400M excess of Primary	1,480,178
Optional \$500M excess of \$500M	402,614
Optional \$250M excess of \$1B	203,329
Optional \$250M excess of \$1.250B	150,000
Optional DIC Quake	192,650
Optional Crime	8,400
<hr/> Total	<hr/> \$18,739,582

If additional fees are to be earned for the program administration of the Master Property Programs engineering services, state the amount of the flat fee or the method of calculation using the following assumptions:

Property engineering surveys, plan review, data management, and electrical loss control services	\$ 995,985
--	------------

There are currently no other MHEC programs of insurance. The compensation for administration of any such programs will be negotiated between MHEC and the successful respondent and may be based on commission or flat fees.

If the respondent is to earn any additional fees as the result of being appointed as the program administrator for MHEC programs of insurance, they must be fully disclosed as to the nature of the fees and the amount of the fees.

7. Limits of Insurance

Address how your firm will meet the insurance requirements stated in Part 7 of Appendix B – General Terms and Conditions.

M. Program Administrator Selection Criteria

Appropriate weights will be given to the following factors to be used in the evaluation of proposals (the factors are not listed in any particular order of importance):

- Program plan and concept for providing required services
- Access to markets
- Brokerage qualifications and financial resources
- Experience working with higher education clients and/or large group or consortia programs
- Technology Resources
- References/recommendations from higher education clients
- Broker personnel qualifications and dedicated staffing plan
- Responsiveness – Form and Content of RFP
- Compensation

N. Selection of Finalists and Best and Final Offers from Finalists

The Leadership Committee of the Master Property Program will select and notify the finalists no later than Friday, April 6, 2012. Only finalists will be invited to participate in the subsequent steps of the procurement. Prospective program administrator finalists may be asked to submit revisions to their proposals for the purpose of obtaining best and final offers to be considered during the interviews with finalists to be held on Wednesday, April 25, and Thursday, April 26, 2012.

O. Conflict of Interest

By submitting a proposal, the vendor certifies that no relationship exists between the vendor and the Midwestern Higher Education Compact or the members of its Master Property Program Leadership Committee that interferes with fair competition or is a conflict of interest, and no relationship exists between the vendor and other persons or firms that constitutes a conflict of interest that is adverse to the Midwestern Higher Education Compact.

P. Public Information

After the contract is awarded and the contract document is executed, all proposals and documents pertaining to the proposals will be open to the public. If the prospective provider submits information in response to this RFP that it believes to be trade secret materials as defined by the laws of the MHEC member states, the prospective provider must:

- a. Clearly mark all trade secret materials in its response at the time the response is submitted;
- b. Include a detailed statement with its response justifying the trade secret designation for each item; and
- c. Defend any action seeking release of the materials it believes to be a trade secret, and indemnify and hold harmless MHEC, its Commissioners, agents and employees from any judgments awarded against MHEC in favor of the party requesting the materials, and any and all costs connected with the defense. This indemnification survives MHEC's award of a contract. In submitting a response to this RFP, the prospective provider agrees that this indemnification survives as long as the trade secret materials are in possession of MHEC.

In the event a request is made for information which the prospective provider has identified as trade secret, MHEC agrees to notify prospective provider of said request and provide its determination as to whether disclosure is legally required, in addition to anticipated disclosure dates, if any, and to allow the prospective provider an opportunity, in its discretion and at its sole expense, to seek a protective order or otherwise protect the confidentiality of the information.

Q. Illegal Conduct

All responses must include a statement as to whether or not the responding firm has been convicted of bribery or attempting to bribe a public official, barred from contracting with a unit of local or state government as a result of bid rigging, or been convicted of a felony.

R. Organization and Format

The sealed bid proposal should include:

- a. One original signed hard copy;
- b. Sixteen (16) electronic copies in Word or PDF on USB removable media.
- c. Pricing must be presented in one sealed envelope separately of the response to the RFP. The Proposal should be organized and presented in a manner that addresses all of the RFP's provisions and requirements.

The length of the proposal narrative is not to exceed 30 pages excluding any appendices and supporting documentation.

INTENT TO RESPOND

Midwestern Higher Education Compact

Program Administrative Services for MHEC Programs of Insurance

Request for Proposal

Name of Organization _____

Street Address _____

City State Zip Code _____

Your Name _____

Title _____

Telephone Number _____

Fax Number _____

E-mail Address _____

Organization's Federal Tax Identification Number _____

Signature

Date

THIS FORM MUST BE RETURNED BY FRIDAY, JANUARY 20, 2012

Midwestern Higher Education Compact, ATTN: Mary
1300 South Second Street, Suite 130
Minneapolis, MN 55454-1079

[Mary Roberson](#) * Direct: 612-626-0070 * Phone: 612-626-8288 * Fax: 612-626-8290

GENERAL TERMS AND CONDITIONS

1. Purpose: The purpose of these specifications is to require the furnishing of the highest service in accordance with the specifications. These documents, and any subsequent addenda, constitute the complete set of specification requirements and proposal response forms.

2. Governing Laws and Regulations: Any contract issued as a result of this RFP shall be construed according to the laws of the State of Minnesota. Additionally, the program administrator shall comply with all local, state, and federal laws and regulations related to the performance of the contract to the extent that the same may be applicable.

3. Taxes: The program administrator shall assume and pay all taxes and contributions including, but not limited to, State, Federal and Municipal which are payable by virtue of the furnishing and delivery of item(s) specified herein. Materials and services furnished to MHEC are not subject to either Federal Excise Taxes or Minnesota Sales Tax.

4. Equal Opportunity and Non-Discrimination: In connection with the furnishing of services under the contract, the program administrator and all subcontractors shall agree not to discriminate against any recipients of services, or employees or applicants for employment on the basis of race, color, religion, national origin, sex, age, disability, or veteran status. The program administrator shall comply with federal laws, rules and regulations applicable to subcontractors of government contracts including those relating to equal employment of minorities, women, persons with disabilities, and certain veterans. Contract clauses required by the United States Government in such circumstances are incorporated herein by reference.

5. Applicable Laws and Regulations: The program administrator shall comply with federal laws, rules and regulations applicable to subcontractors of government contracts including those relating to equal employment opportunity and affirmative action in the employment of minorities (Executive Order 11246), women (Executive Order 11375), persons with disabilities (29 USC 706 and Executive Order 11758), and certain veterans (38 USC 4212 formerly [2012]) contracting with business concerns with small disadvantaged business concerns (Publication L. 95-507). Contract clauses required by the Government in such circumstances are incorporated herein by reference.

6. Inventions, Patents, and Copyrights: The program administrator shall pay for all royalties, license fees, patent or invention rights, or copyrights and defend all suits or claims for infringements of any patent or invention right or copyrights involved in the items furnished hereunder. The program administrator shall defend, protect, and hold harmless the Midwestern Higher Education Compact (MHEC), its officers, agents, servants and employees against all suits of law or in equity resulting from patent and or copyright infringement concerning the program administrator's performance or products produced under the terms of the contract.

Copyrights for any item developed for MHEC shall be the property of MHEC and inure to its benefit and the program administrator shall execute such documents as MHEC may require for the perfection thereof.

7. Insurance: The program administrator will be required to provide certificates of insurance evidencing the following coverages and minimum limits of liability:

General Liability - Bodily injury and property damages

\$10,000,000 per occurrence

Errors and Omissions - Professional liability

\$100,000,000 per claim

Workers Compensation and Employers Liability

Statutory limits in state of hire

Commercial Automobile Liability - owned, non-owned and hired vehicles

\$2,000,000 combined single limit for bodily injury and property damage

The insurance must be maintained throughout the term of the contract, except that any claims made policy must be maintained for 3 years following the last year of the contract. MHEC must be named as an additional insured on the broker's general liability policy on a primary and non-contributory basis.

Audit and Accounting Practices: The program administrator shall maintain, during the term of the contract, all books of account, accounting records, reports and records in accordance with generally accepted accounting practices and standards for records directly related to any contract issued as a result of this RFP. Program administrator agrees to make available to MHEC, MHEC Member States, WICHE Member States, NEBHE Member States, and Participating Member Institutions, during normal business hours, all books of account, reports and records relating to any contract issued as a result of this RFP for the duration of the contract and retain them and make them available for a period of six years beyond the last day of the contract term.

SIGNATURE PAGE

Supplementary material on any of the questions below may be attached to this questionnaire. Note: this form may be either filled in or reproduced on your word processing system, however, please reproduce in the same order as it exists.

General information about your office:

Name of Firm: _____

Address: _____

Telephone: _____

Name of contact person and title in connection with this proposal:

Also, please list subsidiary or associate companies of your firm which you wish to utilize in servicing the MHEC account.

Date submitting office was established: _____

If a subsidiary/branch/franchise of a national agency, provide the following information on the parent organization:

Head Office: _____ Date established: _____

Number of offices in the U.S.: _____

The person signing below authorizes that: 1. He or she is the person in the respondent's firm responsible for the decision to offer the proposal in response to the RFP for Program Administrative Services for MHEC Programs of Insurance; or 2. He or she is not the person in the respondent's firm responsible for the decision to offer, but has been authorized in writing to act as agent to quote the persons responsible for such decisions.

Name Title

Organization Date



Overview of the Current Program

\$79.1 Billion

Total Insurable Values (TIV)

- Over 10,000 buildings on schedule of locations
- \$9 Billion in library values
- \$1.6 Billion in fine art values

50

Members

- 100+ campuses
- 7 of 12 MHEC member states represented
- 2 of 6 NEBHE member states represented
- 7 of 15 WICHE member states represented

\$10.6 Million

2011 Estimated Savings + Dividends

- \$79.5 Million - estimated institution savings since the program's inception
- 2011 dividends returned of \$50,900; \$14.4 Million since 2003

Appendix E



All Insured Members Meeting



Current Program Structure

\$250 MILLION EXCESS OF \$1.250 BILLION

Lexington Insurance Company	Policy # 66095364	\$ 250,000,000
<u>Current Participating Members:</u>		
University of Illinois	University of Minnesota	University of Missouri

**\$250,000,000
Excess Layer
Per Occurrence (Shared Limit)**

\$250 MILLION EXCESS OF \$1 BILLION

XL Insurance Co	Policy # US00034407R11A	\$ 250,000,000
<u>Current Participating Members:</u>		
University of Illinois	University of Minnesota	University of Missouri
Washburn University		

**\$250,000,000
Excess Layer
Per Occurrence (Shared Limit)**

\$500 MILLION EXCESS OF \$500 MILLION

Swiss Re	Policy # 31374043	\$ 125,000,000
One Beacon	Policy # YSP4215	\$ 100,000,000
Commonwealth	Policy # US9136	\$ 75,000,000
Liberty Mutual	Policy # 438236-021	\$ 50,000,000
Lloyd's of London	Policy # DP837711	\$ 50,000,000
Maiden Re	Policy # S1LPY0125500S	\$ 50,000,000
RSUI Indemnity	Policy # NHD372795	\$ 50,000,000
<u>Current Participating Members:</u>		
Loyola University	University of Illinois	University of Nebraska
Northern Illinois	University of Minnesota	University of Wyoming
Southern Illinois	University of Missouri	Washburn University

**\$500,000,000
Excess Layer
Per Occurrence (Shared Limit)**

BASE EXCESS LAYER

Lexington Insurance Company	Policy # 66095363	\$ 400,000,000
-----------------------------	-------------------	----------------

**\$400,000,000 Per Occurrence (Shared Limit)
Including \$150,000,000 Terrorism
Excluding Flood and Earthquake**

PRIMARY LAYER

Lexington Insurance Company	Policy # Various	\$ 100,000,000
-----------------------------	------------------	----------------

**\$100,000,000 Primary Layer
Per Occurrence Per Member including
Flood, Earthquake, Terrorism**

CAPTIVE LAYER

Lexington Insurance Company	Policy # 084543350/02	\$ 1,000,000 Per Occurrence \$ 6,458,546 Aggregate
-----------------------------	-----------------------	---

**Captive Layer
\$1,000,000 Per Occurrence
\$6,458,546 Annual Aggregate**

INSTITUTIONAL DEDUCTIBLE

Various; \$25,000 Minimum Institutional Deductible

**Minimum
\$25,000 Institutional Deductible**



Financial Ratings ⁽¹⁾ (as of December 8, 2011)

Carriers Currently Participating on the Program

Market ⁽²⁾	A.M. Best Rating	Standard & Poor's Rating	Policyholder Surplus (as of)
Lexington (Chartis)	A (negative)	A (stable)	\$5.5 B (Sep. '11)
Commonwealth	A (stable)	A- (positive)	\$248 M (2010)
Lloyd's of London (various)	A (stable)	A+ (stable)	\$17.4 B (Dec. '09)
Liberty Mutual	A Stable	NR	\$13.0 B
Maiden Specialty	A- (stable)	BBB+ (stable)	\$30.3 B (Jun '11)
RSUI Indemnity Co.	A (stable)	NR	\$1.2 B (Sep. '11)
One Beacon	A (stable)	A- (stable)	\$119 M (Sep. '11)
Swiss Re	A (positive)	AA- (stable)	\$1.8 B (June '11)
XL Insurance	A (stable)	A (stable)	\$23 M (Sep '11)

Notes:

⁽¹⁾ Marsh regularly monitors the financial ratings of carriers accessed on the behalf of their insureds. Marsh's minimum A.M. Best Guidelines rating is A- VII. In the event a carrier's rating drops below the minimum, Marsh will advise the insured to determine a course of action, i.e. replace the carrier, etc. For current market information, please access <http://global.marsh.com/insuranceinformation/index.php>.

⁽²⁾ All Carriers are non-admitted with the exception of RSUI Indemnity, Liberty Mutual, Swiss Re, and XL Insurance

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Appendix G

TOTAL INSURED VALUES 2011-2012

Illinois	
Aurora University	191,067,197
Chicago State University	341,124,089
Eastern Illinois University	725,205,615
Governors State University	229,413,910
Illinois State University	1,353,805,427
Loyola University	1,323,285,272
Northeastern Illinois University	414,270,810
Northern Illinois University	1,651,191,000
Roosevelt University	395,278,626
Southern Illinois University	2,913,480,494
University of Illinois	13,351,742,296
Western Illinois University	1,141,681,246
Indiana	
Indiana Wesleyan	359,928,946
Kansas	
Johnson County Community College	309,742,040
Washburn University	445,132,491
Michigan	
Central Michigan University	1,297,985,556
Eastern Michigan University	933,028,530
Ferris State University	775,472,535
Grand Valley State University	963,355,002
Lake Superior State University	311,758,601
Michigan Technological University	675,305,871
Northern Michigan University	609,103,488
Oakland University	662,369,196
Saginaw Valley State University	537,725,128
Western Michigan University	1,702,237,308
Minnesota	
University of Minnesota	11,138,328,356
Missouri	
Harris-Stowe State University	99,313,287
Lincoln University of Jefferson City	250,581,879
Missouri Southern State University	212,511,495
Missouri State University	1,283,965,417
Missouri Western State University	315,158,504
Northwest Missouri State University	551,551,230
Saint Louis Community Colleges	451,839,147
Southeast Missouri State University	840,913,864
Truman State University	520,168,419
University of Central Missouri	768,561,840
University of Missouri	11,015,528,885
Nebraska	
Nebraska State Colleges (3)	513,154,288
University of Nebraska	6,651,180,748
Total - MHEC	68,227,448,033

NEBHE MEMBERS

Maine

University of Maine System 2,355,263,996

Massachusetts

Clark University 273,357,849

Total – NEBHE 2,628,621,845

WICHE

Arizona

Pima County Community College 277,360,914

Colorado

Colorado College 389,595,271

Nevada

Nevada System of Higher Education 4,224,956,631

Oregon

Lewis & Clark College 373,565,125

Reed College 260,066,546

Willamette University 401,553,022

Utah

Westminster College 197,935,372

Washington

Seattle Pacific University 503,431,741

Wyoming

University of Wyoming 1,641,631,852

Total - WICHE 8,270,096,474

Total - Master Property Program \$79,126,166,352



Total Program Costs

Base Program		Annual Costs
Captive (Loss Fund)		\$6,458,546
Base Program	Primary \$100M	\$10,197,194
	\$400M xs \$100M	\$1,480,178
Engineering		\$995,985
Administrative Fees including Fronting Fee ⁽¹⁾		\$1,341,993
Surplus Lines Tax		\$489,286
Sub-Total		20,963,183
<hr/>		
“Optional” Excess Program		
\$500M xs \$500M		\$402,614
\$250M xs \$1B		\$203,329
\$250M xs \$1.250		\$150,000
Administrative Fees ⁽¹⁾		\$18,266
Sub-Total		\$774,209
Total		\$21,737,391
<hr/>		
Optional Coverage		
DIC (Earthquake)		\$192,650
Crime		\$8,400
Total		\$201,050
Grand Total		\$21,938,441

Note:

⁽¹⁾ When balancing to the Program Cost Distribution report both Administration Fee entries must be added together.

MHEC Master Property Program Losses valued 9/30/11

Policy Year 07/01/2008-2009			
Date of Loss	Type of Loss	Open/Closed	Gross Loss
7/2/2008	Water damage	Closed	\$91,463
7/7/2008	Wind	Closed	\$31,045
7/24/2008	Water damage	Closed	\$168,151
7/24/2008	Water damage	Closed	\$123,127
8/25/2008	Fire	Closed	\$49,562
11/1/2008	EPDM roof	Closed	\$53,441
11/22/2008	Chiller froze	Closed	\$195,000
12/7/2008	Plumbing	Closed	\$8,000
12/8/2008	Transformer	Closed	\$0
12/14/2008	Fire	Closed	\$243,585
12/22/2008	Plumbing	Closed	\$20,000
12/23/2008	Sprinkler	Closed	\$131,388
12/24/2008	Water	Open	\$550,000
12/27/2008	Windstorm	Closed	\$35,000
1/5/2009	Sprinkler	Closed	\$88,768
1/17/2009	Sprinkler	Closed	\$0
1/17/2009	Pipe burst	Closed	\$40,000
1/18/2009	Fire	Closed	\$56,876
1/19/2009	Boiler	Closed	\$15,000
1/26/2009	Ice storm	Closed	\$94,327
1/26/2009	Ice storm	Open	\$280,000
1/28/2009	Collapse	Closed	\$114,746
1/28/2009	Soot	Closed	\$1,334,160
1/30/2009	Chiller	Closed	\$1,200,110
2/3/2009	Transformer	Closed	\$20,000
2/6/2009	Wind	Closed	\$15,000
2/17/2009	Lecture hall	Closed	\$47,543
3/1/2009	Wind	Closed	\$20,000
3/6/2009	Water main	Closed	\$25,000
4/1/2009	Flooding	Open	\$400,000
4/10/2009	Steam leak	Closed	\$40,941
4/16/2009	Water	Closed	\$38,000
5/8/2009	Windstorm	Open	\$8,300,000
5/8/2009	Windstorm	Closed	\$112,767
5/12/2009	Tractor Fire	Closed	\$144,522

5/25/2009	Windstorm	Closed	\$118,950
6/1/2009	Books	Closed	\$25,000
6/2/2009	Crane	Closed	\$115,838
6/12/2009	Water	Closed	\$114,989
6/15/2009	Water back	Closed	\$2,150
6/19/2009	Wind	Closed	\$24,000
6/19/2009	Heavy rains	Closed	\$206,314
6/22/2009	Glycol	Closed	\$190,000
6/25/2009	Windstorm	Closed	\$147,442
		Policy Year Total	\$15,032,204

Policy Year 07/01/2009-2010			
Date of Loss	Type of Loss	Open/Closed	Gross Loss
7/1/2009	Water	Closed	\$38,555
7/14/2009	Light tower	Closed	\$20,000
7/14/2009	Water	Closed	\$169,040
7/17/2009	Research	Closed	\$273,154
7/24/2009	Water damage	Closed	\$87,785
8/8/2009	Fire-lab	Closed	\$941,574
8/16/2009	Fire	Closed	\$1,420,221
9/18/2009	Vehicle Damage	Closed	\$134,000
10/8/2009	Water-gym	Closed	\$112,356
10/26/2009	Switchgear	Closed	\$0
11/9/2009	Boiler loss	Closed	\$777,750
11/15/2009	Med equip.	Open	\$180,000
11/15/2009	Transformer	Open	\$400,000
11/30/2009	Bookstore	Closed	\$71,000
12/1/2009	Mold claims	Closed	\$40,000
12/10/2009	Sprinkler	Closed	\$88,779
12/14/2009	Ruptured Pipe	Closed	\$585,052
12/25/2009	Collapse	Closed	\$31,444
12/29/2009	Snow loading	Open	\$250,000
12/30/2009	Fume hood fire	Closed	\$90,000
1/4/2010	Plumbing line	Closed	\$84,107
1/11/2010	Frozen pipe	Closed	\$186,075
2/14/2010	Pipe rupture	Closed	\$32,010
3/7/2010	Pipe break	Closed	\$38,000
4/16/2010	Dorm fire	Closed	\$60,000
5/10/2010	Windstorm	Closed	\$156,485
5/26/2010	Hailstorm	Open	\$350,000

6/1/2010	Water back up	Open	\$375,000
6/2/2010	Lab fire	Closed	\$674,844
6/2/2010	Sprinkler	Open	\$225,000
6/4/2010	Chiller pipe	Open	\$750,000
6/7/2010	Flood	Open	\$275,000
6/8/2010	Theft	Open	\$175,000
6/11/2010	Flood tunnel	Open	\$4,155,000
6/14/2010	Research loss	Open	\$650,000
6/23/2010	Heavy rains	Open	\$100,000
6/25/2010	Water	Open	\$270,000
6/28/2010	Lab explosion	Open	\$700,000
6/30/2010	Fire	Closed	\$147,225
		Policy Year Total	\$15,114,456
Policy Year 07/01/2010-2011			
Date of Loss	Type of Loss	Open/Closed	Gross Loss
7/21/2010	Collapse	Open	\$50,000
7/24/2010	Surface water	Open	\$360,000
7/25/2010	Hailstorm	Open	\$200,000
7/27/2010	Water heater	Open	\$75,000
8/11/2010	Heavy rains	Open	\$3,000,000
9/4/2010	Water damage	Closed	\$163,785
9/13/2010	Hailstorm	Open	\$1,500,000
10/16/2010	Builders Risk Collapse	Closed	\$100,000
10/23/2010	Pipe rupture	Closed	\$89,010
10/26/2010	Stadium fire	Open	\$250,000
11/9/2010	Electrical shortage	Closed	\$0
12/12/2010	Pipe freeze	Open	\$75,000
12/12/2010	Garage fire	Open	\$300,000
12/27/2010	Research	Open	\$700,000
1/2/2011	Freeze	Open	\$40,000
1/9/2011	Freeze	Open	\$50,000
1/26/2011	Fire	Open	\$35,000
1/30/2011	Theft	Open	\$50,000
2/4/2011	MC Fire	Open	\$300,000
2/5/2011	Snow collapse	Open	\$650,000
2/11/2011	Sprinkler head	Open	\$45,000
2/14/2011	Silo Fire	Open	\$150,000

2/15/2011	Research	Open	\$750,000
2/17/2011	Boiler	Open	\$100,000
3/6/2011	Water-HVAC	Closed	\$39,000
3/9/2011	Water-drains	Closed	\$20,000
3/12/2011	Fire	Open	\$250,000
3/22/2011	Fire	Open	\$200,000
3/27/2011	Fire	Open	\$600,000
4/7/2011	Theft	Open	\$75,000
5/22/2011	Tornado-books	Open	\$48,000
5/25/2011	Heavy rains	Open	\$100,000
6/2/2011	Sue & Labor	Open	\$100,000
6/21/2011	Surface water	Open	\$300,000
6/26/2011	Collapse	Open	\$250,000
		Policy Year Total	\$11,014,795

MHEC Master Property Program

Prospect Contact Over the Last Two Years & Quotation Fee Schedule

Inquiries/Quotes	2009-10 MPP	2010-11 MPP
Total Inquiries	20	8
Total Quotes Given	15	5
Location of Prospects		
MHEC Member States	7	1
NEBHE Member States	4	5
WICHE Member States	9	2
Organizational Structure		
Consortia/Group	4	1
Public Institution	8	2
Private Institution	8	10

Quotation Fee Schedule

MHEC/WICHE/NEBHE Member States

No fee for the first quote

\$2,500 fee for 2nd quote

Fees are shared on a pro-rata basis between MHEC, captive manager and program administrator

Appendix K



All Insured Members Meeting



NEW ENGLAND
BOARD OF
HIGHER EDUCATION



Historical Cost Comparison (Base Program Components)

	2005-2006	2006-2007 ³	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total Insurable Values	\$47,291,696,010	\$51,920,916,848	\$58,205,697,010	\$63,540,689,886	\$65,927,423,332	\$73,159,067,055	\$79,126,166,352
Captive (Loss Fund)	\$4,017,500	\$4,102,209	\$6,288,693	\$7,171,919	\$6,998,257	\$6,396,109	\$6,458,546
Ceding Commission/Fronting Fee	\$241,050	\$246,133	\$101,862	\$100,000	\$100,000	\$100,000	\$100,000
Total Captive (Loss Fund) Costs	\$4,258,550	\$4,348,342	\$6,390,555	\$7,271,919	\$7,098,257	\$6,496,109	\$6,558,546
Risk Transfer Costs							
Primary	\$7,015,985	\$9,207,169	\$7,865,439	\$8,062,867	\$9,165,304	\$10,095,825	\$10,197,194
TRIA	Included	Included	Included	Included	Included	Included	Included
Excess Earthquake	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Excess: \$400M xs \$100M	\$1,500,000	\$1,204,172	\$1,354,786	\$1,253,319	\$1,424,261	\$1,468,655	\$1,480,178
Total Risk Transfer Costs	\$8,515,985	\$10,411,341	\$9,220,225	\$9,316,186	\$10,589,565	\$11,564,480	\$11,677,372
Engineering	\$1,048,000	\$981,900	\$969,134	\$999,735	\$923,666	\$931,560	\$995,985
Administrative Service Fees							
MHEC / WICHE / NEBHE	\$139,944	\$157,929	\$213,773	\$202,015	\$194,642	\$219,500	\$222,971
Marsh (Cleveland)	\$539,142	\$624,283	\$600,000	\$630,417	\$630,020	\$572,297	\$620,284
Captive Resources	\$270,994	\$312,144	\$335,133	\$356,499	\$379,543	\$385,735	\$297,788
EPIC (Captive)	\$100,000	\$100,990	\$105,521	\$102,167	\$98,804	\$103,299	\$100,950
Total Administrative Service Fees	\$1,050,080	\$1,195,346	\$1,254,427	\$1,291,098	\$1,303,009	\$1,280,839	\$1,241,993
Surplus Lines Tax	\$327,298	\$282,956	\$417,362	\$430,409	\$460,090	\$486,667	\$489,286
Total Program Costs	\$15,199,913	\$17,219,885	\$18,251,703	\$19,309,347	\$20,374,587	\$20,759,655	\$20,963,182
Dividends Declared to Date	\$1,504,366	\$1,613,794	\$300,232	\$1,471,656	\$-		
Base Program Average Rates							
Rates at Inception	0.0290	0.0301	0.0308	0.0296	0.0309	0.0283	0.286
Revised Rates⁽¹⁾	0.0298	0.0296	0.0309	0.0281	0.0308	N/A	⁽¹⁾

Note:

⁽¹⁾ Revised Rates will be calculated after dividends have been declared.



2011 Estimated Savings

Considerations:

- Market conditions
- Purchasing:
 - Individually
 - As a smaller group
- Deductibles
- Loss history
- Catastrophic exposure
- Higher education benchmarking
- Conservative approach

Limitations:

- Breadth of coverage and sublimits
- “Buying the business”

Estimated Savings (Premium + Dividend)

MHEC	
Illinois	\$4,756,751
Indiana	\$25,689
Kansas	\$37,887
Michigan	\$1,948,264
Minnesota	\$809,512
Missouri	\$1,580,548
Nebraska	\$385,047
Subtotal	\$9,543,698
WICHE	
Arizona	\$14,599
Colorado	\$26,132
Nevada	\$256,925
Oregon	\$127,630
Utah	\$31,144
Washington	\$81,152
Wyoming	\$199,677
Subtotal	\$737,258
NEBHE	
Maine	\$270,525
Massachusetts	\$61,643
Subtotal	\$332,168
Grand Total	\$10,613,124



Appendix M

All Insured Members Meeting



Historical Review of Estimated Savings

MHEC	2005	2006	2007	2008	2009	2010	2011
Illinois	\$709,882	\$1,073,454	\$1,895,417	\$6,255,027	\$2,850,249	\$4,987,714	\$4,756,751
Indiana	N/A	N/A	N/A	\$40,140	\$26,678	\$21,601	\$25,689
Kansas	\$25,803	\$41,184	\$58,440	\$41,401	\$41,699	\$36,376	\$37,887
Michigan	\$417,364	\$499,713	\$2,022,869	\$1,346,316	\$1,016,611	\$1,237,762	\$1,948,264
Minnesota	\$681,581	\$644,655	\$1,185,164	\$518,648	\$887,872	\$593,469	\$809,512
Missouri	\$1,019,547	\$1,035,894	\$2,194,209	\$1,812,276	\$1,430,368	\$1,670,148	\$1,580,548
Nebraska	\$362,022	\$778,231	\$838,224	\$843,160	\$679,522	\$301,762	\$385,047
Total MHEC	\$3,216,199	\$4,073,129	\$8,194,323	\$10,856,968	\$6,932,999	\$8,848,833	\$9,543,698
WICHE							
Arizona	N/A	N/A	\$25,435	\$27,161	\$11,602	\$6,295	\$14,599
Colorado	N/A	N/A	\$51,623	\$226	\$0	\$66,550	\$26,132
Nevada	\$452,429	\$454,348	\$337,208	\$421,202	\$503,698	\$292,297	\$256,925
Oregon	N/A	N/A	\$48,183	\$73,384	\$92,141	\$103,432	\$127,630
Utah	N/A	N/A	\$7,595	\$9,952	\$9,398	\$20,625	\$31,144
Washington	N/A	N/A	\$13,259	\$37,700	\$52,707	\$68,017	\$81,152
Wyoming	N/A	N/A	N/A	N/A	N/A	\$209,914	\$199,677
Total WICHE	\$452,429	\$454,348	\$483,303	\$569,625	\$669,546	\$767,130	\$737,258
NEBHE							
Maine						\$248,553	\$270,525
Massachusetts							
Total NEBHE						\$248,553	\$332,168
Grand Total	\$3,668,628	\$4,527,477	\$8,677,626	\$11,426,593	\$7,602,545	\$9,864,516	\$10,613,124

Cumulative estimated savings of the program since 1994 are approximately \$68.9 Million