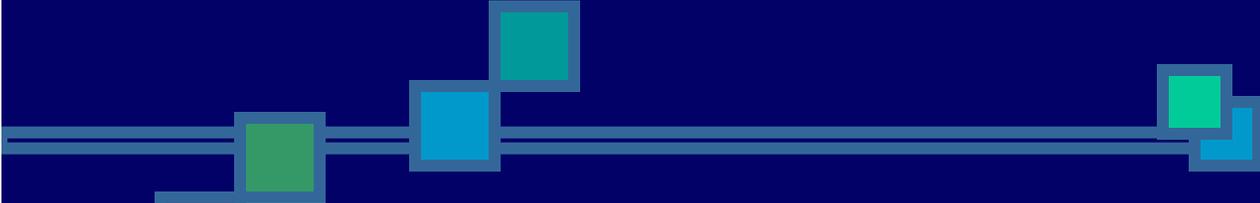


Insurance Procurement: RFP vs. RFQ vs. Bids

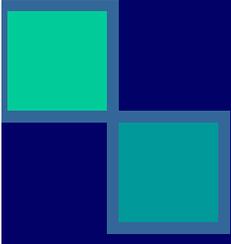
— ■ ■ ■ —
American Association of Port Authorities
Port Administration and Legal Issues Seminar

February 14, 2007

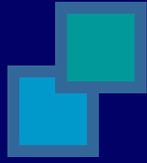


Speakers

David Solis
Risk Manager
Port of Corpus Christi
Corpus Christi, TX



Cindi J. Heffernan
Managing Director
Hugh Wood, Inc.
Seattle, WA

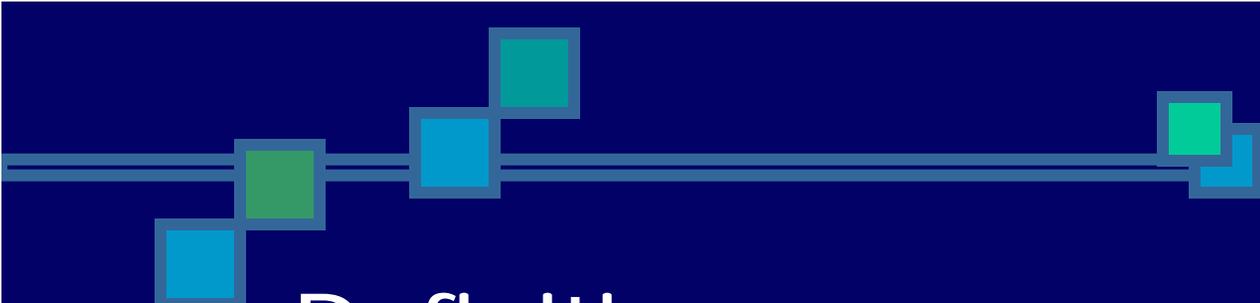


Daniel J. Pliszka
President
Pliszka Consulting, LLC
Charlotte, NC

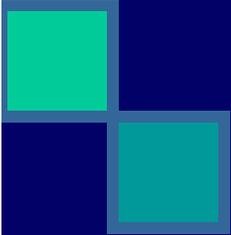
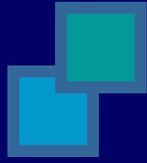


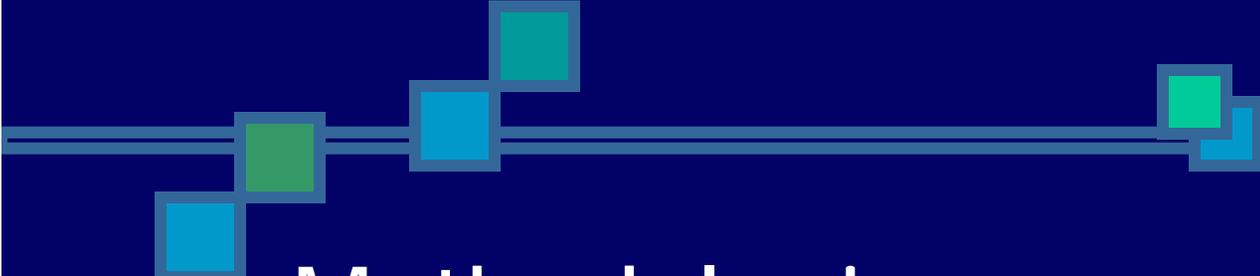
Understanding Insurance

- A financial product
 - A vital tool to prevent business extinction
 - *Not a commodity*
 - An insurance policy is not an insurance policy is not an insurance policy...
 - Specific coverages and forms
 - Financial stability varies
 - Non-Insurance Transfer
- 

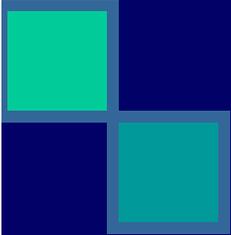
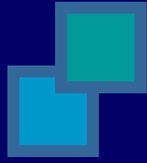


Definitions

- 
- Request for Qualifications (RFQ) – A systematic approach to find a broker/agent to represent your entity in the insurance marketplace.
 - Request for Proposals (RFP) – A process of assigning markets to agents/brokers in order to procure insurance coverages
 - Bids – A process of advertising the need for insurance on an open market basis.
- 

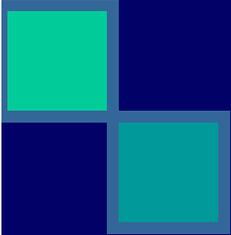


Methodologies

- 
- Pure Bid
 - Assign Markets
 - Request for Qualifications
- 



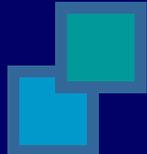
RFQ's – Pros and Cons

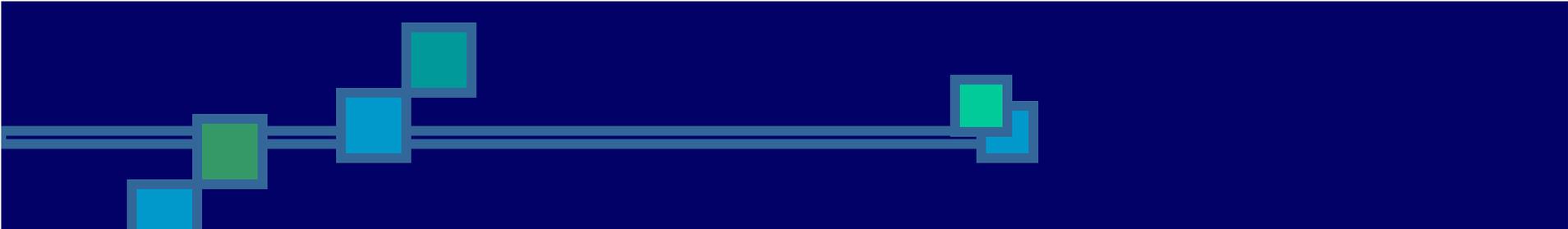


■ Pro

- ID's Industry Specific Experts
- Comfort in Account Team and Staff
- Expertise in Program Design
- Knowledge of Markets
- Relationship with carriers
- Many More...

■ Con

- Perhaps a little more time consuming initially
- 



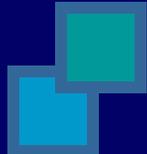
RFP's – Pros and Cons



■ Pro

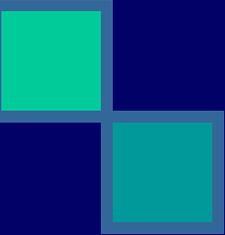
- 
- May appear to be a more level playing field
 - May satisfy purchasing requirements

■ Con

- 
- Not really a level playing field
 - May get right broker/agent with wrong market
 - There might not be enough markets to go around
 - May be judged as unfair



Bids – Pros and Cons

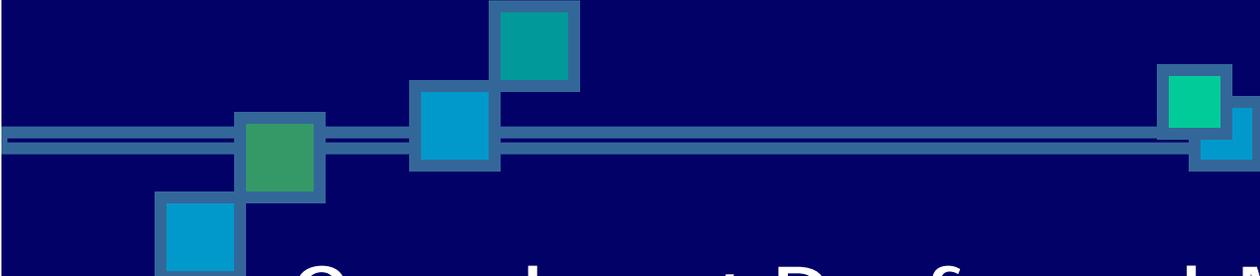


- Pro

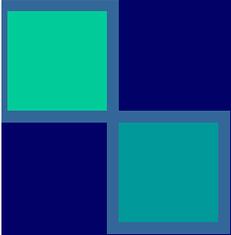
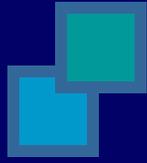
- May *appear* to be a more level playing field
- May satisfy purchasing requirements

- Con

- 
- Not really a level playing field
 - May get right broker/agent with wrong market
 - There might not be enough markets to go around
 - May be judged as unfair
 - It is not just the cost of insurance

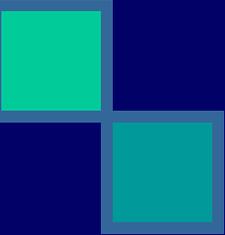


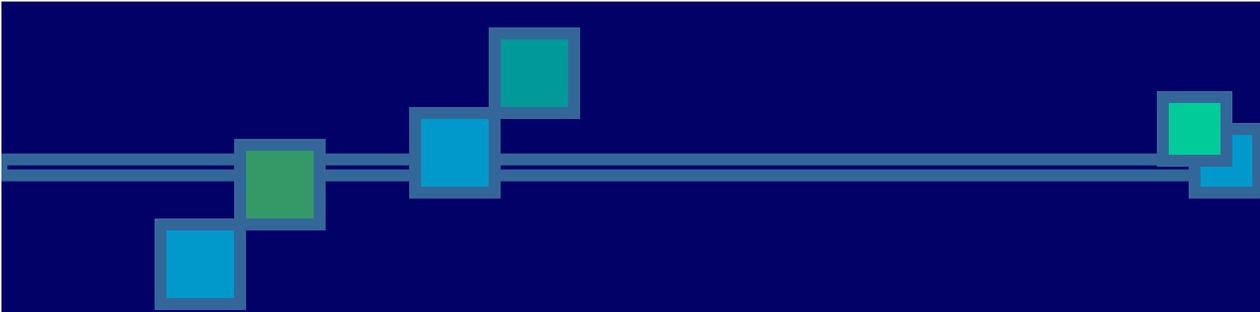
Speakers' Preferred Method

- 
- Conduct an RFQ to find Agent/Broker
 - If necessary, use a consultant to level the playing field and remove perception of biases.
 - Consider a fee based (or capped commissions) contract with broker/agent?
 - Have chosen Broker conduct marketing efforts
 - Broker supplies policy comparisons
 - Broker makes policy recommendations
- 

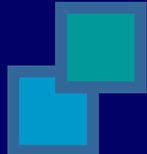


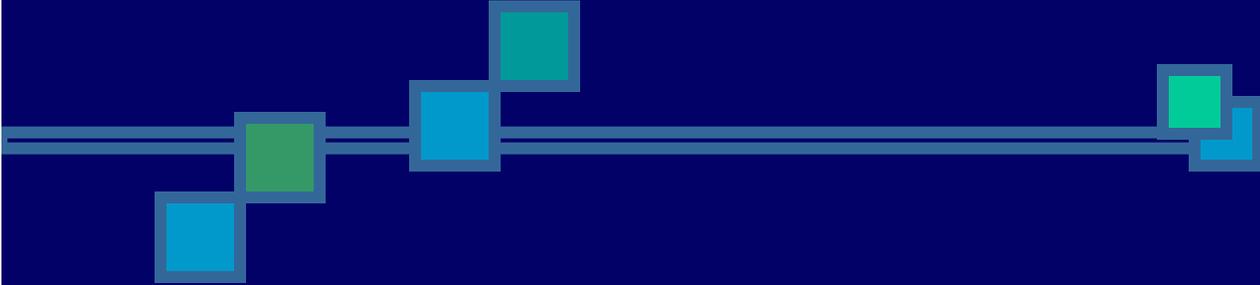
Considerations

- 
- Transparency in the Transaction
 - Industry Expertise
 - Availability of Capacity
 - Especially in a Hard Market
 - Property may (will) need multiple insurers
 - Access to Global Markets
 - Pick your team
- 

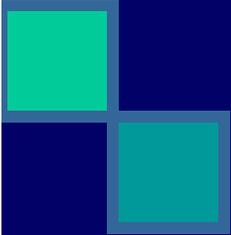


Other Discussion

- Lowest Price Buyers
 - Market Leverage
 - Longevity with Carriers
 - Budget Consistencies
 - Politics
 - Developing Clear and Concise Specifications
- 

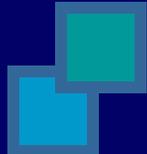


Speakers' Contact Information



David Solis

Manager, Risk Management
Port of Corpus Christi
Office: 361.885.6185
E-mail: DAVID@pocca.com



Cindi Heffernan, CPCU

Managing Director
Hugh Wood Inc.
Office: 206.357.8462
E-mail: cheffernan@hughwood.com

Daniel J. Pliszka, ARM-P

President
Pliszka Consulting, LLC
Office: 704.895.9538
E-mail: dan@pliszkaconsulting.com