

IOWA LOTTERY

***REQUEST FOR PROPOSAL
FOR
COMMERCIAL INSURANCE COVERAGE***

RFP No.

IL 10-02

Issued 11/6/09

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RFP IL 10-02
COMMERCIAL INSURANCE COVERAGE

SECTION 1. INTRODUCTION

1.1 Purpose.

The purpose of this Request For Proposals (RFP) is to solicit proposals from responsible, qualified insurance agents (Vendors) to provide commercial liability insurance coverage, including property, general liability, inland marine, business auto and umbrella as described in this RFP. All insurance must be quoted from Iowa licensed insurance companies (Carriers) in good standing and have an independent A.M. Best rating of "A", "A+" or better. No broker's will be allowed.

The Lottery intends to enter into a contract with a Vendor for a period of one (1) year beginning January 5, 2010, plus up to five (5) one-year option periods that may be exercised at the sole option of the Lottery.

1.2 Definitions.

For the purposes of this RFP and the resulting contract, the following terms shall mean:

"Agent" means independent agents and exclusive or captive agents. Independent agents are self-employed, represent several insurance companies and are paid on commission. Exclusive or captive agents represent only one insurance company and are either salaried or work on commission.

"Broker" means a licensed person or organization paid by the Lottery to look for insurance on the Lottery's behalf.

"Carrier" means an underwriter company that insures the property.

1.3 Background Information

This RFP is designed to provide Vendors with the information necessary for the preparation of competitive Bid Proposals. The RFP process is for the Lottery's benefit and is intended to provide the Lottery with competitive information to assist in the selection process. It is not intended to be comprehensive. Each Vendor is responsible for determining all factors necessary for submission of a comprehensive bid proposal.

2.0 ADMINISTRATIVE INFORMATION

2.1 Bid Coordinator.

The bid coordinator is the sole point of contact regarding the RFP from the date of issuance until selection of the successful Award. Following is the contact information for the bid coordinator:

| | |
|--------------------------|--|
| Bid Coordinator: | Tammy Cooper |
| Mail or hand deliver to: | Iowa Lottery, 2323 Grand Ave., Des Moines, IA 50312 |

| | |
|----------------------|---|
| Telephone: | 515-725-7877 |
| Facsimile Telephone: | 515-725-7882 |
| E-mail address: | tcooper@ialottery.com |
| Website: | www.ialottery.com (Vendor tab) |

2.2 Restriction on Communication.

From the issue date of this RFP until announcement of an Award, Vendors may contact only the Bid Coordinator. The Bid Coordinator will respond only to written questions regarding the procurement process. Questions related to the interpretation of this RFP must be submitted as provided in Section 2.6. Verbal questions related to the interpretation of this RFP will not be accepted. Vendors may be disqualified if they contact any state employee other than the Bid Coordinator about the RFP.

2.3 Downloading the RFP from the Internet.

The RFP will be posted at <http://www.ialottery.com> and <http://bidopportunities.iowa.gov/> and all Addenda will be posted to these websites. The Vendor is advised to check the website periodically for Addenda to this RFP, particularly if the Vendor downloaded the RFP from the Internet as the Vendor may not automatically receive Addenda. It is the Vendor's sole responsibility to check daily for Addenda to posted documents.

2.4 RFP Timetable.

The following timetable is provided for informational and planning purposes; however, the Lottery reserves the right to change the dates. If the Lottery changes any of the deadlines for Vendor submissions, the Lottery will issue an Addendum to the RFP. The anticipated schedule for this RFP is as follows:

| <i>Event</i> | <i>Date Due</i> |
|---|---------------------------------|
| RFP Issued | November 6, 2009 |
| Submittal of "Carrier" request to the Lottery, refer to Section 4.2 | Immediately upon receipt of RFP |
| Written questions due to the Lottery | 3:00 P.M., November 19, 2009 |
| Response by the Lottery to questions | November 24, 2009 |
| Proposals and bid compliance form due | 3:00 P.M., December 15, 2009 |
| Notice of Intent to Award | December 22, 2009 |
| Insurance coverage to begin | January 5, 2010 |
| | |

2.5 Vendors' Conference.

A Vendors' conference will not be held to discuss this RFP.

2.6 Questions, Requests for Clarification or Inquiries.

Vendors are invited to submit written questions and requests for clarifications regarding the RFP. The questions or requests for clarifications must be in writing and received by the Bid Coordinator before 3:00 P.M. November 19, 2009. Oral questions will not be permitted. If the questions or requests for clarification pertain to a specific section of the RFP, the page and section number(s) must be referenced. Written responses to questions or request for clarifications will be

posted to the Lottery website, www.ialottery.com on or before the date listed in Section 2.4.

2.7 Addendum or Amendment to the RFP.

The Lottery reserves the right to amend the RFP at any time using an Addendum. The Vendor shall acknowledge receipt of Addenda in its Bid Proposal. In the event it becomes necessary to amend, addend, or delete any part of the RFP, any addendum or amendments shall be provided to all Vendors who received the original RFP and posted to www.ialottery.com under the "Vendor" tab.

2.8 Amendment and Withdrawal of Bid Proposal.

The Vendor may amend or withdraw and resubmit its Bid Proposal at any time before the Bid Proposals are due. The amendment must be in writing, signed by the Vendor and received by the time set for the receipt of Bid Proposals. Electronic mail and faxed amendments will not be accepted.

2.9 Submission of Bid Proposals.

The Lottery must receive the Bid Proposal at the address listed in Section 2.1 no later than 3:00 p.m. Central Time, December 15, 2009. **This is a mandatory requirement and will not be waived by the Lottery. Any Bid Proposal received after this deadline will be rejected and returned unopened to the Vendor.** Vendors mailing Bid Proposals must allow ample mail delivery time to ensure timely receipt of their Bid Proposals. It is the Vendor's responsibility to ensure that the Bid Proposal is received prior to the deadline. Postmarking by the due date will not substitute for actual receipt of the Bid Proposal. Electronic mail and faxed Bid Proposals will not be accepted.

Vendors must furnish all information necessary to evaluate the Bid Proposal. Bid Proposals that fail to meet the mandatory requirements of the RFP may be disqualified. Verbal information provided by the Vendor shall not be considered part of the Vendor's Bid Proposal unless it is reduced to writing.

2.10 Bid Proposal Opening.

The Lottery will open Bid Proposals after the deadline for submission of Bid Proposals has passed. The Bid Proposals will remain confidential until the Evaluation Committee has reviewed all the Bid Proposals submitted in response to this RFP and the Lottery has announced a notice of intent to award. See Iowa Code Section 72.3. However, the names of Vendors who submitted timely Bid Proposals will be publicly available after the Bid Proposal opening. The announcement of Vendors who timely submitted Bid Proposals does not mean that an individual Bid Proposal has been deemed technically compliant or accepted for evaluation.

2.11 Costs of Preparing the Bid Proposal.

The costs of preparation and delivery of the Bid Proposal are solely the responsibility of the Vendor.

2.12 Rejection of Bid Proposal.

The Lottery reserves the right to reject any or all Bid Proposals, in whole and in part, received in response to this RFP at any time prior to the execution of a written contract. Issuance of this RFP in no way constitutes a commitment by the Lottery to award a contract.

2.13 Disqualification.

2.13.1 The Lottery will reject outright and will not evaluate Bids if the Vendor fails to deliver the Bid by the due date and time.

2.13.2 The Vendor fails to deliver the cost proposal in a separate envelope.

2.13.3 The Vendor fails to include a signed Proposal Compliance and Certification form signed by an authorized individual or agent of the company.

2.13.4 The Vendor acknowledges that a mandatory requirement of the RFP cannot be met.

2.13.5 The Vendors Bid Proposal materially changes a mandatory requirement of the RFP or the Bid Proposal is not compliant with the requirements of the RFP.

2.13.6 The Vendor's Bid Proposal limits the rights of the Lottery.

2.13.7 The Vendor fails to include information necessary to substantiate that it will be able to meet a mandatory requirement of the RFP.

2.13.8 The Vendor fails to include any signature, certification, authorization, stipulation, disclosure or guarantee requested in Section 3.2 of this RFP.

2.13.9 The Vendor presents the information requested by this RFP in a format inconsistent with the instructions of the RFP.

2.13.10 The Vendor initiates unauthorized contact regarding the RFP with state employees.

2.14 Nonmaterial Variances.

The Lottery reserves the right to waive or permit cure of nonmaterial variances in the Bid Proposal if, in the judgment of the Lottery, it is in the Lottery's best interest to do so. Nonmaterial variances include minor informalities that do not affect responsiveness, that are merely a matter of form or format, that do not change the relative standing or otherwise prejudice other Vendors, that do not change the meaning or scope of the RFP, or that do not reflect a material change in the requirements of the RFP. In the event the Lottery waives or permits cure of nonmaterial variances, such waiver or cure will not modify the RFP requirements or excuse the Vendor from full compliance with RFP specifications or other contract requirements if the Vendor is awarded the contract. The determination of materiality is in the sole discretion of the Lottery.

2.15 Reference Information.

The Lottery reserves the right to contact any reference to assist in the evaluation of the Bid Proposal, to verify information contained in the Bid Proposal and to discuss the Vendor's qualifications and the qualifications of any subcontractor identified in the Bid Proposal. The Lottery reserves the right to obtain and consider information from other sources concerning the Vendor, such as capability and performance under other contracts, financial stability, criminal history, past or pending litigation, and other publicly available information.

2.16 Bid Proposal Clarification Process.

The Lottery reserves the right to contact a Vendor after the submission of Bid Proposals for the purpose of clarifying a Bid Proposal to ensure mutual understanding. The Lottery will not consider information received if the information materially alters the content of the Bid Proposal. An individual authorized to legally bind the Vendor shall sign or submit the responses to any request for clarification. Responses shall be submitted to the Lottery within the time specified in the Lottery's request. Failure to comply with requests for additional information may result in rejection of the Bid Proposal as non-compliant.

2.17 Disposition of Bid Proposals.

All Bid Proposals become the property of the Lottery and shall not be returned to the Vendor at the conclusion of the selection process, the contents of all Bid Proposals will be in the public domain and be open to inspection by interested parties subject to exceptions provided in *Iowa Code Chapter 22* or other applicable law.

2.18 Public Records and Requests for Confidential Treatment.

The release of information by the Lottery to the public is subject to Iowa Code chapter 22 and 531 Iowa Administrative Code Section 1.5. Vendors are encouraged to familiarize themselves with these provisions prior to submitting a Proposal. A copy of the Iowa Code and Iowa Administrative Code can be found on the State of Iowa's web page, www.legis.state.ia.us and located under the topic Iowa Law. All information submitted by a Vendor may be treated as public information by the Lottery unless the Vendor properly requests that information be treated as confidential at the time of submitting the Proposal. By submitting a Proposal, the Vendor grants the Lottery the right to make the required copies of the Proposal.

Any requests for confidential treatment of information must be included in a letter with the Vendor's Proposal and must enumerate the specific grounds in Iowa Code chapter 22 which support treatment of the material as confidential and must indicate why disclosure is not in the best interests of the public. The request must also include the name, address, and telephone number of the person authorized by the Vendor to respond to any inquiries by the Lottery concerning the confidential status of the materials.

Any documents submitted which contain confidential information must be marked on the outside as containing confidential information, and each page upon which confidential information appears must be marked as containing confidential information. The confidential information must be clearly identifiable to the reader wherever it appears. All copies of the Proposal submitted, as well as the original Proposal, must be marked in this manner.

In addition to marking the material as confidential material where it appears, the Vendor must submit one (1) copy of the Bid Proposal from which confidential information has been excised and marked "Public Copy". The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the document as possible. The excised copy must be submitted with a cover letter and will be

made available for public inspection. In the event the Lottery receives a request for the release of information that includes material a Vendor has marked as confidential, the Lottery will provide a written notice to the Vendor regarding the request by e-mail as soon as practicable. Unless otherwise directed by a court of competent jurisdiction, the Lottery will release the requested information 7-10 business days after receipt of the request.

Once a contract has been executed, the contract and all supporting documents in the Successful Vendor's Proposal including pricing shall be considered public and subject to disclosure pursuant to Iowa Code chapter 22.

The Vendor's failure to request confidential treatment of material will be deemed by the Lottery as a waiver of any right to confidentiality the Vendor may have had.

2.19 Photocopy rights.

By submitting a proposal, the Vendor agrees that the Lottery may make copies of the proposal for purposes of facilitating the evaluation of the Bid Proposal or to respond to requests for public records. The Vendor consents to such copying by submitting a Bid Proposal and warrants that such copying will not violate the rights of any third party. The Lottery will have the right to use ideas or adaptations of ideas that may be presented in the Bid Proposals.

2.20 Release of Claims.

By submitting a Bid Proposal, the Vendor agrees that it will not bring any claim or cause of action against the Lottery based on any misunderstanding concerning the information provided herein or concerning the Lottery's failure, negligent or otherwise, to provide the Vendor with pertinent information as intended by this RFP.

2.21 Evaluation of Bid Proposals Submitted.

Bid Proposals that are timely submitted and are not subject to disqualification will be reviewed in accordance with Section 5 of the RFP. The Lottery will not necessarily award any contract resulting from this RFP to the Vendor offering the lowest cost. Instead, the Lottery will award the contract(s) to the responsible Vendor whose Responsive Bid Proposal, as determined by the Lottery, will provide the best value to the Lottery.

2.22 Award Notice and Acceptance Period.

Notice of Intent to award the contract(s) will be sent to all Vendors submitting a timely Bid Proposal and may be posted at the website shown in Section 2.1. Negotiation and execution of the contract(s) shall be completed no later than fourteen (14) days from the date of the Notice of Intent to award. If the apparent successful Vendor fails to negotiate and deliver an executed contract by that date, the Lottery, in its sole discretion, may cancel the award and award the contract to the remaining Vendor the Lottery believes will provide the best value to the Lottery.

2.23 Choice of Law and Forum.

This RFP is to be construed in light of pertinent legal requirements including Iowa Code 99G and 531 Iowa Administrative Code. The RFP and the resulting contract are to be governed by the laws of the State of Iowa. Changes in

applicable laws and rules may affect the award process or the resulting contract. Vendors are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP shall be brought in the appropriate Iowa forum.

2.24 Restrictions on Gifts and Activities.

Iowa Code chapter 68B and 99G contains laws which restrict gifts which may be given or received by state employees and requires certain individuals to disclose information concerning their activities with state government. Vendors are responsible for determining the applicability of this Chapter to their activities and to comply with these requirements. In addition, pursuant to *Iowa Code Chapter 722.1*, it is a felony offense to bribe or attempt to bribe a public official.

2.25 Appeals.

Appeals of the Notice of Intent to Award are governed by the Lottery's appeal process. Vendors may obtain information about the appeal process from the Bid Coordinator. See Iowa Administrative Rules 531 – 2.17(99G).

2.26 News Release Prohibition.

Vendors shall not issue any news releases or make any statement to the news media pertaining to this RFP or a proposal or contract or work resulting from this RFP without the prior written approval of the Lottery.

SECTION 3.0 FORM AND CONTENT OF BID PROPOSAL.

3.1 Instructions.

These instructions prescribe the format and content of the Bid Proposal. They are designed to facilitate a uniform review process. Failure to adhere to the proposal format may result in the disqualification of the Bid Proposal. Vendors may include additional relevant information.

3.1.1 The Bid Proposal shall be typewritten on 8.5" x 11" light colored or white paper.

3.1.2 The Bid Proposal shall be divided into two parts: (1) the Technical Proposal and (2) the Cost Proposal, each in a separately sealed envelope. The Bid Proposal shall be sealed in an envelope or package. If multiple envelopes or packages for each Bid Proposal are used, the envelopes shall be numbered in the following fashion: 1 of 4, 2 of 4, etc. The Lottery shall not be responsible for misdirected packages if a Bid Proposal is not properly labeled. The Bid Proposal envelope shall be labeled with the following information:

- o Vendors name and address
- o RFP IL-10-02 Commercial Insurance Coverage
Attn: Tammy Cooper
Iowa Lottery
2323 Grand Avenue
Des Moines IA 50312

3.1.3 Two copies of the Bid Proposal in a sealed envelope, one (1) original hardcopy and one (1) photocopy, shall be timely submitted to the Bid Coordinator.

- 3.1.4 If the Vendor designates any information in its proposal as confidential pursuant to Section 2.18, the Vendor must also submit one (1) copy of the Bid Proposal from which confidential information has been excised as provided in Section 2.18 marked "Public Copy".
- 3.1.5 Bid Proposals shall not contain promotional or display materials.
- 3.1.6 Attachments shall be referenced in the Bid Proposal.

3.2 Technical Proposal.

The following documents and responses shall be identified by corresponding section number and included in the Bid Proposal in the order given below:

3.2.1 Transmittal Letter. (Required)

An individual authorized to legally bind the Vendor shall sign the transmittal letter.

- The letter shall include the Vendor's mailing address, electronic mail address, fax number, and telephone number of the individual authorized to make representations on behalf of the Vendor.
- Any request for confidential treatment of information shall be included in the transmittal letter in accordance with the provisions of Section 2.18.

3.2.2 Proposal Compliance and Certification Statement. (Required)

The Vendor shall sign and submit with the Bid Proposal the document included as Appendix A.

3.2.3 Specifications and Technical Requirements.

The Vendor shall address each requirement in Section 4 of the RFP as provided for in that Section and explain how it will comply with each requirement.

3.2.4 Background Information.

The Vendor shall provide the following general background information:

- 3.2.4.1 Name, address, telephone number, and e-mail address of the Vendor including all d/b/a's or assumed names or other operating names of the Vendor.
- 3.2.4.2 Form of business entity, i.e., corporation, partnership, proprietorship, limited liability company.
- 3.2.4.3 State of incorporation, state of formation, or state of organization.
- 3.2.4.4 Number of employees.
- 3.2.4.5 The successful Vendor will be required to register to do business in Iowa before payments can be made. For Vendor registration documents go to:
http://das.gse.iowa.gov/procurement/vendor_reg.html.
- 3.2.4.6 All insurance must be quoted by an agent from an Iowa licensed insurance carrier company in good standing and have an independent A.M. Best rating of "A", "A+", or better. No broker's will be allowed. Carrier must maintain the rating of "A", "A+", or better during the entire term of the resulting contract. Vendor must provide rating information for carrier.

3.2.5 Experience.

The Vendor must provide the following information regarding its experience:

3.2.5.1 Number of years in business.

3.2.5.2 Number of years experience with providing the types of goods and/or services sought by the RFP.

3.2.5.3 References from three (3) previous customers or clients knowledgeable of the Vendor's performance in providing goods and/or services similar to the goods and/or services described in this RFP and a contact person and telephone number for each reference.

3.2.6 Personnel.

The Vendor must provide the following information for all key personnel who will be involved in providing the goods and/or services contemplated by this RFP.

3.2.6.1 Full name.

3.2.6.2 Education.

3.2.6.3 Years of experience and employment history particularly as it relates to the requirements of the RFP.

3.2.7 Financial Information.

The Vendor (Agent) must submit the Agent's latest audited financial statement, or if a privately held firm, the Vendor will have the option of providing other appropriate documentation of financial stability that reflects the financial health of the bidder.

3.2.8 Terminations, Litigation, Debarment.

The Vendor must provide the following information:

3.2.8.1 During the last five (5) years, describe any order, judgment or decree of any Federal or State authority barring, suspending or otherwise limiting the right of the Vendor or employee to engage in any business, practice or activity.

3.2.8.2 If any owners, officers or primary partners have ever been convicted of a felony. Failure to disclose these matters may result in rejection of the Bid Proposal or in termination of any subsequent contract.

3.2.9 Firm Bid Proposal Terms.

The Vendor shall state in writing the Bid Proposal shall be firm for a period of sixty (60) days following the deadline for submitting Bid Proposals to allow the evaluation committee to fully evaluate all proposals and make awards deemed in the best interest of the Lottery and the State of Iowa.

3.2.10 Bid Proposal Security.

There is no bid bond required for this RFP.

3.3 Cost Proposal.

The Vendor shall provide its cost proposal in a separately sealed envelope for the proposed goods and/or services.

Vendors shall use the cost proposal format provided as Appendix B, to include:

- Commercial Liability Insurance Package including property, general liability, and inland marine with two deductible amounts: (1) \$5,000 and (2) \$10,000.

- Business Auto Insurance with two deductible amounts: (1) \$5,000 and (2) \$10,000.
- Umbrella Insurance with two deductible amounts: (1) \$5,000 and (2) \$10,000.

Vendors must provide a cost proposal for a period of one year for the insurance coverage described. The Lottery will allow a 3% cost differential to any Vendor submitting a proposal that guarantees a firm price for the first three-year period.

SECTION 4. SPECIFICATIONS AND TECHNICAL REQUIREMENTS.

4.1 Overview.

The successful Vendor shall provide the goods and/or services to the Lottery in accordance with the technical specifications defined in this Section. Bid Proposals must be fully responsive to each requirement. Bid Proposals must identify any deviations from the requirements of this RFP or requirements the Vendor cannot satisfy. Any deviations from the requirements of Section 4 or any requirement of Section that the Vendor cannot satisfy may disqualify the Vendor.

The term of the resulting contract will be from January 5, 2010 through January 4, 2011, plus five (5) additional one-year options which may be exercised at the sole option of the Lottery.

By submitting a proposal, vendors agree to provide insurance coverage as described by the attachments. No proposals may be submitted for insurance coverage that is less than described in the attachments.

4.2 Assignment of Markets.

Cooperation is requested to attain as wide a representation of potential insurers as possible. Only one (1) agent shall be allowed to submit a bid proposal from a particular carrier. Agents shall submit a Bid Proposal for only one carrier.

To assist in achieving this, the following method must be followed:

- Agent's interested in submitting an RFP response shall submit a written request, in e-mail form to the bid coordinator, indicating no more than five (5) carriers (in the order of preference) selected for the Agent's proposal (i.e. Traveler's, Nationwide, etc.).
- The first Agent to submit a written request for a particular carrier will be the only Agent allowed to submit a proposal from that carrier. For example, Agent A and Agent B both submit a request to use Carrier A as their number one choice. Agent B's request was received first; Agent B will be allowed to submit a proposal using Carrier A. Agent A will be allowed to submit a proposal using their second choice of Carrier B, etc.
- Agent's are encouraged to submit a listing of carrier choices immediately upon receipt of this RFP.

4.3 Mandatory Requirements.

All items listed in this section are Mandatory Requirements of any Vendor submitting a Bid Proposal and must continue throughout the term of any resulting contract.

- 4.3.1 The insurance agent must be licensed in the State of Iowa and maintain license in good standing.
- 4.3.2 The insurance agent has insurance for Agents Errors and Omissions liability with a limit of at least \$1 million per occurrence and must provide this certificate of insurance upon award.
- 4.3.3 The insurance agent must have been in business for at least five years.
- 4.3.4 The insurance agent must assign a minimum of one qualified account representative to service the Lottery account. This representative must have a minimum of three years experience in commercial insurance.
- 4.3.5 Vendor shall procure all necessary licenses and permits at the Vendor's own expense and shall conform to all laws, regulations and ordinances applicable to the performance of the resulting contract.

4.4 Reporting requirements.

The following reporting requirements shall be required of all Vendors during the resulting contract:

- Vendor shall be required to furnish a quarterly report of all claims indicating property and/or persons involved, date of loss or accident, amount paid and amount reserved. This report must be furnished within thirty (30) days of the end of each reporting period.
- Agent shall be required to meet with Lottery CFO or designee at least once per year prior to policy effective date to review policy and changes to coverage.
- An insurance binder confirming coverage accepted by the Lottery is to be delivered to the Lottery CFO as soon as practical after contract award, but not later than January 5, 2010.
- All insurance must be quoted by an agent from an Iowa licensed insurance carrier company in good standing and have an independent A.M. Best rating of "A", "A+", or better. No broker's will be allowed. Carrier must maintain the rating of "A", "A+", or better during the entire term of the resulting contract. Carrier rating shall be provided to Lottery CFO or designee once per year at time of policy review.

4.5 Insurance Coverage.

Bid Proposals should include insurance coverage for Property, General Liability, Inland Marine, Business Auto and an Umbrella policy.

All bid response pricing shall include the coverage as indicated in the Attachments and provide two Cost Proposals based on two deductible amounts: (1) \$5,000 and (2) \$10,000.

4.5.1 Property, General Liability and Inland Marine. Property information that must be covered in the Bid Proposal and resulting policy is provided. Attachment 1 provides information regarding Lottery property, both leased and owned. The Lottery leases property for four (4) office locations (premise 1, 2, 4 and 5) that includes some ticket warehousing. A central warehouse (premise 3) for ticket storage is leased from and located within the Dept. of Commerce, Alcoholic Beverages Division warehouse building. The headquarters building (premise 7) located in Des Moines is owned by the Lottery. The Lottery also maintains a small studio office located within a subcontractor's office facility (premise 6). In addition to leased property, various promotional events are held

at retail mall locations, stadiums, etc. throughout the State of Iowa that require proof of insurance coverage. A summary of the current coverage for each property, content, business income and lottery ticket inventory valuations is provided as Attachment 2.

The Lottery owns three hundred four (304) instant ticket vending machines (ITVM's) and one thousand thirteen (1,013) pull-tab vending machines (PTVM's) that have been placed at retail locations throughout the state that require liability coverage against mishaps.

A summary of the current coverage for Lottery electronic data processing property is provided as Attachment 3.

A summary of the current coverage for Lottery general liability is provided at Attachment 4.

4.5.2 Business Auto. The Lottery maintains a fleet of passenger vehicles used by Lottery staff for the delivery of tickets to retail locations that sell lottery product. Many vehicles are garaged at the employees' home address. All current employees and new hires are subject to a thorough background investigation conducted by Iowa Public Safety, DCI. This background investigation includes the driving records of employees. Attachment 5 provides a summary of the current coverage and vehicle schedule, excluding employee driver's license number.

4.5.3 Umbrella Liability. Umbrella liability coverage that must be covered in the Bid Proposal and resulting policy is described in Attachment 6. Policy coverage must include a \$10,000,000 limit of liability.

4.5.4 Loss Claims. The Lottery purchased insurance coverage beginning in January 2003. Since 2003, the estimated loss claims is estimated at \$20,000 or less.

4.6 Additional Coverage.

The vendor may recommend additional insurance coverage or extensions deemed necessary to cover exposure. The recommendations should be provided in the cost proposal as a separate listing indicating the coverage, limit of insurance for each addition, and the added annual premium for each coverage.

4.7 Underwriting Information Disclaimer.

The information contained in this RFP is believed to be current and correct. The ultimate responsibility for determining the full extent of the exposure and verification of all information presented in the RFP shall rest solely with the Vendor. Vendor should fully review the contents of this RFP and request additional supporting information as required. The Lottery shall not be responsible for any errors and/or omissions in this information, nor for the failure on the part of the Vendor to determine the full extent of the exposures.

4.8 Payment terms.

Payment Terms - Per *Iowa Code § 8A.514* the State of Iowa is allowed sixty (60) days to pay an invoice submitted by a Vendor.

The Lottery shall include the following payment terms in the resulting contract: After receipt of insurance binder confirming coverage and an invoice from Vendor, Lottery shall make payment equal to 25% of the annual policy premium. Not later than thirty (30) days after the insurance coverage effective date of January 5, 2010, Vendor shall deliver the full policy to the CFO for review and acceptance. After acceptance, Lottery will authorize payment of the remaining policy premiums to be made in 9 equal monthly installments. If Vendor is unable to deliver the policy within thirty (30) days, Vendor must submit a written explanation and proof that the policy has been requested from the carrier.

The Lottery will allow a 3% cost differential to any Vendor submitting a proposal that guarantees a firm price for the first three-year period.

SECTION 5. EVALUATION AND SELECTION.

5.1 Introduction.

This section describes the evaluation process that will be used to determine which Bid Proposal(s) provides the greatest benefit to the Lottery. The Lottery will not necessarily award any contract resulting from this RFP to the Vendor offering the lowest cost to the Lottery. Instead, the Lottery will award the contract to the Responsible Vendor whose Responsive Bid Proposal the Lottery believes will provide the best value to the Lottery.

5.2 Evaluation Committee.

The Lottery intends to conduct a comprehensive, fair, and impartial evaluation of Bid Proposals received in response to this RFP. The Lottery will use an evaluation committee to review and evaluate the Bid Proposals.

The evaluation committee will make a recommendation to the CEO. The CEO and Board will select the Vendor to receive the award. The CEO and the Board are not bound by the evaluation committee's recommendation.

5.3 Preferences.

5.3.1 Preference to Iowa Products and Services.

In accordance with the provisions of *Iowa Code § 73.1* a preference will be given to products and provisions grown and coal produced within the State of Iowa, when they are found in marketable quantities in the State and are of a quality reasonably suited to the purpose intended, and can be secured without additional cost over foreign products or products of other states. Preferences required by applicable statute or rule shall also be applied, where appropriate.

5.3.2 Tied Bid.

Whenever a tie involves an Iowa vendor and a vendor outside the State of Iowa, the Iowa vendor will receive preference. Whenever a tie involves one or more Iowa vendors and one or more vendors outside the State of Iowa, a drawing will be held among the Iowa vendors only. Tied bids involving Iowa-produced or Iowa-manufactured products and items produced or manufactured outside the State of Iowa will be resolved in favor of the Iowa product.

In the event of a tie between Iowa vendors, an award shall be determined by a drawing held in front of at least three non-interested parties with the drawing documented.

5.4 Evaluation Criteria.

The proposals will be evaluated and an award will be made using the following criteria, which are listed in no particular order.

- 5.4.1** Cost of insurance.
- 5.4.2** Experience that demonstrate, to the Lottery's satisfaction, the expertise and ability of the Vendor to provide the services and meet the objectives described in this RFP.
- 5.4.3** Demonstrated ability to minimize the risk of exposure.
- 5.4.4** The financial health of Vendor as determined by the Lottery.
- 5.4.5** References.
- 5.4.6** The qualifications of the personnel assigned to oversee the policy of the Lottery account.
- 5.4.7** Compliance with the terms and specifications of this RFP.
- 5.4.8** Completeness of the bid.

**IL 10-02
Appendix A**

PROPOSAL COMPLIANCE AND CERTIFICATION STATEMENT

I certify that the contents of the Bid Proposal are true and accurate. I also certify that no false statements have knowingly been made in this Bid Proposal.

Certification of Independence

By submitting a Bid Proposal in response to this RFP, I certify the following:

1. The Bid Proposal has been developed independently, without consultation, communication or agreement with any employee or consultant to the Lottery who has worked on the development of this RFP, or with any person serving as a member of the evaluation committee.
2. The Bid Proposal has been developed independently, without consultation, communication or agreement with any other Vendor or parties for the purpose of restricting competition.
3. Unless otherwise required by law, the information found in the Bid Proposal has not been knowingly disclosed and will not be knowingly disclosed prior to the award of the contract, directly or indirectly, to any other Vendor.
4. No attempt has been made or will be made to induce any other Vendor to submit or not to submit a Bid Proposal for the purpose of restricting competition.
5. No relationship exists or will exist during the contract period between the Vendor and the Lottery that interferes with fair competition or as a conflict of interest.

Certification Regarding Debarment

6. I certify that, to the best of my knowledge, the Vendor/Company (shown in signature box) and all of its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal Agency or State Agency; (b) have not within a three year period preceding this Bid Proposal been convicted of, or had a civil judgment rendered against them for commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of antitrust statutes or commission of embezzlement, theft, forgery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for or other criminally or civilly charged by a government entity (federal, state, or local) with the commission of any of the offenses enumerated in (b) of this certification; and (d) have not within a three year period preceding this Bid Proposal had one or more public transactions (federal, state, or local) terminated for cause.

This certification is a material representation of fact upon which the Lottery has relied upon when this transaction was entered into. If it is later determined that the undersigned knowingly rendered an erroneous certification, in addition to other remedies available, the Lottery may pursue available remedies including suspension, debarment, or termination of the contract.

Certification Regarding Registration, Collection, and Remission of Sales and Use Tax

7. Pursuant to Iowa Code sections 423.2(10) & 423.5(8) (2005 Code Supp.) a retailer in Iowa or a retailer maintaining a business in Iowa that enters into a contract with a state agency must register, collect, and remit Iowa sales tax and Iowa use tax levied under Iowa Code chapter 423 on all sales of tangible personal property and enumerated services. The Act also requires Vendors to certify their compliance with sales tax registration, collection, and remission

requirements and provides potential consequences if the certification is false or fraudulent. By signing this statement, Vendor indicates understanding and compliance of this requirement.

I have the authority to bind the Vendor indicated below to the specific terms and conditions and technical specifications required in this RFP and offered in the Bid Proposal.

| | |
|-----------------------|--|
| Business Name: | |
| Authorized Signature: | |
| Printed Name: | |
| Title: | |
| Date: | |

**APPENDIX B
COST PROPOSAL FORMAT**

Vendor's Cost Proposal shall include an all-inclusive, itemized, total cost in U.S. Dollars. All pricing to be based on Net 60 days payment terms. First payment equal to 25% of the annual policy premium and remaining policy premiums to be made in 9 equal monthly installments. The following template is required. Please use additional pages to provide any additional insurance coverage or extensions and associated annual premium.

All Cost Proposals must be firm for a period of one year.

| Coverage | 1/5/2010 – 1/5/2011 Annual Premium With \$5,000 deductible | 1/5/2010 – 1/5/2011 Annual Premium With \$10,000 deductible |
|--------------------------|---|--|
| Property | | |
| General Liability | | |
| Inland Marine | | |
| Business Auto | | |
| Umbrella - \$10,000,000. | | |

DISCOUNTS:

Vendors should indicate any discounts offered or if Vendor's price is guaranteed for the first three-year period.