



New Jersey Schools Insurance Group

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NEW JERSEY SCHOOLS INSURANCE GROUP MEMORANDUM

Date: January 12, 2018

To: Board of Trustees
New Jersey Schools Insurance Group

From: Evaluation Committee for U-2017-0003, U-2017-0004, U-2017-0005 and U-2017-0006

Subject: Sub-fund administration services (U-2017-0003, U-2017-0004, U-2017-0005 and U-2017-0006) competitive contracting narrative summary report and recommendations

NJSIG is a school board insurance group, also known as a governmental risk pool, established in accordance with P.L. 1983, c. 108, that provides insurance coverage and risk management services to member school districts. In 1998, NJSIG established its first workers' compensation "sub-fund" in an effort to foster greater accountability and participation among members and garner deeper discounts through regional pooling and risk management education. Because sub-fund members share in a single workers' compensation discount rate, they have a vested interest in the success of their sub-fund as a whole. For that reason, sub-fund members actively participate in risk management and loss control training at a sub-fund level, which helps to reduce losses and premiums. NJSIG currently has seven sub-funds. Membership in a sub-fund is determined at NJSIG's sole discretion, in accordance with NJSIG's bylaws and plan of risk management. While sub-fund members share in a single workers' compensation rate, these sub-funds are not separately incorporated entities. Each sub-fund is administered by an insurance brokerage firm that specializes in school insurance and risk management, and that brokerage firm acts as an extension of NJSIG in administering each of the NJSIG sub-funds.

Sub-fund administrators are responsible for providing safety and risk management (loss control) services to sub-fund members through the planning and execution of three sub-fund educational conferences per year. These educational conferences must include courses that address issues relevant to school officials, including business administrators. Sub-fund administrators are also responsible for



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aggregating and analyzing member loss issues and trends, as well as responding to sub-fund membership questions and concerns regarding insurance coverage and safety and risk management issues. Sub-fund administrators are required to be knowledgeable regarding NJSIG's coverage forms, including coverage form language and limits. Sub-fund administrators are responsible for working collaboratively with NJSIG to recommend coverage form updates based on market conditions. Sub-fund administrators are responsible for purchasing and preparing sub-fund marketing and advertising material. All advertising materials must be approved in writing by NJSIG. As partner organizations, it is expected that each sub-fund administrator will dedicate 25% of their annual fee to providing safety and risk management (loss control) services to NJSIG members. A full copy of the scope of work is contained within the request for proposals for sub-fund administration services (U-2017-0003, U-2017-0004, U-2017-0005 and U-2017-0006), which is attached.

On August 23, 2017, NJSIG received authorization from the State of New Jersey, Department of Community Affairs, Division of Local Government Services to secure sub-fund administration services through competitive contracting, and subsequently issued a request for proposals for these services (U-2017-0001), which were due on October 13, 2017. Proposers were invited to submit proposals to administer one or more sub-funds. As a result of that fair and open competitive contracting process, NJSIG received seven proposals in total, one for each of the seven sub-funds. As a result of that solicitation, the Board of Trustees voted as follows:

1. Burlington & Camden County Educators Insurance Consortium (BACCEIC) sub-fund: The Board of Trustees voted to award a contract for sub-fund administration services for the BACCEIC sub-fund to Conner Strong & Buckelew Companies, LLC for a duration of five years.
2. Cape May Atlantic Insurance Pool (CAIP) sub-fund: The Board of Trustees voted to reject the proposal because it substantially exceeded NJSIG's cost estimates for the services, and reissue the request for proposals for sub-fund administration services for the CAIP sub-fund.
3. Educational Risk & Insurance Consortium – North (ERIC North) sub-fund: The Board of Trustees voted to reject the proposal because it substantially exceeded NJSIG's cost estimates for the services, and reissue



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- the request for proposals for sub-fund administration services for the ERIC North sub-fund.
4. Educational Risk & Insurance Consortium – South (ERIC South) sub-fund: The Board of Trustees voted to award a contract for sub-fund administration services for the ERIC South sub-fund to Conner Strong & Buckelew Companies, LLC for a duration of five years.
 5. Educational Risk & Insurance Consortium – West (ERIC West) sub-fund: The Board of Trustees voted to reject the proposal because it substantially exceeded NJSIG's cost estimates for the services, and reissue the request for proposals for sub-fund administration services for the ERIC West sub-fund.
 6. Monmouth Ocean County Shared Services Insurance Fund (MOCSSIF) sub-fund: The Board of Trustees voted to award a contract for sub-fund administration services for the MOCSSIF sub-fund to Alliant / Boynton for a duration of five years.
 7. North Jersey Educational Insurance Fund (NJEIF) sub-fund: The Board of Trustees voted to reject the proposal because it substantially exceeded NJSIG's cost estimates for the services, and reissue the request for proposals for sub-fund administration services for the NJEIF sub-fund.

In accordance with the resolutions passed by the Board of Trustees on November 29, 2017, the request for proposals for the CAIP, ERIC North, ERIC West and NJEIF sub-funds were reissued. Proposals for sub-fund administration services for U-2017-0003, U-2017-0004, U-2017-0005 and U-2017-0006 were due on January 5, 2018.

Proposers were invited to submit proposals to administer one or more sub-funds. As a result of that fair and open competitive contracting process, NJSIG received five proposals in total, one proposal for U-2017-0003, one proposal for U-2017-0004, one proposal for U-2017-0005 and two proposals for U-2017-0006.

An evaluation committee was convened to evaluate and summarize the proposals based on weighted evaluation criteria. These weighted evaluation criteria were designed to fairly evaluate all proposals, and are based on the model evaluation



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criteria set forth by the State of New Jersey, Department of Community Affairs, Division of Local Government Services as codified at N.J.A.C. 5:34-4.2. This evaluation methodology is designed to fairly evaluate the responsiveness of each proposal, and the responsibility of each proposer, based on the technical criteria, management criteria and cost criteria. A complete copy of the evaluation criteria, the relative weights assigned to the evaluation criteria and an explanation of the factors each criteria are intended to evaluate is included in the request for proposals for sub-fund administration services (U-2017-0003, U-2017-0004, U-2017-0005 and U-2017-0006), which is attached.

The results of the evaluation committee are summarized below:

1. CAIP sub-fund:
 - a. J. Bryne Insurance: 85.00 mean composite score. The evaluation committee found this proposal reasonable as to cost. The evaluation committee found the proposal to be responsive as to management criteria, and the proposal was minimally responsive as to technical criteria. The evaluation committee recommends accepting the three-year proposal, with an option to extend for two additional one-year terms.
2. ERIC North sub-fund:
 - a. Arthur J. Gallagher & Co. Risk Management Services, Inc.: 96.50 mean composite score. The evaluation committee found this proposal reasonable as to cost. The evaluation committee found the proposal to be responsive as to management and technical criteria. The evaluation committee recommends accepting the three-year proposal, with an option to extend for two additional one-year terms.
3. ERIC West sub-fund:
 - a. Brown & Brown Insurance: 53.25 mean composite score. The evaluation committee found this proposal substantially exceeds NJSIG's cost estimates for the services, and recommends rejecting the proposal. The evaluation committee found the proposal to be responsive as to management criteria, and the proposal was minimally responsive as to technical criteria.



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4. NJEIF sub-fund:

- a. CBIZ Insurance: 61.25 mean composite score. The evaluation committee found this proposal reasonable as to cost. The evaluation committee found this proposal to be responsive as to technical criteria. However, the evaluation committee found this proposal to be non-responsive as to management criteria as it does not include sufficient evidence that the proposer has prior experience to provide all deliverables within the scope of work. This includes, but is not limited to, that the proposal did not include sufficient evidence that the proposer is capable of providing for the planning and execution of a minimum of three sub-fund educational conferences per year. The evaluation committee recommends rejecting the proposal on the above-referenced basis.
- b. Regional Risk Managers: 73.75 mean composite score. The evaluation committee found this proposal substantially exceeds NJSIG's cost estimates for the services, and recommends rejecting the proposal on that basis. The evaluation committee found the proposal to be responsive as to management and technical criteria.