

BID Number 13-08A

Date: March 19, 2013

Insurance Bid to Brokers:

The Rhode Island Lottery, a Division of the State of Rhode Island Department of Revenue, is an enterprise fund of the State of Rhode Island. The Lottery is seeking competitive bids for its annual insurance program. The bid is requested for a three-year period July 1, 2013 through June 30, 2016.

If interested in bidding, each broker/agent is requested to submit its top ten insurance companies – in priority order, by line of business - from which the agent will request prices. In order to obtain competitive bids and allow each agent the chance to obtain bids in a competitive environment, the RI Lottery will assign each agent eight of its ten companies from which to procure bids. A lottery may be used if more than one agent lists the same company to obtain a bid. The list of companies is requested by March 27, 2013 to be opened March 29, 2013 at 2:00 PM at the Rhode Island Lottery Headquarters.

The Lottery is also requesting a statement from each agent on its qualifications to bid and its capabilities to write the insurance and service the account.

The first year of the insurance coverage is for the period July 1, 2013 to July 1, 2014. The insurance policies to be included in the bid are identified in the following document.

Review of current policies is available at the RI Lottery office upon request. It is recommended and requested current policies be reviewed to ensure current insurance coverage has been properly identified in the bid request.

Additionally, the list of current insurance carriers is included. These carriers are not available for obtaining quotations with the exception of the carrier providing workers' compensation.

Please pay particular attention to State of Rhode Island vendor requirements.

Daniel Sarro, Finance Administration Manager
The Rhode Island Lottery

RHODE ISLAND LOTTERY

REQUEST FOR PROPOSAL

For

COMPREHENSIVE INSURANCE PACKAGE



**1425 Pontiac Avenue
Cranston, Rhode Island 02920
401-463-6500**

SECTION A – GENERAL INFORMATION

1. LOCATION

- A. The Department of Revenue, Division of Lotteries of the State of Rhode Island, (hereinafter “RIL”) is located at 1425 Pontiac Avenue, Cranston, Rhode Island 02920.

2. BACKGROUND

- A. The purpose of this Request for Proposal (RFP) is to solicit proposals from corporations and organizations for a comprehensive insurance package as described in the attached schedule of insurance specifications.

3. PERIOD COVERED – JULY 1, 2013 TO JUNE 30, 2016

- A. Bidders must quote annual premiums and include a three (3) year rate guarantee or three (3) year policies if possible.

SECTION B – VENDOR REQUIREMENTS

1. RATING

- A. All insurance must be issued by companies which are at least A-rated by A.M. Best & Co., duly licensed, admitted, and authorized to conduct business in the State of Rhode Island and are acceptable to the RIL.

2. VENDOR QUALIFICATIONS

- A. It is the policy of the RIL to make every effort possible to assure the participation of small, minority, and female-owned businesses, as outlined in the Procurement Regulations, promulgated pursuant to Chapter 37-2 of the General Laws of the State of Rhode Island, and as mandated in Title 37, Chapter 14.1 of the General Laws of the State of Rhode Island, entitled “Minority Business Enterprise”.

SECTION C – CONTRACT AWARD

1. CONTRACT AWARD

- A. The RIL will not be responsible for paying or designating the sales commission, if any, to agents or bidders. The RIL prefers to award the bid to one (1) agent.

SECTION D – RESPONSES

1. RESPONSE REQUIREMENT

- A. In order to be considered for selection of a contract award, bidders must submit a complete response to this RFP according to the specifications described. Please provide a quote on each individual coverage, but also recommend and separately quote package insurance policies meeting the minimum coverage requirements.
- B. Per the attached letter, interested agents must submit a list of their top ten companies from which the RIL will assign eight from which to obtain bids.

2. REJECTION OF PROPOSALS

- A. The RIL reserves the right to reject any and all proposals received as a result of this RFP or to negotiate separately with any source whatsoever in any manner necessary to serve the best interests of the RIL.

SECTION E – SUBMITTAL DATE AND FORMAT

1. INSTRUCTIONS FOR RESPONSE SUBMITTAL

- A. Sealed proposals must be received by the RIL no later than 4:00 p.m., Eastern Daylight Savings Time, on **Friday, June 14, 2013**. A public opening will be held on **Monday, June 17, 2013**, at 9:00 a.m.
- B. Any proposals received after 4:00 p.m. on **Friday, June 14, 2013**, will not be accepted.
- C. The words **“Sealed Bid”** should be clearly marked on the outside of the envelope and addressed to:

Gerald S. Aubin, Director
Rhode Island Lottery
1425 Pontiac Avenue
Cranston, RI 02920

Insurance Coverage for the Following Locations:

Location 1: The Rhode Island Lottery
1425 Pontiac Avenue
Cranston, RI 02920

Location 2: The Rhode Island Lottery
1600 Twin River Road
Lincoln, RI 02865

Contingent Business Income Locations:

Location 3: Newport Grand Jai Alai
150 Admiral Kalbfus Road
Newport, RI 02840

Location 4: Twin River
1600 Twin River Road
Lincoln, RI 02865

**Property & Business Earnings
and Contingent Business Earnings**

Effective: July 1, 2013 to July 1, 2014

Building and Contents:

Limits: (Values 100%)
1425 Pontiac Avenue, Cranston, RI: Building \$2,369,000
Personal Property \$ 710,000

Subject to: \$10,000 Deductible
Special Form Coverage, Terrorism (Fire Only)
Replacement Cost Valuation
100 % Coinsurance, Agreed Amount Endorsement

Include: Utility Services, Bldg & Pers Prop, \$2,500,000 limit, \$2,500 ded
Flood Coverage \$50,000,000, Deductible \$100,000
Earthquake Coverage \$50,000,000 Deductible \$100,000
Additional Limit \$100,000 Demolition, Increased Cost of
Construction
Crime and Employee Theft \$25,000 per occurrence
Personal Effects, Property in Transit, Property at Other Locations
Ordinance or Law \$100,000
Valuable Papers \$250,000

Computer Equipment:

\$175,000 Blanket Hardware, Electronic Property & Media
\$ 10,000 Blanket Software
\$ 10,000 Extra Expense
\$ 5,000 Transit
\$ 500 Deductible

Actual Cash Valuation
Agreed Amount Applies
All Risk Form

Business Earnings

Summary:

The RIL generates income primarily from three revenue sources:

1. Online games which includes Keno, Bingo, PowerBall, Mega Millions, Daily Numbers, Raffle, Wild Money, and Lucky 4 Life
2. Instant Lottery Tickets, and
2. Video Lottery which includes the Video Lottery Terminals (slot machines) - located at Twin River and Newport Grand.

Over 90% of the RIL's gross revenues are generated from the Video Lottery operations at Twin River and Newport Grand. Although the RIL does not own, occupy, or manage these two locations, the RIL regulates and State law requires a percentage of the Net Terminal Income generated from Video Lottery operations be transmitted to the State of Rhode Island monthly.

The RIL and the State of Rhode Island would experience significant loss of revenue should there be an interrupt of operations at Twin River or Newport Grand. Therefore, the insurance program needs to be structured to provide Blanket Earnings & Extra Expense Coverage, not only for their own operations at 1425 Pontiac Avenue, Cranston, Rhode Island, but also for the Earnings and Extra Expense (contingent) exposure presented by their interest in the ongoing operations at Twin River and Newport Grand.

Coverage: Blanket Earnings & Expenses and Contingent Blanket Earnings & Expenses

Effective: July 1, 2013 to July 1, 2014

Locations: 1425 Pontiac Avenue, Cranston, RI
Contingent - 1600 Twin River Road, Lincoln, RI
Contingent - 150 Admiral Kalbfus Rd., Newport, RI

Coverage: Business Income & Expense - Location 1

Limit: \$5,537,000, 180 days coverage, 72 hours waiting period, Civil Authority waiting period 4 weeks, 100% coinsurance

Coverage: Business Income Off Premises Power or Communications Failure - Location 1

Limit: \$2,500,000, 72 hours waiting period, Loc. 1
\$250,000 Loc. 2 & 3

Covered Utilities: Water Supply Service
Communication Supply Service
Power Supply Service Incl. Overhead
Transmission Lines

Coverage: Contingent Business Income – Location 2 & 3
Limit: \$100,000,000, 72 hours waiting period

Coverage: Extra Expense, Locations 1, 2, and 3,
Limits: \$2,500,000
\$100,000 Loc 1, civil authority 4 weeks
\$5,000,000 Loc 2, civil authority 4 weeks
\$5,000,000 Loc 3, civil authority 4 weeks

Other
Coverages: Pollutant Cleanup and Removal, \$100,000, \$2,500
ded, all locations
Debris Removal - \$250,000, \$2,500 ded, all locations
Off Premises Utility Failure - \$10,000,000
Deductible - 48 Hours
Covered Utilities - Water Supply Service
Communication Supply Service
Power Supply Service
(Including Overhead Transmission Lines)
Building Ordinance included in Building Limit

Excess Physical Damage Coverage:

Coverage: Real Property, Personal Property, Business Income and
Contingent Business Income
Limit: \$82,000,000 per occurrence excess of \$100,000,000 per
occurrence

Loss Determination:

Earnings: The amount of earnings loss will be determined based on:

- * Actual loss of income before transfer to the State's general fund before the direct physical loss or damage occurred;
- * Probable loss of income before transfer to the State's general fund if no loss or damage had occurred;

- * Operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
- * Other sources of information such as: financial records and accounting procedures, bills, invoices, and other vouchers and deeds, liens or contracts.

Sign/Equipment and Other

Coverage: Special form, subject to policy provisions and exclusions

Location: 1425 Pontiac Avenue
Cranston, RI 02920

Valuation: Replacement Cost

Deductible: \$250

Items Insured: ERISA Employer Theft
Newly Acquired or Constructed Property: Building \$2,000,000.,
Personal Property \$1,000,000.
Claim Expense \$50,000
Reward \$50,000
Contractual Penalties \$50,000
Contractors Equipment \$8,000
Automatic Seasonal Increase (Peak Season) \$100,000
Brands and Labels \$50,000
Food Contamination \$25,000
Newly Acquired Property Business Income \$250,000

Boiler and Machinery Insurance

Coverage: Comprehensive Form

Location: 1425 Pontiac Avenue
Cranston, RI 02920

Limits: \$10,000,000 Direct Damage
\$6,670,429 Business Interruption/Extra Expense
(12 Months Loss of Business Income)

Valuation: Repair or replacement

Deductibles: Property - \$2,500
Business Interruption/Extra Expense - 24 Hour waiting period

Additional Coverages: Consequential Loss - \$500,000
Hazardous Substance Limitation - \$250,000
Ammonia Contamination Limitation - \$500,000
Water Damage Limitation - \$500,000

Commercial General Liability Insurance

Limits Of Liability:

\$2,000,000 General Aggregate
\$1,000,000 Personal and Advertising Injury
\$1,000,000 Employee Benefits Liability (1,000,000 Aggregate)
Deductible -\$1,000.00

Comprehensive Coverage To Include:

Premises/Operations
Products/Completed Operations
Comprehensive Coverages

PREMISES/OPERATIONS:

Location 1:

Lottery Office	15,523 S.F.
Building or Premises – Lessor’s Risk	3,085 S.F.

Business Automobile Insurance

Limits Of Liability:

\$1,000,000 Combined Single Limit
\$ 5,000 Medical Payments (All Vehicles)
\$1,000,000 Uninsured Motorists - Each Accident
\$ 25,000 Uninsured Motorists PD
Underinsured Motorists - Included
Glass Repair Form
Terrorism Coverage Included in Main Form

Comprehensive:

None

Collision:

None

Coverage:

Owned Vehicles
Non-Owned vehicles
Hired Car Coverage - ("If Any")
Comprehensive Form (BAP)
30-Day Notice of Cancellation, Except for Non-Payment
Towing Private Passenger - \$50 per disablement
Employees As Insureds

Additional Items:

Annual Loss runs on paid claims and open reserves

Schedule Of Vehicles:

See Attached

YEAR – MAKE/MODEL	VIN #
2009 Ford E150 Van	1FTNE14W69DA26121
2009 Ford E150 Van	1FTNE14WX9DA26123
2009 Ford E150 Van	1FTNE14W69DA26124
1996 GMC W4S CUBE VAN	4KDBIR4TJ000647
2006 Chevrolet Malibu Sedan	1G1ZS51836F117797
2012 Ford Transit	NM0LS6AN9CT109304
2009 Ford E150 Van	1FTNE14W89DA26122
2004 Chevrolet Impala Sedan	2G1WF52E649144140
2012 Ford Transit	NM0LS6AN3CT109377
2012 Ford Transit	NM0LS6AN0CT109305
2012 Ford Transit	NM0LS6AN5CT109378
2006 Chevrolet Uplander Sedan	1GBDV13L66D144379
2006 Chevrolet Uplander Sedan	1GBDV13L96D144697
2007 Chevy Uplander	1GBDV13W27D176449
2006 Chevy Uplander	1GBDV13L96D144974
2006 Chevrolet Uplander Sedan	1GBDV13L46D146986
2007 Chevrolet Impala Sedan	2G1WT58N679220413
2007 Chevrolet Uplander Sedan	1GBDV13W07D175039
2012 Ford Transit	NM0LS6ANXCT108811
2012 Ford Fusion	3FAH0H9CR356165
2008 Chevy Impala	2G1WB58K181316510
2007 Chevrolet Uplander Sedan	1GBDV13WX7D175016
2009 E150 Van	1FTNE14W19DA26124

Commercial Umbrella

Limits of Liability:

\$10,000,000	General Aggregate Limit
\$10,000,000	Each Occurrence Limit
\$10,000,000	Products-Completed Operations Aggregate
\$250,000	Crisis Response Sublimit of Insurance
\$50,000	Excess Casualty Crisis Fund Limit of Insurance
\$10,000	Self-Insured Retention

Workers Compensation

Coverage & Limits of Liability:

Coverage A. Statutory - RI
Coverage B Employers Liability - \$500,000 / \$500,000 / \$500,000
30 - Day Notice of Cancellation, except for Non-Payment of Premium

Rating Basis:

Classification	Code	Rate	Payroll	Premium
1. Police Officer	7720		\$ 127,969	
2. Clerical - Office Employees NOC	8810		\$2,136,204	
3. Drivers	7380		\$ 477,683	
4. Building Maintenance	9015		\$ 78,068	
5. Store: Wholesale	8018		\$ 150,582	
6> Radio/TV Broadcasting	7610		\$ 290,797	

The Experience Modification factor for the period 7/1/12 to 7/1/13 was .85.

The proposal for insurance includes a brief summary of coverage for informational purposes but is not intended to supersede policy language. Thus, in the event of any questions regarding coverage, conclusions would be based on policy language.

If you have any questions, please contact Daniel Sarro, Finance Administration Manager, at (401) 463-6500, Extension 134.

A pre-bid conference will be scheduled if requested by agents.

Review of current insurance policies is available upon request.

Rhode Island Lottery

Bid Recap

Effective July 1, 2013

	Renewal <u>2013-14</u>	Insurance <u>Carrier</u>
1. Property, Business Earnings, and Inland Marine Coverage	\$_____	_____
2. Commercial General Liability	\$_____	_____
3. Commercial Automobile	\$_____	_____
4. Boiler & Machinery	\$_____	_____
5. Umbrella Liability	\$_____	_____
6. Worker's Compensation	\$_____	_____
 Total Premium	 \$_____	

Agency Name: _____

Agency Contact: _____

Phone Number: _____

BID Number 10-04

Date: July 1, 2012

List of Current Insurance Companies:

Property and Contingent BI (incl. Boiler & Machinery)	Travelers
Commercial Auto	Selective Insurance Company of South Carolina
Umbrella	Selective Insurance Company of South Carolina
Liability, Auto, Other – Employee Benefit	Selective Insurance Company of South Carolina
Property, Bus Int	Employers Fire Ins. Co.
Excess Property, Bus Int	Landmark American and Lloyds London
Commercial Property - Inland Marine Excess Business Income	Allianz Global Corporate & Specialty
Commercial Property, Excess Phys Dmg	RSUI Indemnity
Inland Marine	Hanover Insurance Group
Comprehensive General Liability	Selective Insurance Company of South Carolina
Workers Comp	Beacon Mutual

Daniel Sarro, Finance Administration Manager
The Rhode Island Lottery

It is the policy of the Rhode Island Lottery to accept the quantity ordered only. The vendor is responsible for any overage.

The Rhode Island Lottery reserves the right not to award a Bid based solely on cost, but may award a Bid based on a combination of quality of product, services, and experience of the vendor.

All proposals are submitted at the vendor's sole risk and expense. The Rhode Island Lottery shall not be responsible for any costs or expenses incurred by a vendor in submitting a response.

All vendors must include, with their bid, confirmation that they have registered as a State vendor on the State Purchasing website – www.purchasing.ri.gov

The Rhode Island Lottery reserves the right, without liability, to reject any and all proposals at any point prior to the award of a Bid contract.

Before the Lottery makes an award to the apparent successful bidder, that bidder may be required to submit a pre-production sample within 1 week of the request. Failure to timely submit a required pre-production sample that is satisfactory to the Lottery could result in bidder not receiving the award.

Prior to the final award of a bid a successful out-of-state vendor (s) will be required to file an Application for Certificate of Authority as a Business Corporation/Foreign Business Corporation at the RI Secretary of State's website – www.sos.ri.gov and must remain a member in good standing. This will require an initial filing fee as well as yearly filing.

Upon award of bid the successful vendor must complete a W-9 form which will be supplied by the Rhode Island Lottery.

CHECKLIST

- _____ Please include pricing for a **RUSH** delivery
- _____ Bid Price to include shipping & handling costs, set-up fees, die cuts, imprint fees, and any/all charges.
- _____ Estimated delivery time is required with bid proposal
- _____ Delivery **REQUIRED** _____ days after final art.
- _____ Please provide a Sample of vinyl material **WITH** your sealed Bid proposal.
- _____ Upon Bid Award, sample **REQUIRED**
- _____ Pre-production Sample/Proof to be approved by the Rhode Island Lottery
- _____ Please specify, if the RI Lottery chooses to accept bid, percentage of overage/underage
- _____ Bulk packaged
- _____ The Rhode Island Lottery will exercise the right to receive the stock on an as needed basis
- _____ Insurance Certificate must be submitted with Bid proposal.
- _____ Please include three (3) references with names, addresses and telephone numbers.
- ___X___ Include confirmation that vendor has registered as a State vendor at www.purchasing.ri.gov
- ___X___ Successful out-of-state vendor **MUST** file a Certificate of Authority at www.sos.ri.gov and provide confirmation