



STATE OF TENNESSEE  
TREASURY DEPARTMENT

**REQUEST FOR PROPOSALS # 30901-47220  
AMENDMENT # 1  
FOR INSURANCE BROKER SERVICES FOR THE  
STATE'S RISK MANAGEMENT PROGRAM**

**DATE: October 12, 2020**

**RFP # 30901-47220 IS AMENDED AS FOLLOWS:**

1. This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE	CONFIRMED OR UPDATED
1. RFP Issued		September 14, 2020	CONFIRMED
2. Disability Accommodation Request Deadline	2:00 p.m.	September 17, 2020	CONFIRMED
3. Pre-response TeleConference	1:00 p.m.	September 18, 2020	CONFIRMED
4. Notice of Intent to Respond Deadline	2:00 p.m.	September 21, 2020	CONFIRMED
5. Written "Questions & Comments" Deadline	2:00 p.m.	September 30, 2020	CONFIRMED
6. State Response to Written "Questions & Comments"		October 12, 2020	CONFIRMED
7. Response Deadline	2:00 p.m.	November 13, 2020	CONFIRMED
8. State Completion of Technical Response Evaluations		December 2, 2020	CONFIRMED
9. State Opening & Scoring of Cost Proposals		December 3, 2020	CONFIRMED
10. Negotiations (Optional to the State)		December 7 – December 9, 2020	CONFIRMED
11. State Notice of Intent to Award Released and RFP Files Opened for Public Inspection		December 14, 2020	CONFIRMED
12. End of Open File Period		December 21, 2020	CONFIRMED
13. State sends contract to Contractor for signature		December 22, 2020	CONFIRMED

14. Contractor Signature Deadline	2:00 p.m.	January 6, 2021	CONFIRMED
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**2. State responses to questions and comments in the table below amend and clarify this RFP.**

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
<b>General</b> 1 Is the State willing to provide a copy of historical (5 years) loss runs for all lines or at a minimum, confirmation of any material losses?	No. The State does not believe the requested information is necessary to enable respondents to respond to this RFP.
<b>Property</b> 2 Would the State be willing to share a copy of the Statement of Values for the fine arts?	See response to Question 1 above. The SOV is 96 million.
<b>Property</b> 3 Would the State be willing to share a copy of latest Earthquake modeling?	See response to Question 1 above.
<b>Cyber</b> 4 Has the State or an agency covered by this cyber program been the subject of a breach and if so, what details can the State share about the loss?	See response to Question 1 above.
<b>Cyber</b> 5 Can the State provide the most recently completed application? If an application is not available, what underwriting information is provided to the underwriters and may we review it?	See response to Question 1 above.
<b>Cyber</b> 6 Is the management of any aspects of the information security systems outsourced and if so to whom?	See response to Question 1 above.
<b>Cyber</b> 7 How many records has the State reported to the insurers?	See response to Question 1 above.
<b>Cyber</b> 8. Can the State provide mean Recovery Time Objective (RTO) for critical systems?	See response to Question 1 above.
<b>Aviation</b> 9. Would the State be willing to provide: <ul style="list-style-type: none"> <li>• Market history for the placements?</li> <li>• The most recent year the State marketed the program and to which markets?</li> <li>• Most recent submission/applications with exposure information?</li> </ul>	See response to Question 1 above.
<b>10. Consulting</b> What loss control and consulting/advisory services are currently being provided by your broker?	Valuations of buildings and contract review.
<b>11. Consulting</b> How are these services being coordinated or integrated with services being provided by the insurance carriers?	As a new consulting need arises, the director of the Division of Claims and Risk Management confirms carrier services through the broker's contact of record and, when appropriate, asks

QUESTION / COMMENT	STATE RESPONSE
	the broker for a consultation with the carrier's specified contact. If the carrier does not offer the service, we determine whether the broker offers the service.
<p><b>12. Consulting</b>            What is the date of the last major property appraisal in the State, and who was it performed by? (Understanding that this may be a phased approach.)</p>	Historically, the State does not contract for ongoing property appraisals nor has it had a comprehensive property appraisal. The State relies on some appraisals provided in the property insurance program package and focuses on a selection of properties based on values or location, or both.
<p><b>13. Consulting</b>            Same question as above for Boiler &amp; Machinery inspections.</p>	Historically, the State has been provided Boiler and Machinery inspections as a part of the property insurance program.
<p><b>14. Consulting</b>            Does the State currently make use of a captive? And if so, in what areas?</p>	No. At this time, the Risk Management Fund has neither participated in nor created a captive.
<p><b>15. Day-to-Day Service</b>            Would the State be willing to provide historical service hours?</p>	See response to Question 1 above.
<p><b>16. Day-to-Day Service</b>            What areas of service or insurance would you like to improve?</p>	At this time, we are wanting recommendations from the proposed responses. This will allow us to determine our wants and needs in the future.
<p><b>17. A.17 Ownership of Materials</b>            Would the State consider adding the following language to the Ownership of Materials section: "However, Contractor retains all of its rights in its intellectual property (including methodologies, ideas, know-how, techniques, models, tools, skills, knowledge and experience and any graphic representations of any of these) used by it generally or provided generally to clients or possessed by it prior to, or developed or acquired by it, during performance of services for the Client.</p>	Yes. See Item 3 below for an amendment to Section A.17 of the <i>Pro Forma</i> Contract, RFP Attachment 6.6.
<p><b>18. D.26 Governing Law</b>            Would the State be open to a different governing law, such as Delaware? If change of venue is not acceptable, we welcome further discussions.</p>	No.
<p><b>19. D.32 Insurance</b>            Contractor is covered under a comprehensive insurance program that aligns with the provisions of the Pro Forma Contract. It provides limits of coverage that meet or exceed usual and customary standards of insurance for similar firms insuring similar risks. Should Contractor be awarded the work pursuant to this RFP, is the State willing to allow further review and potential modifications to the Insurance section of the Pro Forma Contract?</p>	No. Any requests to revise the language of the <i>Pro Forma</i> Contract should have been given with enough specificity so the State could entertain the language being proposed.

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<p><b>20. D.34 Confidentiality</b>  Would the State consider the following clarification? “Contractor may disclose Confidential Information in furtherance of services rendered by Contractor to Client, which may include the release to insurers and other financial institutions of Confidential Information relevant to the underwriting and/or evaluation of Client’s risks and the processing of its claims. Contractor may include, on a de-identified basis, information relating to client’s insurance program in benchmarking, modeling, analytic and insurance offering.”</p>	<p>See Item 4 below for an amendment to Section D.34 of the <i>Pro Forma Contract</i>, RFP Attachment 6.6.</p>
<p><b>21. Additional Terms</b>  Would the State be willing to include additional provisions that are substantially similar to the following?</p> <p>(i) “Responsibilities of the Client. Client shall be solely responsible for the accuracy and completeness of all information that Client furnishes to Contractor and/or insurers, and Client shall sign any required application for insurance. Contractor shall not be responsible for verifying the accuracy or completeness of any information that Client provide, and Contractor shall be entitled to rely on that information. Contractor shall have no liability for any errors, deficiencies or omissions in any Services provided to Client, including the placement of insurance on the Client’s behalf, that are based on inaccurate or incomplete information provided to Contractor. Client understand that the failure to provide all necessary information to an insurer, whether intentional or by error, could result in the impairment or voiding of coverage.</p> <p>(ii) Client agrees that all decisions regarding the amount, type or terms of coverage shall be the Client’s ultimate responsibility. While Contractor may provide advice and recommendations, Client must decide the specific coverage that is appropriate for the Client’s particular circumstances and financial position. Client will review all policy documents provided to Client by Contractor.”</p> <p>(iii) “Intermediaries. When in Contractor’s professional judgment it is necessary or appropriate and subject to the Client’s prior approval, Contractor may utilize the services of other intermediaries, including wholesale brokers, to assist in the marketing of the Client’s insurance. Such intermediaries may be affiliates of Contractor.”</p>	<p>(i) This additional language is unnecessary since this RFP (Section A of the <i>Pro Forma Contract</i>, RFP Attachment 6.6), makes clear what the duties and responsibilities of the successful respondent will be.</p> <p>(ii) This additional language is unnecessary since Section A of the <i>Pro Forma Contract</i>, RFP Attachment 6.6, makes it clear that the broker provides insurance coverage recommendations to the State and the State makes the ultimate decision.</p> <p>(iii) This additional language is unnecessary since it is covered under Section D.7 of the <i>Pro Forma Contract</i>, RFP Attachment 6.6.</p>

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<p>(iv) "Disclaimers.</p> <p>(a) Contractor does not speak for any insurer, is not bound to utilize any particular insurer and is not authorized to make binding commitments on behalf of any insurer, except under special circumstances which Contractor shall endeavour to make known to the Client. Contractor shall not be responsible for the solvency of any insurer or its ability or willingness to pay claims, return premiums or other financial obligations. Contractor does not guarantee or make any representation or warranty that insurance can be placed on terms acceptable to the Client. Contractor will not take any action to replace the Client's insurers unless the Client instructs Contractor to do so. Contractor's service obligations to the Client are solely contractual in nature. The Client acknowledges that, in performing services, Contractor and its affiliates are not acting as a fiduciary for the Client, except to the extent required by applicable law, and do not have a fiduciary or other enhanced duty to the Client. Any reports or advice provided by Contractor should not be relied upon as accounting, legal, regulatory or tax advice. In all instances, Contractor recommends that the Client seeks its own advice on such matters from professional accounting, legal, regulatory and tax advisors."</p> <p>(b) If Contractor has taken over any existing program or policies implemented by another broker, Contractor will not assume any responsibility for the adequacy or effectiveness of those programs or policies or any acts or omissions occurring prior to Contractor's engagement. Within a reasonable time, Contractor will have completed a review of such programs and policies and will make recommendations it believes are necessary."</p> <p>(c) Any loss control services and/or surveys performed by Contractor under this Contract are advisory in nature. Such services are limited in scope and do not constitute a safety inspection as provided by a safety engineering service. Contractor does not claim to find or include every loss potential, hazard, statutory or code violation or violation of good practice. All surveys and reports are based upon conditions observed and information supplied by the Client. Contractor does not expressly or impliedly guarantee or warrant in any way the safety of any site or operation or that the Client or any of its sites or operations is in compliance with federal, state or local laws, codes, statutes, ordinances or recommendations.</p>	<p>(iv)(a) – (iv)(c) This additional language is unnecessary since this RFP (Section A of the <i>Pro Forma Contract</i>, RFP Attachment 6.6), makes clear what the duties and responsibilities of the successful respondent will be.</p>

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<p>(d) Contractor is not authorized to practice law and none of Contractor's advice or services shall be construed as, or a substitute for, legal advice. Contractor's services may include advice and recommendations; however all decisions in connection with the implementation of such advice and recommendations shall be the sole responsibility of, and made by, Client."</p> <p>(e) Contractor may provide to the Client information and services related to insurance regulatory and insurance tax issues relating to the Client's insurance program. Any reports or advice provided by Contractor will be based on publicly available information and Contractor's experience as an insurance broker and risk consultant in dealing with such matters for other clients and should not be relied upon as accounting, regulatory or tax advice. In all instances, Contractor recommends that the Client seek its own advice on accounting, regulatory and tax matters from professional legal and tax advisers.</p> <p>(f) Contractor may provide the Client with modeling and/or business analytics services, including Loss Projection Model (LPM), Workers' Compensation Performance Assessment (WCPA), IDEAL, Risk Bearing Capacity and risk tolerance analysis (RBC), benchmarking and industry risk mapping ("Modeling and Analytics"). Modeling and Analytics services will be based upon a number of assumptions, conditions and factors. If any of them or any information provided to Contractor are inaccurate or incomplete or should change, the Modeling and Analytics provided by Contractor could be materially affected. These services are subject to inherent uncertainty, and actual results may differ materially from that projected by Contractor. They are provided solely for the Client's benefit, and do not constitute, and are not intended to be a substitute for, actuarial, accounting or legal advice. Contractor shall have no liability to any third party in connection with these services or to the Client with regard to any services performed or provided by a third party. Except to the Client's insurers in connection with the placement of coverage by Contractor, the Client shall not share any of Contractor's Modeling and Analytics work product with a third party without Contractor's prior written consent."</p> <p>(v) "Miscellaneous.</p> <p>(a) The parties are of equal commercial sophistication and have negotiated this Agreement</p>	<p>(iv)(d) This additional language is unnecessary since Section A of the <i>Pro Forma</i> Contract, RFP Attachment 6.6, makes it clear that the broker provides insurance coverage recommendations to the State and the State makes the ultimate decision.</p> <p>(iv)(e) This additional language is unnecessary since this RFP (Section A of the <i>Pro Forma</i> Contract, RFP Attachment 6.6), makes clear what the duties and responsibilities of the successful respondent will be.</p> <p>(iv)(f) This additional language is unnecessary since this RFP (Section A of the <i>Pro Forma</i> Contract, RFP Attachment 6.6), makes clear what the duties and responsibilities of the successful respondent will be.</p> <p>(v)(a) This additional language is unnecessary.</p>

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<p>at arms' length. Each party is entering into this Agreement voluntarily, has read and understands all its provisions and has had the opportunity to seek and to obtain the advice of counsel on its rights and responsibilities under, and the terms and conditions of, this Agreement."</p> <p>(b) In support of the Client's guidance, Contractor will work with Client to arrive at a mutually acceptable service agreement. Contractor's performance of services for Client is subject to the negotiation and execution of such an agreement, the terms and scope of services of which, as noted here, may vary from the terms contained in this RFP.</p>	<p>(v)(b) No. The successful respondent must sign the <i>Pro Forma</i> Contract, RFP Attachment 6.6, as amended by this RFP Amendment 1.</p>
<p>22. In the statement of procurement purpose section of the RFP 6th bullet, the state outlines several items "At the State's request and with respect to the State's property program" and then 8 additional items. The following major bullet discusses "Of up to 500 hours of professional risk management consulting services not otherwise set forth above" Is the 6th bullet and 8 sub bullets part of the 500 hours or is each separate?</p>	<p>The State seeks 500 hours of professional risk management consulting services that are not otherwise set forth in the RFP. These service hours are in addition to (and separate from) the other bulleted items in Section 1.1. The service hours are requested to assist the State in remaining flexible in its approach to the ever changing and diverse needs of a public entity.</p>
<p>23. Section 3.3.6 outlines that a respondent must not submit more than one technical response.... We noted that both Aon and Willis were on the pre-proposal conference call on 9/18/20, since these two companies are scheduled to combine how is the state looking at these two companies since one is your incumbent and one would be a competitor except for the fact that the second will be the first assuming all is accurately predicted to finalize in 2021?</p>	<p>Unless and until the merger takes place, both entities are separate and distinct legal entities. It is our understanding that if the merger takes place it will not be completed and closed until well after any contract under this RFP is awarded. Assuming this information is correct, the potential merger does not prohibit Willis from submitting a response to this RFP.</p>
<p>24. Is a certificate of insurance required to be included in the Technical proposal or does 4.6 only require proof if awarded and provided at a later date?</p>	<p>No, the Certificate of Insurance referenced in Section 4.6 of the RFP is not required to be included in the Technical Proposal. Section 4.6 only applies to the successful respondent.</p>
<p>25. The cost proposal outlines how the state wants respondents to respond regarding costs. In the all other services section it thoroughly outlines the required process excluding all risk property insurance, flood and earthquake, however the state has several other lines of coverage, including aviation, drone, cyber, crime, fine arts, boiler and terrorism. Is the respondent expected to receive commissions from these placements (essentially these lines are excluded also) or is the state drawing a distinctive line between collection of commissions on all risk property, flood and earthquake and other placements?</p>	<p>Yes, the State is drawing a distinction. Specifically, the successful respondent <u>will not</u> receive fees or other compensation directly from the State or any other Tennessee state governmental entity or agency with respect to (1) insurance placements for the state of Tennessee's real property and business personal property, including all-risk property insurance and flood and earthquake, (2) any new insurance or bond placements that is not listed in Section A.2(i) – (viii) of the <i>Pro Forma</i> Contract, and (3) predictive modeling and support services for the state of Tennessee's property program as</p>

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	<p>described in Sections A.9 and A.10 of the <i>Pro Forma</i> Contract. Instead, compensation to the successful Respondent for those specific services shall come from commissions or other types of payments, including prospective or potential payments, from insurance carries <u>as a result of property insurance placed on behalf of the State.</u></p> <p>For all other services (including insurance placements for aviation, cyber liability, terrorism, fine arts, and the other lines of coverage listed in Section A.2(ii) – (viii) of the <i>Pro Forma</i> Contract), the successful respondent <u>shall not</u> be allowed to earn revenue through commissions, contingencies, etc. in the performance of the Contract. Instead, the successful Respondent will receive compensation for those services directly from the State and as outlined in Section C.3 of the <i>Pro Forma</i> Contract.</p>
<p>26. Please disclose the current compensation structure and amount for the incumbent broker.</p> <ol style="list-style-type: none"> <li>What is their annual firm fixed fee, inclusive all services?</li> <li>What is their hourly rate for Loss Control Services?</li> <li>What is the current commission cap on existing lines of coverage which is payable in addition to the fee paid by the State, by line of coverage?</li> <li>What is the negotiated commission cap on new lines placed mid-term?</li> </ol>	<p>Please find attached the State's current insurance broker services contract. Note: The services and pricing structure for the contract being procured through this RFP are substantially different from the current contract.</p>
<p>27. Does the State require the broker to disclose income from all sources (such as wholesale and/or intermediary fees) and how is that reconciled?</p>	<p>Except for commissions or other types of payments received by the broker as <u>a result of the insurance placements on behalf of the State as explained in the State's response to Question 25 above</u>, the broker shall not be allowed to earn revenue through commissions, contingencies, etc. in the performance of any contract awarded under this RFP. The broker must provide the State with a report fully accounting its revenues related to the contract and verifying its compliance with this requirement upon the initial placement of the State's insurance policies, and annually thereafter at the time of policy renewal, during the term of the contract.</p>
<p>28. What projects are budgeted over the next 5-7 years?</p>	<p>None at this time.</p>
<p>29. Please provide clarification on what types of services the State is looking to receive in the 500 additional professional risk management consulting services.</p>	<p>The services are requested to assist the State in remaining flexible in our approach to the ever changing and diverse needs of a public entity. For this reason, we do not have examples to provide and are requesting each respondent to list and otherwise describe the risk management</p>

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	consulting services the respondent offers to its clients that will be included within the 500 hours of professional consulting services that are not otherwise addressed in this RFP.
<p>30. Is there a specific due date for the reference questionnaire, or is it the date that responses are due (November 13<sup>th</sup>)?</p>	<p>Each reference questionnaire must be e-mailed directly by the person giving the reference to the Solicitation Coordinator by no later than 2:00 p.m. (Central Time) on November 13, 2020.</p>
<p>31. Regarding the State's Property Program:</p> <ol style="list-style-type: none"> <li>a. Please provide 5 years property loss history for all losses, excess of the \$25k AOP deductible.</li> <li>b. Please provide a narrative on the large loss in March 2020. What is the current reserve and where does the State think the claim will settle and when?</li> <li>c. The property program will renew in 15 days. Will the State provide us with the program structure and binders following the renewal as the current policies provided will have lapsed on October 15<sup>th</sup>?</li> <li>d. Please provide copies of catastrophe modeling reports, if available.</li> <li>e. Can you explain how does the Agency Flood deductible and Agency Earth Movement deductible work?</li> <li>f. There is a \$7.5 M aggregate referenced for the property coverage on the summary of coverages and this is also found in the Lloyds primary policy. However, the aggregate is not mentioned in any of the other primary policies provided for our review. Is the aggregate only for the 15% Lloyds primary or does it apply to all primary markets?</li> </ol>	<p>See response to Question 1 above for response to a – e of this question.</p> <p><b>Sublimit: Earth Movement</b></p> <ul style="list-style-type: none"> <li>• \$50,000,000 Annual Aggregate - for all covered loss or damage arising out of earth movement, except</li> <li>• \$25,000,000 Annual Aggregate - for all covered loss or damage arising out of earth movement in the New Madrid Earthquake Zone</li> </ul> <p><b>Earth Movement Deductibles</b></p> <ul style="list-style-type: none"> <li>• \$10,000,000 All Covered Loss or damage</li> <li>• \$10,000,000 All Covered Loss or Damage in New Madrid Earthquake Zone</li> </ul> <p><b>Other Earth Movement Deductible(s):</b></p> <ul style="list-style-type: none"> <li>• \$50,000 Agency Earth movement Deductible applies except for New Madrid Zones, a</li> <li>• \$100,000 deductible will apply</li> </ul> <p><b>Sublimit: Flood</b></p> <ul style="list-style-type: none"> <li>• \$50,000,000 Annual Aggregate - for all covered loss or damage arising out of flood, except</li> <li>• \$25,000,000 Annual Aggregate in Special Flood Hazard Area (SFHA)</li> </ul> <p><b>Flood Deductibles:</b></p> <ul style="list-style-type: none"> <li>• \$10,000,000 applicable to all covered losses</li> <li>• Subject to a minimum of \$10,000,000 any one occurrence, wholly or partially in a Special Flood Hazard Area (SFHA)</li> </ul> <p><b>Other Flood Deductible(s):</b></p> <ul style="list-style-type: none"> <li>• \$100,000 Agency Flood Deductible applies except for Flood Zones A &amp; V,</li> <li>• \$500,000 deductible will apply</li> </ul> <p><b>Named Storm, Windstorm &amp; Hail:</b></p>

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	<p>\$7,500,000 Deductible any one Occurrence - for all covered losses or damage arising out of Named Storm, Windstorm &amp; Hail Deductibles.</p> <p>The \$7.5M applies to all primary limits.</p>
<p><b>32.</b> Regarding the State's Cyber Liability Program:</p> <ul style="list-style-type: none"> <li>a. Please provide a description of its two largest cyber claims.</li> <li>b. Do you provide any technology services on a fee basis?</li> <li>c. Can we obtain a copy of the most recent cyber application?</li> <li>d. Which State agencies/departments are covered under the current cyber policy?</li> <li>e. Is the State required to RFP or have pre-arranged contracts in place with vendors that are typically utilized in a cyber-incident?</li> </ul>	<p>See response to Question 1 above.</p> <p>The covered State entities are all of general governmental departments and all of the State's higher educational institutions.</p> <p>No, the State does not have contracts with vendors to assist in cyber incidents.</p>
<p><b>33.</b> Is the State willing to negotiate the contract language at a later time upon award?</p>	<p>No.</p>
<p><b>34.</b> It appears that the State strongly discourages deviations to the proposed contract language however there are a few sections that we would like to request that the State consider.</p> <ul style="list-style-type: none"> <li>a. Professional Liability – the agreement requires that the brokerage's insurance provide a <b><u>waiver of subrogation and primary/non-contributory coverage</u></b>. Given the nature of a Professional Liability policy, the State would not be a beneficiary of the insurance and thus we believe these requirements to be "not applicable". Choosing to clarify this language would not change the indemnification agreement in any way nor our obligation under it. However, this requirement is not typically commercially available/applicable. Would the State be willing to amend this language?</li> <li>b. We would like to request that the State consider removing language under the following clause. In accordance with the ISO form changes in 2013, insurance carrier obligations are commensurate to the limits set forth in the agreement, therefore, any additional coverage that the consultant holds is irrelevant. We are comfortable keeping the language in tact assuming the State is willing to remove the following wording: <ul style="list-style-type: none"> <li>i. The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; <b>whichever is greater.</b></li> <li>ii. In addition, how does the State define, "proceeds"? Insurance is designed to</li> </ul> </li> </ul>	<p>See Item 5 below for an amendment to Section D.32 of the <i>Pro Forma</i> Contract, RFP Attachment 6.6. Please note that Section D.32 is intended to restore the State following a loss and <u>is not</u> intended for the State to profit from it.</p>

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<p>restore the organization following a loss however it is not intended that one will profit from it. As stated above, ISO form changes now tie insurance coverage strictly to the limits specifically named in the contract.</p> <p>1. <b>Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State.</b></p> <p>c. Technology Errors and Omissions is not applicable to the items listed in the State's Scope of Work under this bid. Therefore, we'd like to ask that the State consider omitting that requirement and amending it to include Cyber Liability only. Along that vain, we'd like to request that the State delete language relevant to Tech E&amp;O as follows:</p> <ul style="list-style-type: none"> <li>i. Delete: "All acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret);"</li> <li>ii. Add "and Data Breach Response expenses"</li> <li>iii. Delete: "Unauthorized access, failure of security, information theft, damage to destruction of or alternation of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or"</li> </ul>	
<p>35. Are there any service issues with the current broker that you would like to see addressed?</p>	<p>No.</p>
<p>36. The RFP document states a total of 500hrs of risk consulting. Is the intent to have access to 500hrs annually or over the life of the contract?</p>	<p>The State intends for the 500 hours of professional risk management services to be available over the life of the contract, not 500 hours per year.</p>
<p>37. Can you please provide the current fee being charged by AON?</p>	<p>See response to Question 26 above.</p>
<p>38. Does the potential merger between Willis Towers Watson and AON affect our ability to bid on this RFP?</p>	<p>See response to Question 23 above.</p>
<p>39. <b>Cyber</b></p>	<p>The State's cyber insurance program includes all entities including general government, higher</p>

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How is the University system being covered? Is it under a separate program?	education institutions, community colleges and county technical assistance schools.
<b>40. Cyber</b> Can you please provide the loss history (5 to 7 years)?	See response to Question 1 above.
<b>41. Cyber</b> Are there any issues not currently being addressed that the State would like to see addressed going forward?	No.
<b>42. Crime</b> Can you please provide 5yrs of loss history?	See response to Question 1 above.
<b>43. Crime</b> How will and has COVID-19 affected your employee count (furloughs/layoffs) a. Have there been any furloughs/layoffs of any persons working in accounting, audit or similar areas? b. Are laid off employees documents and passwords disabled immediately?	While some State jobs do not afford an alternative during COVID, such as transportation workers, many operations in the State have shifted to working from an alternate site. We are unaware of layoffs and furloughs in any specific areas related to accounting or audit. Feedback from our State technical offices indicate that employee access is disabled upon termination of employment consistent with industry best practices.
<b>44. Crime</b> What percentage of employees are working remotely due to COVID-19? What is being done to ensure IT network security for these staff?	See response to Question 43.
<b>45. Crime</b> Are there any banking activities carried out by employees from their homes?	Employees working remotely use the State's secure network.
<b>46. Crime</b> When was the last time you had an extensive marketing process for your crime coverage?	The crime policy was marketed in 2020. It was renewed after this effort for three years after expiration a three-year contract.
<b>47. Property</b> Can we obtain the 5 and 10 year loss history?	See response to Question 1 above.
<b>48. Property</b> Can you please provide the current program schematic detailing program participants?	See attached schematic.
<b>49. Property</b> There appears to be a 7.5MM aggregate deductible, may we see the aggregate file for the last five years (losses that go to eroding the aggregate)?	See response to Question 1 above.
<b>50. Property</b> May we have any engineering reports sent to us?	See response to Question 1 above.

QUESTION / COMMENT	STATE RESPONSE
<p><b>Standalone Terrorism:</b></p> <p><b>51.</b> Have there been any losses under this policy?</p>	<p>No. The State has not suffered a reportable incident or filed a claim under the Standalone Terrorism policy.</p>
<p><b>Aviation</b></p> <p><b>52.</b> Does the State require individual policies for each entity?</p>	<p>The State’s aviation insurance program is offered to any entity with aircraft, unowned aircraft or drone exposures. Only the entities with such exposures pay for related coverage costs. The insured entities would, therefore, pay their share for their identified exposures.</p>
<p><b>Aviation</b></p> <p><b>53.</b> Do any of the entities operate airports, FBOs or maintenance facilities that provide services to third parties?</p>	<p>The State does not operate airports, act as a fixed-base operator or provide aircraft maintenance to third parties.</p>
<p><b>Aviation</b></p> <p>a. Can you provide the following policies described in the Insurance Schedule but not included in the information packet? 2020-21 Aircraft Hull and Liability Binder – University of Tennessee – Starr</p> <p>b. 2020-21 Aircraft Hull and Liability Binder – Department of Safety – Starr</p>	<p>See response to Question 1 above.</p>
<p><b>Aviation</b></p> <p><b>54.</b> Can you provide the following information for each type of policy?</p> <p>a. Loss Runs (5yrs)</p> <p>b. Coverage Applications (most recent)</p> <p>c. Key Contracts</p>	<p>See response to Question 1 above.</p>
<p><b>Aviation</b></p> <p><b>55.</b> Would you please elaborate on the following policy specific information?</p> <p>a. Aircraft Hull and Liability</p> <p>i. Pilot History for including training information</p> <p>ii. Usage</p> <p>b. Non-owned Aircraft Liability</p> <p>i. Type of aircraft chartered</p> <p>ii. Any non-pro pilot exposure</p> <p>iii. Frequency of travel</p> <p>iv. Hours of usage (annually)</p> <p>v. Provide copy of Certificate of Insurance evidencing liability coverage for operators being utilized</p> <p>c. Unmanned Arial Systems (ie UAVs/Drones)</p> <p>i. Does the State own or Lease/Rent the UAVs?</p> <p>ii. Self-performed or Subcontract operations? Please describe operations (including indoor usage, if applicable)</p> <p>iii. Can you provide copies of the following?</p> <p>1. UAV and Payload Schedules</p>	<p>See response to Question 1 above.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>2. Pilot History form including training information</p>	
<p><b>56.</b> Requested Revisions to Insurance Requirement Section D.32</p> <p><b>D.32</b></p> <p><u>Insurance.</u> Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: <del>(a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c)</del> rated A- / VII or better by A.M. Best. <del>All The Commercial General Liability and Business Auto Liability</del> coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured <del>via blanket endorsements on any the Commercial General Liability and Auto Liability insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance.</del> All policies except Professional/Errors and Omissions Liability must contain <del>a blanket endorsement for a waiver of subrogation in favor of the State. Any deductible or self-insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State.</del> The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.</p> <p>To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required</p>	<p>See Item 5 below for an amendment to Section D.32 of the <i>Pro Forma</i> Contract, RFP Attachment 6.6.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), <del>Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area.</del> In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.</p> <p>Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3<sup>rd</sup> floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI</p> <p>ten (10) business days <del>prior to of</del> the Effective Date and again <del>before of</del> within thirty (30) calendar days <del>before of</del> renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance <del>or that subcontractors are included under the Contractor's policy.</del> At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage.</p>	

QUESTION / COMMENT	STATE RESPONSE
<p>Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor’s letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. <del>The State reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.</del></p> <p>The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.</p> <p><del>The insurance obligations under this Contract shall be: (1) all the insurance coverage and policy limits carried by the Contractor; or (2) the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.</del></p> <p>a. Commercial General Liability (“CGL”) Insurance</p> <p>1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage,</p>	

QUESTION / COMMENT	STATE RESPONSE
<p>premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).</p> <p>The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.</p> <p>b. Workers' Compensation and Employer Liability Insurance</p> <p>1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:</p> <p style="padding-left: 40px;">i. Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes.</p> <p>2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:</p> <p style="padding-left: 40px;">i. The Contractor employs fewer than five (5) employees;</p> <p style="padding-left: 40px;">ii. The Contractor is a sole proprietor;</p> <p style="padding-left: 40px;">iii. The Contractor is in the construction business or trades with no employees;</p> <p style="padding-left: 40px;">iv. The Contractor is in the coal mining industry with no employees;</p> <p style="padding-left: 40px;">v. The Contractor is a state or local government; or</p>	

QUESTION / COMMENT	STATE RESPONSE
<p>vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405</p> <p>c. Automobile Liability Insurance</p> <p>1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).</p> <p>2) The Contractor shall maintain bodily injury/property damage with a limit <del>not less than</del> of one million dollars (\$1,000,000) per occurrence or combined single limit.</p> <p>d. Professional Liability Insurance <b>including Network Risk and Security (Cyber)</b></p> <p>i. Professional liability insurance shall be written on an occurrence basis or on a claims-made basis. If this coverage is written on a claims-made basis, then:</p> <p>1. The retroactive date must be shown, and must be on or before the earlier of the Effective Date of the Contract or the beginning of Contract work or provision of goods and services;</p> <p>2. Insurance must be maintained and evidence of insurance must be provided for at least <del>five (5)</del> <b>three (3)</b> full years from the date of the final Contract payment; and</p> <p>3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date on or prior to the Contract</p>	

QUESTION / COMMENT	STATE RESPONSE
<p>Effective Date, the Contractor must purchase “extended reporting” or “tail coverage” for a minimum of <del>five (5)</del> <b>three (3)</b> full years from the date of the final Contract payment.</p> <p>ii. Any professional liability insurance policy shall have a limit <del>not less than of</del> one million dollars (\$<del>1</del><b>2</b>,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and</p> <p>iii. Coverage to cover costs and fees associated with covered claims, costs and expenses, and covered damages associated with an information Security Incident.</p> <p><del>e. Technology Professional Liability (Errors &amp; Omissions)/Cyber Liability Insurance</del></p> <p><del>1) The Contractor shall maintain technology professional liability (errors &amp; omissions)/cyber liability insurance appropriate to the Contractor’s profession in an amount not less than two million dollars (\$2,000,000) per occurrence or claim and two million dollars (\$2,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory</del></p>	

QUESTION / COMMENT	STATE RESPONSE
<p style="text-align: center;"><del>fines, defenses, and penalties.</del></p> <p>2) <del>Such coverage shall include data breach response expenses, in an amount not less than one million dollars (\$1,000,000) and payable whether incurred by the State or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.</del></p>	
<p><b>57.</b> Continuation from above</p> <p>f. <b>Crime Insurance</b></p> <p>1) <del>The Contractor shall maintain crime insurance, which shall be written on a “loss sustained form” or “loss discovered form” providing coverage for third party fidelity, including cyber theft and extortion. The policy must allow for reporting of circumstances or incidents that may give rise to future claims, include an extended reporting period of no less than two (2) years with respect to events which occurred but were not reported during the term of the policy, and not contain a condition requiring an arrest or conviction.</del></p>	<p>See Item 5 below for an amendment to Section D.32 of the <i>Pro Forma</i> Contract, RFP Attachment 6.6.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>2) Any crime insurance policy or Fidelity Bond shall have a limit <del>not less than of</del> one million dollars (\$1,000,000) per claim and one million dollars (\$1,000,000) in the aggregate. <del>Any crime insurance policy shall contain a Social Engineering Fraud Endorsement with a limit of not less than two hundred and fifty thousand dollars (\$250,000).</del> This insurance may be written on a claims-made basis, but in the event that coverage is cancelled or non-renewed, the Contractor shall purchase an extended reporting or "tail coverage" of at least two (2) years after the Term.</p>	
<p>58. Contract Attachment 1 - b. Claims Administration. (1) Determination of Claims. The Contractor shall review all workers' compensation claims assigned to the Contractor by the State during the term of this Contract and process each such claim in accordance with Tenn. Code Ann. §§ 9-8-307, 9-8-402 and Title 50, Chapter 6, and as provided in the Contractor's Proposal, and the Claims Handling Requirements described in Section A.2.b(3) below.</p> <p>How many claim files do you expect to be audited per audit?</p>	<p>The State expects the audit to be conducted with appropriate accounting standards and that an appropriate sample be reviewed based on the auditor's understanding of the program at the time of the audit and best practices.</p>
<p>59. Contract Attachment 1 - b. Claims Administration. (1) Determination of Claims. The Contractor shall review all workers' compensation claims assigned to the Contractor by the State during the term of this Contract and process each such claim in accordance with Tenn. Code Ann. §§ 9-8-307, 9-8-402 and Title 50, Chapter 6, and as provided in the Contractor's Proposal, and the Claims Handling Requirements described in Section</p> <p>Do you have specific parameters, (Type: Indemnity, Medical Only; Open, Closed, Reserves and/or Total Incurred) that describe the claims that you expect to be audited?</p>	<p>See response to Question 58 above.</p>
<p>Contract Attachment 1. b. Claims Administration. 60. (1) Determination of Claims. The Contractor shall review all workers' compensation claims assigned to the Contractor by the State during the term of</p>	<p>No. The State will be considering only the services requested in this RFP and will not agree to additional services for costs not already contemplated by this contract.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>this Contract and process each such claim in accordance with Tenn. Code Ann. §§ 9-8-307, 9-8-402 and Title 50, Chapter 6, and as provided in the Contractor's Proposal, and the Claims Handling Requirements described in Section A.2.b(3) below.</p> <p>Post awarding the contract, would the State of Tennessee be open to discussing value-added services in lieu of annual claim audits?</p>	
<p><b>61. Contract Attachment 1.</b></p> <p>b. Claims Administration.</p> <p>(1) Determination of Claims. The Contractor shall review all workers' compensation claims assigned to the Contractor by the State during the term of this Contract and process each such claim in accordance with Tenn. Code Ann. §§ 9-8-307, 9-8-402 and Title 50, Chapter 6, and as provided in the Contractor's Proposal, and the Claims Handling Requirements described in Section A.2.b(3) below</p> <p>Is there a required schedule for these annual audits? If so, will you please provide?</p>	No.
<p><b>62. Comprehensive Aviation Policy</b></p> <p>Does the State and Agencies plan on any expansions or significant changes in the near future?</p>	No.

**3. Delete Section A.17 of the *Pro Forma Contract*, RFP Attachment 6.6 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

A.17. Ownership of Materials. All records, reports, documents, or other material related to this Contract and/or obtained or prepared by the Contractor in connection with the performance of the services hereunder shall become the property of the State, and shall, upon request, be transmitted by the Contractor to the State, at the Contractor's expense, at termination or expiration of this Contract or at such earlier time as the State may request. **Without limiting the foregoing, the Contractor retains all of its rights in its intellectual property (including methodologies, ideas, know-how, techniques, models, tools, skills, knowledge and experience and any graphic representations of any of these) used by it generally or provided generally to clients or possessed by it prior to, or developed or acquired by it, during the performance of the services hereunder for the State.**

**4. Delete Section D.34 of the *Pro Forma Contract*, RFP Attachment 6.6 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

D.34. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal

law. Subject to the State's approval, the Contractor may disclose Confidential Information in furtherance of services rendered by the Contractor to the State hereunder, which may include the release to insurers and other financial institutions of Confidential Information relevant to the underwriting and/or evaluation of the State's risks and the processing of its claims; provided that the recipients of such Confidential Information have previously been made aware of the terms of this Section and have agreed to keep such information confidential under terms substantially the same as those in this Contract.

**5. Delete Section D.32 of the *Pro Forma Contract*, RFP Attachment 6.6 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

- D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. ~~All~~ **The Commercial General Liability coverage and Automobile Liability** coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to ~~name~~ **include** the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies ~~except Professional/Error and Omissions Liability~~ must contain an endorsement, **blanket endorsement or policy wording for** a waiver of subrogation in favor of the State. Any deductible or self insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall ~~advise the State and allow the State to view~~ **provide** a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3<sup>rd</sup> floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date **and shall endeavor to provide it again thirty (30) calendar days on before the date of renewal or replacement of coverage, but no later than seven (7) business days after the renewal or replacement of coverage.** Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that

subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. ~~The State reserves the right to require-~~ **The Contractor shall permit the State to review** complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

**The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.**

a. Commercial General Liability ("CGL") Insurance

- 1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).  
The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
  - i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
  - i. The Contractor employs fewer than five (5) employees;

- ii. The Contractor is a sole proprietor;
- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or
- vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Automobile Liability Insurance

- 1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
- 2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars (\$1,000,000) per occurrence or combined single limit.

a. Technology Professional Liability (Errors & Omissions)/Cyber Liability Insurance

- 1) The Contractor shall maintain technology professional liability (errors & omissions)/cyber liability insurance appropriate to the Contractor's profession in an amount not less than ten million dollars (\$10,000,000) per occurrence or claim and ten million dollars (\$10,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.
- 2) Such coverage shall include data breach response expenses, in an amount not less than ten million dollars (\$10,000,000) and payable whether incurred by the State or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.

b. Crime Insurance

- 1) The Contractor shall maintain crime insurance, which shall be written on a "loss sustained form" or "loss discovered form" providing coverage for third party fidelity, including cyber theft and extortion. The policy must allow for reporting of circumstances or incidents that may give rise to future claims, include an extended reporting period of no less than two (2) years with respect to events which occurred but were not reported during the term of the policy, and not contain a condition requiring an arrest or conviction.
- 2) Any crime insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and one million dollars (\$1,000,000) in the aggregate. Any crime insurance policy shall contain a Social Engineering Fraud Endorsement with a limit of not less than two hundred and fifty thousand dollars

(\$250,000). This insurance may be written on a claims-made basis, but in the event that coverage is cancelled or non-renewed, the Contractor shall purchase an extended reporting or “tail coverage” of at least two (2) years after the Term.

6. **RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.