



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REQUEST FOR PROPOSALS # 33501-219101 AMENDMENT # 4

ERRORS AND OMISSIONS INSURANCE COVERAGE FOR LICENSE OF THE TENNESSEE REAL ESTATE COMMISSION

DATE: August 10, 2020

RFP # 33501-219101 IS AMENDED AS FOLLOWS:

1. State responses to questions and comments 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. Please note the State amended the schedule of events based on information received from the current Contractor on August 4, 2020, regarding the report identified as Attachment A of Amendment #3. Specifically, the explanation of the report stated as follows:

Please see attached most recent quarterly loss run listing for the Tennessee group program. This is a detailed loss run report of incurred claims for the policy years 2003-2005, 2005-2007, 2007-2009, 2009-2011, 2011-2013, 2013-2015, 2015-2017, 2017-2019, and 2019-2021 at 6/30/2020. Please note that the incurred amount for open claims includes payments and reserve amounts set by the adjusters (the estimated amount needed for damages and claims expenses to close the open claims) but does not include any amounts incurred but not reported (IBNR), loss development amounts (a factor used by actuaries to determine the ultimate loss incurred), or administrative costs (the insurer's costs to provide the program, including their staffing costs and expense allocations, program administration, marketing, and claims adjustment costs). All of these factors are additional costs for the program.

The State requested additional information and received the following to clarify and supplement the above explanation:

The Loss Run Report shows losses from claims (allocated claims expenses), but does not include the insurer's other expense information. Specifically, the Loss Run Report provided includes Allocated Loss Adjustment Expenses (ALAE), which are any expenses directly allocated to the Claim as well as allocated claims losses/damages.

Attached is a Tennessee Group Policy Report Explanation (Attachment A of this Amendment) from the Contractor, which explains each item included on the report. In addition, please reach Nora Chlum at nora.chlum@tn.gov to obtain an Excel copy of the Loss Run Report from the Contractor.

2. 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.

Attachment A

Tennessee Real Estate Commission Group Policy Report Explanation
Second Quarter 2020 Claims Listing Report and Group Policy Claims Information Report
Rice Insurance Services Company, LLC

The Claims Listing Report is a list of real estate E&O claims for the Tennessee Real Estate Commission (TREC) group policy since 2003 for claims reported to Rice Insurance Services Company, LLC (RISC) as the administrator of the Tennessee group program.

The Claims Listing Report shows the Claim Number, the Loss Date (typically date of transaction giving rise to claim), the Report Date (date the claim was reported to insurance provider), the Date Notified (the date the insured received notice of the claim against him/her), the Allegation (the primary allegation at the time the claim was reported – note that there are typically numerous allegations and the true nature of the dispute is not always clear from the initial allegation), the Group Policy Number that applies to the claim, the Status of the Claim and Valuation information (see below.)

The codes for Status of the Claim are as follows: O = Open (claim is pending), R = Re-open (a claim that was previously closed but has re-opened), C = Closed (the claim has been resolved - usually by settlement or determination of lawsuit by judgment), D = Disclaimed (the policy provisions did not cover the claim.)

This report lists the following information for evaluating the claim:

“Claim Reserves” is actually "Claim Loss Incurred" (the amount incurred for claim loss/damages payments - this number is established by the claims department and includes amounts reserved and paid for each claim loss)

“Expense Reserves” is actually "Expense Incurred" (the amount incurred for allocated loss adjustment expenses/legal expenses - this number is established by the claims department and includes amounts reserved and paid for allocated loss adjustment expenses)

“Claims Payment” (amounts paid for claim loss/damages)

"Expense Payments" (amounts paid for allocated loss adjustment expenses/legal expenses)

"Subr" = Subrogation Amount (amounts recovered from subrogation)

"Incurred" = Total Incurred Amount (total amount incurred for claim including reserve amounts and payments but reduced by Subrogation Amount)