

**The Minnesota Workers Compensation Assigned Risk Plan
(MWCARP)**

Safety Inspection Services

**Request For Proposals
("RFP")**

Issued November 15, 2019

Issued by

**Affinity Insurance Services, Inc.
Plan Administrator - MWCARP**

This RFP is a solicitation of interest to enter into a Safety Inspection Services Contract with the Plan and is not an offer to contract for any Plan Services. Any contractual arrangement between a Bid Respondent and the Plan will be subject to a written Safety Inspection Services Contract, the terms of which may differ from this RFP.

PART I. INTRODUCTION

The Minnesota Workers Compensation Assigned Risk Plan (hereinafter “Plan” or “MWCARP”) is the source of workers compensation and employers liability coverage for Minnesota employers who have been unable to secure such coverage through the voluntary market. In accordance with Minnesota law, coverage provided through the Plan is substantially the same as coverage available from licensed workers compensation insurance companies writing in the voluntary market in Minnesota.

Through this Request For Proposals (“RFP”) process, the Plan is soliciting proposals from safety inspection firms licensed and qualified to provide safety inspection services in connection with the MWCARP’s *Safety Program Rating Plan*.

A qualified Bid Respondent must meet the requirements set forth in this RFP, and must possess sufficient professional, administrative, and personnel resources to provide the proposed safety inspection services. In addition, a qualified Bid Respondent(s) will be required to utilize standards and procedures in the safety inspection process that are applied equitably to the policyholders that are serviced.

The Plan contracts with general administrative service vendors, i.e. insurance companies or self-insurance administrators called Servicing Carriers, who issue policies in the name of the Plan, collect premiums, and provide claims handling, loss control, auditing, and other necessary services. The Servicing Carrier will generally provide loss control services to policyholders that generate \$15,000 or more in annual premium. However, the *Safety Program Rating Plan* was established to provide separate loss control services to policyholders that generate less than \$15,000 in annual premium and have poor loss experience. Additionally, this program provides these policyholders with financial incentive, through premium debits or credits, to adhere to safe workplace practices and procedures.

The Plan is required by Minnesota Statute 79.253 to perform on-site safety surveys to its policyholders. The purpose of the safety inspections is to recommend practices and equipment to policyholders designed to reduce the risk of injury to employees. Eligible policyholders may receive a safety rating premium credit if the recommendations are implemented. A premium debit will be charged if recommendations are not implemented. The *Safety Program Rating Plan* table of Credits and Debits can be found in **Exhibit – III**.

As authorized pursuant to Minnesota Statutes, Sections 15.061 and 79.251, subd. 4, the Minnesota Department of Commerce has designated Affinity Insurance Services, Inc., as the Plan Administrator of the Plan. In its role as Plan Administrator, Affinity is hereby issuing this Safety Inspection Services RFP soliciting proposals for Safety Inspection Services commencing April 1, 2020.

The Plan is not a state agency and is not subject to the laws, rules and procedures governing the issuance, approval or execution of a contract between a private party and an agency of the State

of Minnesota. Minn. Stat, § 79.251, subd, 1(a)(4) (2008). **Any entity responding to this RFP must include an acknowledgment to such effect in its Cover Letter.**

For purposes of this RFP, certain capitalized terms, not otherwise defined in the text, shall be defined as follows:

“Bid Respondent” shall mean the entity submitting a proposal in response to this RFP.

“Bid Response” shall mean a proposal submitted by a Bid Respondent to this RFP.

“Commissioner” shall mean the Commissioner of the Minnesota Department of Commerce or his appointed designee.

“Cover Letter” shall mean the cover letter and attached exhibits and materials submitted by the Bid Respondent which contain information described in Part IV below.

“Department” shall mean the Minnesota Department of Commerce.

“Fee Proposal” shall mean the information provided as part of the Bid Response and described in Part IV below.

“Safety Inspection Services” shall mean the workers compensation safety inspection services to be provided to the Plan by successful Bid Respondents as part of the MWCARP’s *Safety Program Rating Plan*.

“Safety Inspection Services Contract” shall mean the final contract entered into between the Plan and a successful Bid Respondent designating that Bid Respondent as a Safety Inspection Services Contractor regarding the Safety Inspections to be provided. The terms, conditions and limitations of that Safety Inspection Services Contract shall, unless otherwise specifically stated, supersede any provisions or statements in this RFP.

“Safety Inspection Services Contractor” or “Contractor” shall mean a safety inspection firm that is selected from among the Bid Respondents to provide the Safety Inspection Services responsive to this RFP, but subject to the specific terms, conditions and limitations of a Safety Inspection Services Contract entered into between the successful Bid Respondent and the Plan.

“Safety Inspection Services Proposal” shall mean the information provided as part of the Bid Response and described in Part IV below.

“MWCARP or Plan” shall mean Minnesota Workers Compensation Assigned Risk Plan, as created and operated pursuant to Minnesota Statutes, Sections 79.251-253.

“Plan Administrator” shall mean Affinity Insurance Services, Inc., or successor appointee.

“**RFP**” shall mean this Safety Inspection Services Request For Proposal, including all exhibits and any subsequent amendments made thereto, which have been distributed to potential Bid Respondents via the Plan’s website – www.mwcarp.com – or any other available means of distribution.

Part II. Required Bidder Qualifications

To be considered to provide Safety Inspection Services to the Plan pursuant to this RFP, a Bid Respondent must:

1. Be legally organized under the laws of one of the states within the United States of America or the District of Columbia.
2. Designate one or more persons authorized to conduct Safety Inspection Services in the State of Minnesota as having primary responsibility for the delivery of Safety Inspection Services to the Plan.
3. Have at least three (3) years of experience in the activities that are relevant to the duties, responsibilities, and services requested in this RFP.
4. Demonstrate an ability to maintain an adequate professional and non-professional staff to fulfill its obligations to provide all of the Safety Inspection Services.

The failure of a Safety Inspection Services Contractor to meet such minimum qualifications throughout the terms of its Safety Inspection Services Contract, shall be, at the option of the Plan, grounds for immediate termination of the Safety Inspection Services Contract.

Part III. Instructions For Proposal

A Bid Respondent is expected to comply with all requests for information found in the RFP and to address all requests as completely and thoroughly as is reasonably practical. Any proposal that does not satisfactorily address all requests found in the RFP may be deemed to be non-responsive. While a general description of the proposed methodology for evaluation of Bid Responses is provided in Part V. below, the Plan in its sole discretion may utilize such criteria in evaluating responses to the RFP as it deems necessary and appropriate, and may accept or reject any or all of the responses to the RFP. The Plan in its sole discretion may waive any deficiencies in a Bid Response to the RFP as part of its evaluation process.

Each Bid Respondent will be solely responsible for all costs and expenses incurred in the preparation of its Bid Response. The Plan Administrator may gather any information necessary from all available sources to complete or complement the evaluation process. Further, the Plan is in no way obligated to award a Safety Inspection Services Contract to the Bid Respondent or Bid Respondents with the lowest Fee Proposal.

Bid Response Format

Each of the following must be submitted to the Plan Administrator prior to the filing deadline:

1. One (1) signed original paper copy and one (1) electronic copy in pdf format of the Cover Letter and attachments.
2. One (1) signed original paper copy and one (1) electronic copy in pdf format of the Safety Inspection Services Proposal enclosed in a sealed envelope or container and clearly marked, **“Inspection Services Proposal”**.
3. One (1) original paper copy and one (1) electronic copy in pdf format of the Fee Proposal in a separately sealed envelope that is clearly marked, **“Fee Proposal”**.

The sealed Safety Inspection Services Proposal and the separately sealed Fee Proposal should be submitted with the Cover Letter in a single package or container. **ALL ELECTRONIC COPIES MAY BE SAVED TO ONE (1) THUMB DRIVE.**

The Bid Respondent is expected to examine all sections of this RFP and attach all of the information and required exhibits set forth in this RFP.

Modification or Withdrawal

A Bid Response that has been submitted to the Plan Administrator may be withdrawn or modified, provided that such modifications are received by the Plan Administrator prior to the filing deadline. A Bid Response not modified or withdrawn prior to the filing deadline shall be considered to be final and shall be deemed a binding and final offer for at least 120 days after the filing deadline.

Written Requirement; No Oral Communications

All portions of the Bid Response must be submitted in writing and no oral communications will be deemed a part of the Bid Response. A Bid Response that is written or printed with any material other than ink will be rejected. If a Bid Respondent makes any handwritten corrections to its proposal prior to submission, those corrections must be made in ink and initialed by the person executing the proposal.

Execution Authority

A Bid Response must be signed and dated by an officer or other authorized individual employed by the Bid Respondent (including his or her title), having the authority to enter into contracts on behalf of the Bid Respondent.

Confidential and Proprietary Information

Any information contained within the Bid Response that may be considered by the Bid Respondent to be proprietary or confidential should be clearly labeled confidential. The Plan may, but is not obligated to, reject any materials submitted as confidential as not qualifying for confidential status, and return such materials to the Bid Respondent.

While the Plan will make reasonable efforts to treat information that is confidential as such, the Plan is not in a position to guarantee confidentiality. Bid Proposals submitted in response to this RFP shall become the property of the Plan. The Bid Respondent, in submitting such information, assumes all risks that such information may become public information.

A Bid Response, excluding material marked confidential, may be made available at the discretion of the Plan for review upon request by any person at any time after execution of the Safety Inspection Services Contract resulting from this RFP, and shall be made publicly available one year after commencement of the Safety Inspection Services Contract. The Plan, the Department, and the Plan Administrator shall have no liability for the use or disclosure of any unmarked proprietary or confidential information.

The terms and conditions of the Safety Inspection Services Contract issued pursuant to this RFP will also be publicly available.

Most Favorable Terms

A Bid Respondent should submit its proposal on the most favorable terms from a fee and service standpoint. The Bid Respondent must assume that there will not be any opportunity to alter its pricing at any time after the proposal submission deadline. However, the Plan Administrator may seek a clarification regarding the Fee Proposals and/or Safety Inspection Services Proposals at any time during the evaluation period, and may negotiate with one or more Bid Respondents with respect to Fee Proposals.

Plan Contact

All Bid Respondents should remit proposals and any written questions regarding this RFP to the person and address listed below:

Mr. Thomas G. Redel
Affinity Insurance Services, Inc.
5600W 83rd Street
8200 Tower, Ste. 1100
Minneapolis, MN 55437
Tele: (816) 698-4602
Email: tom.redel@aon.com

Any questions regarding this RFP should be directed to the Plan Administrator. Only written responses to such questions shall be deemed to be responses of the Plan. Any questions and responses, at a minimum, will be made available to all potential bidders through the Plan's website – www.mwcarp.com. The Plan Administrator will not be responsible for communication directly to any potential Bid Respondent.

Part IV. Required Information

Cover Letter

The Cover Letter shall be signed by an officer or representative of the Bid Respondent having sufficient authorization to enter into contracts on behalf of the Bid Respondent, and shall include, in the body of the letter or attachments, the following:

1. Complete information confirming that Bid Respondent meets the minimum qualifications required under Part II above.
2. Information regarding the Bid Respondent's familiarity with and understanding of Minnesota statutes applicable to the Plan and its operation.
3. A list of representative clients, represented by the Bid Respondent at present or within the last five (5) years, in connection with safety inspection services for workers compensation insurance carriers, third-party administrators or qualified self-insurers. This list shall include the identification of clients who may be contacted as references. All references must include the name and contact information of a person authorized to speak on behalf of the client. (Clients listed as references, in addition to other sources, may be contacted by the Plan as part of the evaluation process).
4. Designation of a contact person for the Bid Respondent, including his or her telephone number and email address.
5. Identification and explanation of any deviations from the requirements found in the RFP, and any assumptions or conditions relied upon by the Bid Respondent in making the Bid Response. (Deviations, conditions or assumptions may be unilaterally rejected by the Plan, unless in its sole judgment, the Bid Respondent has provided reasonably sufficient information to justify such deviations, conditions or assumptions).
6. A copy of a valid Certificate of Insurance indicating General Liability and Professional Liability/Errors & Omissions coverage with limits of at least \$500,000 per occurrence and \$500,000 annual aggregate, and Workers Compensation & Employers Liability Coverage (one copy only, if applicable). The Bid Respondent must acknowledge that it will carry this coverage if it is awarded a contract under the RFP.
7. Completed and signed Non-Collusion Affidavit in the form attached to the RFP as Exhibit - I.
8. Completed and signed Affirmative Action Data Page in the form attached to the RFP as Exhibit - II.
9. Acknowledgment that, if selected to provide Safety Inspection Services, the Bid Respondent will comply with all applicable requirements of the Americans with Disabilities Act

(ADA) throughout the term of the Safety Inspection Services Contract.

10. The following acknowledgment: ***"We understand that the Plan is not an agency of the State of Minnesota and that the issuance, approval or execution of a Safety Inspection Services Contract with the Plan is not subject to the laws, rules and procedures governing contracting between a private party and a state agency."***

Scope of Work

The Plan Administrator wishes to enter into an agreement with a firm or firms to perform on-site safety inspection and consultation services to Plan policyholders. Employers who are inspected will generally be:

- Employers with total estimated annual premium less than \$15,000; AND
 - The premium rate for their governing classification code is in the top 25% of premium rates for all classification codes; OR
 - The Experience Modification Factor is 1.25 or higher.

Employers who do not fit in either of the above categories may also be inspected.

All sites to be inspected will be within the State of Minnesota. Historically, approximately 40 percent (40%) of the inspections have been conducted within the Minneapolis-St. Paul seven county metro area and sixty percent (60%) have been conducted outside the seven county metro area. It is anticipated that there will be approximately 150 – 300 inspections each year. However, the Plan may modify the total number of inspections yearly, at its own discretion.

The firm that enters into an agreement with the Plan Administrator will be required to perform the following services on behalf of the Plan.

A. Conduct one on-site survey for each Plan policyholder assigned. Follow-up inspections may be required if warranted by the initial survey's findings. The on-site inspector will be required to perform the following services:

1. Assess the policyholder's compliance with Minnesota's "A Workplace Accident and Injury Reduction" program (AWAIR) and Minnesota OSHA. Safety inspectors will be evaluating the policyholder's safety and loss control program to the extent it complies with the basic provisions of AWAIR and the Minnesota OSHA standard. OSHA reports are resources which can be used to evaluate the level of commitment by management and employees to safety and loss control methods.
2. Assess the policyholder's general operational methods, including, but not limited to, employee selection, training and supervision; driver training; ergonomics awareness; safety incentive programs; safety committees; emergency procedures; and internal inspections.

3. Assess the policyholder's premises and physical aspects of the work site, including, but not limited to, lighting; noise capacity; and workplace specific hazards.
 4. Analyze the physical conditions of equipment, machinery, and devices as they relate to actual operations, including, but not limited to, safeguards on machines and state-of-the-art level of equipment.
 5. Evaluate the medical/first aid facilities, including, but not limited to, eyewash stations; CPR training; emergency medical procedures; and on-site or nearby medical professionals.
 6. Evaluate accident reporting and investigation, including, but not limited to, recordkeeping; investigation and research analyses; job-hazard analyses; and other ergonomic evaluations.
- B. Meet with the Plan policyholder after completion of the inspection to discuss the preliminary findings and recommend actions to be taken. Answer follow-up phone calls and requests for additional information from the policyholder regarding compliance with the recommendations.
- C. Prepare a written report summarizing each survey's findings and itemized recommendations to be submitted to the Plan Administrator for a safety rating determination.
- D. Prepare a monthly summary of all inspections conducted on behalf of the Plan.
- E. Maintain complete and accurate records of each inspection made on behalf of the Plan.
- F. Meet, as requested, with the Plan Administrator, Servicing Carriers, the Commissioner and/or Plan Policyholders to review inspection results, discuss problems and address ways to improve the inspection process.
- G. Answer follow-up questions by phone from Plan Policyholders regarding implementation of the recommendations.

Safety Inspection Services Proposal

The Safety Inspection Services Proposal shall provide the following information:

1. A brief history/background of the Bid Respondent's organization.
2. A description of Bid Respondent's current location(s), size and staff.
3. A detailed description of the Bid Respondent's experience handling safety inspections for workers compensation insurance companies, third-party administrators or qualified self-insured entities.

4. A detailed description of how the Bid Respondent will employ work standards and procedures to meet the objectives found in the Scope of Services section in this RFP, in addition to the following:

- a. the extent and type of inspection efforts to be made on assigned accounts.
- b. a description of how inspections are documented, including, but not limited to, a description of the use of computer systems for reporting and monitoring inspection results.

5. The name of the person to be assigned responsibility for supervising Plan work assigned to the Bid Respondent, including a description of his or her qualifications and experience with safety inspection programs similar to what is requested in this RFP. Attach a copy of such person's resume.

6. The name of each professional staff person who will provide services to the Plan under the Safety Inspection Services Contract, and with respect to each such person, his or her

- a. title or job designation
- b. qualifications and experience in connection with this work
- c. specific duties and responsibilities with respect to Plan work
- d. the expected number of inspection surveys that would be handled by such person, or other indication of expected time commitment to Plan business.

Attach a copy of each person's resume. If using third-party contractors, please provide general information regarding their experience and qualifications.

7. A description of the Bid Respondent's familiarity with, and understanding of Minnesota Statutes affecting the Plan and those governing safety inspection service entities.

8. A description of the specific ways in which technology is used to enhance Bid Respondent's efficiency and productivity.

9. A "walk through" example of how a file would be handled from the time of referral through closure, including timeframes. The example should include, but not be limited to the following:

- a. an explanation of how file assignments are made
- b. an outline of various standard reports that are provided to the Plan Administrator
- c. an explanation of the communication (written or oral) that would customarily take place with the MWCARP policyholder.

10. Address any restrictions or limitations on Bid Respondent's ability to meet as requested with the Commissioner, the Commissioner's Designee and/or the Plan Administrator, to review

reports and results, discuss problems, and address ways to maximize the overall effectiveness of the safety inspection process being handled by Bid Respondent as a Safety Inspection Services Contractor.

Fee Proposal

The Plan will accept proposals based on providing services to 100% of Plan policyholders subject to the *Safety Program Rating Plan*. The Bid Respondent must submit its proposed compensation as a flat fee for each safety inspection and report produced. The Plan reserves the right to accept or reject proposals in whole or in part, and to negotiate separately to serve the best interests of the Plan.

The agreed upon fee will be applicable for a term of three years, commencing April 1, 2019. The rates for any contract extension beyond the initial three years will be subject to negotiation between the Contractor and the Plan Administrator.

Part V. Evaluation Process and Timetable

Evaluation

The evaluation of Bid Responses will be undertaken by the Plan Administrator. Information on the evaluation process will be deemed confidential and proprietary to the Plan and may be released by the Plan in whole or in part at the Plan's sole discretion.

In addition to reviewing the Bid Proposal prior to making a determination to accept any Bid Response, the Plan may supplement this RFP process with requests for additional information, oral presentations and/or interviews, discussions with key management or supervisory personnel of the Bid Respondent, or other information the Plan deems useful in this process.

Timetable

1. Request For Proposals Issued – November 15, 2019.
2. Deadline for receipt of Written Inquiries – 4:00pm CST; December 8, 2019.
3. Proposals Due – 4:00pm CST; January 10, 2020.
4. Interviews, **if any** – week of January 13, 2020.
5. Projected Contract Award Date – January 30, 2020.
6. Contract Duration – Three (3) years from the contract effective date with the option of two, one-year extensions.
7. Contract Effective Date – April 1, 2020.

Exhibit - I

Exhibit I - Non-Collusion Affidavit

After having sufficiently reviewed the “MWCARP Servicing Carrier Request for Proposal” (“RFP”), I, being an officer or employee of the Bid Respondent that is duly authorized to enter into contracts on behalf of the Bid Respondent, do hereby agree and affirm to the following:

1. That the all activities associated with the submission of the proposal have been completed in an independent fashion and has been submitted without collusion, or by agreement, understanding, or in conjunction with any competing entity, whether a Bid Respondent or subcontractor to a Bid Respondent, that would in any way inhibit or limit the competition or bidding for a contract under this RFP;
2. That information contained within this proposal will not be shared in any fashion with any other non-related entity prior to contract award.

SIGNED: _____

TITLE: _____

BID RESPONDENT NAME: _____

DATE OF SIGNATURE: _____

TIME OF SIGNATURE: _____

Exhibit - II

The Bid Respondent must complete the following information. Failure to do so may result in rejection of this proposal.

1. Have you employed more than 40 full-time employees in Minnesota on any single day in the last 12 months?

_____ Yes _____ No

2. If your answer to the above question is “Yes”, your proposal will be rejected unless you have an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the Minnesota Department of Human Rights. Bid Respondents must be certified or in process to be certified by January 10, 2020.

3. Please check one (1) of the following statements:

_____ Yes, we have a current certificate of compliance that has been issued by the State of Minnesota, Department of Human Rights. Please include a copy of your certificate with your proposal.

_____ No, we do not have a certificate of compliance. However, we have applied to the Department of Human Rights for certification and understand that if our plan is not approved prior to 4:00pm CST on January 10, 2020, our proposal may be rejected.

PLEASE NOTE:

Affirmative action plans approved by the federal government, a county, or a city are not sufficient. You must have a certificate issued by the State of Minnesota. If you do not have a “Certificate of Compliance”, for further information contact the Department of Human Rights; 625 Robert Street North St. Paul, Minnesota 55155; phone: 651-539-1100 or consult their website at <https://mn.gov/mdhr/> or their specific Workforce Certificate FAQ page.

Exhibit - III

Safety Program Rating Plan - Rule

The Safety Program Rating Plan is established pursuant to MN Statute 79.253. This plan is applicable to small employers insured in the Assigned Risk Plan. Assigned Risk policyholders meeting the following criteria are eligible for this program, as follows:

- Total estimated annual premium is less than \$15,000; AND
 - The premium rate for their governing classification code is in the top 25% of premium rates for all classification codes; OR
 - The Experience Modification Factor is 1.25 or higher.

The total net debit or credit produced by this rating plan is added to unity then applied multiplicatively to the risk's standard premium (i.e. after the application of the experience rating factor). The result is the risk's net premium.

Assigned Risk Plan policyholders subject to this plan shall receive an on-site safety inspection, provided by the Assigned Risk Plan, at no cost to the policyholder. The applicable credit or debit shall be based on the results of the on-site safety inspection, the recommendation(s) level for safety improvement and the employer's compliance with the recommendation(s).

Employers receiving Critical or Important Recommendations will receive a follow-up on-site safety inspection not less than sixty (60) days nor more than ninety (90) days following the issuance of the Recommendation Letter in order to confirm compliance with the recommendation(s). The credit or debit shall be applied at the time of the final payroll audit as follows:

<u>Recommendation Level</u>	<u>Disposition</u>	<u>Result</u>
Critical Recommendation(s)	Uncorrected	Cancellation
Critical Recommendation(s)	Corrected	10% Credit
Important Recommendation(s)	Uncorrected	5% Debit
Important Recommendation(s)	Corrected	5% Credit
Advisory Recommendation(s)	N/A	No Credit or Debit

The Recommendation levels are defined as follows:

- **Critical Recommendations** – These are recommendations related to a condition or practice creating a high potential for loss of life and/or severe bodily injury.
- **Important Recommendations** – These are recommendations related to conditions or practices that need improvement to make the risk more desirable from an insurance perspective, but do not create a high potential for loss of life and/or severe bodily injury.
- **Advisory Recommendations** – These are recommendations related to improvement to administrative functions and oversight, including the establishment of written safety programs and protocols.

Participation in the Safety Program Rating Plan is automatic for employers meeting the eligibility criteria. For additional information regarding this plan, inquiries should be directed to Cheryl Perkins at the MWCARP by writing MWCARP – Attn: Safety Program Rating Plan; 5600 West 83rd Street, 8200 Tower, Suite 1100; Minneapolis, MN 55437, by phone at 612-202-7192 or by email at cheryl.l.perkins@aon.com.