

## **REQUEST FOR INFORMATION**

### **STATE BAR OF CALIFORNIA SPONSORED LIFE INSURANCE PROGRAMS**

This is a Request for Information (“RFI”) from brokers interested in becoming the broker for the Sponsored Member Life Insurance Program of the State Bar of California (“Program”). We are also contemporaneously publishing an RFI seeking responses from carriers for the Program. We would welcome a joint response from a carrier and broker.

#### **I. INTRODUCTION**

The State Bar of California is seeking indications of interest from life insurance brokers interested in serving as the Sponsored broker for its more than 180,000 members – consisting of all the lawyers authorized to practice law in California. Approximately 140,000 of the members are actively practicing law within California, with the balance in other occupations, practicing law outside of California, or retired. Approximately 4,500 new members are added to the State Bar’s rolls each year.

For over 40 years, the State Bar’s Committee on Group Insurance Programs (the “Committee”) has had a Sponsored Member Life Insurance Program for State Bar members and their families. Currently there is \$11.2 million premium in force, policy volume totals \$1.4 billion and there is a Total Reserve Fund of \$70 million associated with the program. Additional information on the current program is set out in Section IV below.

The State Bar is looking to put in place a highly competitive and flexible Life Program that would meet the changing needs of its membership during various stages of their careers and lives. The Committee seeks to provide products offering advantages to the members, their families not generally available on “street products” which members could easily purchase as individuals on their own, through agents and brokers, direct channels, or via the Internet.

The Committee is seeking to encourage innovative approaches by qualified brokers to meet the Committee’s objectives for the Sponsored Member Life Insurance Program. After a review of the Program by two leading actuarial consulting firms, the Committee decided to seek and consider alternatives beyond those initially offered by the incumbent carrier, American General, and the incumbent broker, Acordia Insurance Services. We would welcome a joint response from a carrier and broker.

As the State Bar is a constitutional agency established as a public corporation in the judicial branch of California’s state government, the process of selecting a broker is necessarily subject to various formalities. The State Bar of California will not be awarding a contract as a result of this RFI, although the Committee and State Bar staff intend to work with interested and qualified brokers to facilitate the RFI / RFP process.

The following pages list a series of questions, designed to help the Committee understand your organization's capability and willingness to serve as broker for a group life insurance program that meets the State Bar's objectives. Based on the initial responses to these questions, a more select group of brokers will be targeted with respect to a formal request for proposal.

## II. SUBMISSION REQUIREMENTS

The submission requirements for the RFI are detailed below. Please submit two (2) copies of your response to the address listed in Section V below. Please clearly mark your response as REQUEST FOR INFORMATION – STATE BAR SPONSORED LIFE INSURANCE PROGRAM. All information presented by the State Bar in this RFI, including information that is subsequently disclosed by the State Bar, should be considered strictly confidential. Information should not be released to external parties without the written consent of the State Bar of California.

Responses to the RFI must contain the following information:

1. A brief statement as to whether your firm has successfully acted as broker and/or administrator for life insurance plans to other associations, organizations, companies, groups and/or governmental units where the target market consists of highly qualified professionals. If your firm is serving as the broker for such plans, a brief description of the most relevant programs, and a brief summary of such programs' experience would be particularly helpful.
2. Responses to the points in Section III of this RFI. Although it is not required that you address every point, as the responses will assist the Committee to determine the level of broker interest, we encourage you to at least briefly address each item.

## III. QUESTIONNAIRE

The purpose of these questions is to assist the Committee to determine if your firm is likely to be willing and able to put together, on its own, or in partnership with other brokers and/or administrators and/or carriers, the type of flexible program that the Committee envisions could best serve the needs of members and the State Bar. We would also welcome any other information and suggestions you may choose to provide.

1. Are you primarily interested in serving as broker for new products to members and their families going forward, servicing all or some portions of the existing block of business as described in IV below (if just portions, please indicate which portions), or servicing both the old block of business and handling new business for members of the State Bar going forward?

2. The State Bar is interested in distribution alternatives that go beyond the current direct response mail approach. Please briefly describe your firm's experience with the marketing, sale and serving of life insurance products using multiple techniques, including use of the Internet.
3. What compensation arrangements and alternatives is your firm willing to enter into, including:
  - commissions based on a percentage of premium as sole source, and if so, what is the lowest first year and renewal commission level you believe would still enable you to mount a successful program
  - compensation based on a percentage of premium for marketing services and compensation for administrative services based on an appropriate measure of the work performed.
  - compensation for both marketing services and administrative services based on appropriate measures of the work performed.
  - other negotiated arrangements.
4. Is your firm willing to separate out charges for marketing and other services to facilitate measurement of the success of marketing efforts based on costs per paid for policy? Is your firm willing to handle any expense charges based on a cost accounting of the services provided, rather than on a commission or formula basis?
5. Do you currently market any so-called "no-load" or "low-load" term products?
6. What is your firm's view as to the nature of the life product offering(s) that should be made to members, and in connection with term life, the term guarantee periods?
7. How appropriate or necessary do you think it would be to offer some level of guaranteed or simplified issue to new members and simplified underwriting to existing members?
8. We would like to have an objective basis for measuring the success of the efforts made by the broker in marketing the program. What measures have you used with other similarly situated clients? What is the percentage of the membership of an organization such as the State Bar that you think would be covered in a successful sponsored life program?
9. Does your firm have the capacity to capture and report comments from applicants regarding
  - the marketing process?
  - the underwriting process?
  - the issue process?

- administrative services?
- carrier services?
- competitiveness of products?

10. The State Bar is going through the same RFI /RFP process for its broker / administrator as it is for its broker. Joint submissions between a carrier and a broker / administrator that have established a successful working relationship would be welcome. Would you be willing to work with the State Bar itself, or a State Bar affiliate, should the State Bar elect to internalize some of the marketing/administrative functions heretofore prepared by the broker / administrator, such as marketing communications, new business administration, and/or customer service functions?

#### IV. CURRENT PROGRAM

##### A. Outline of Life Products

1. Annual Renewable Term (typical association sponsored GL)
2. Ten-Year Term – Issue age rated; premiums level for ten years, but subject to annual increase by carrier
3. Universal Life – flexible-premium adjustable-benefit
4. Optional Riders
  - a. Dependent Children (\$5,000 benefit)
  - b. AD&D
  - c. Premium Waiver for disability
  - d. Terminal Illness

B. Premium In Force totals \$11,200,000 including all life products.

##### C. Total Reserves

1. Plan Liabilities \$25 million
2. Contingency Reserve Fund \$45 million

#### V. RFI RESPONSE PROCESS

**A. DEADLINE: RESPONSES TO THIS RFI ARE DUE BY MAY 30, 2003.** At that time, the Life Program Subcommittee of the Committee on Group Insurance Programs, in conjunction with State Bar staff, will review the responses and present them to the full Committee.

B. ADDRESS: Please send your response to:

Cheryl Nishimura, Administrative Assistant  
The State Bar of California  
180 Howard Street  
San Francisco, CA 94105  
415-538-2201  
[Cheryl.Nishimura@calbar.ca.gov](mailto:Cheryl.Nishimura@calbar.ca.gov)

C. Disposition of Materials

Materials submitted in response to this RFI will be retained by the State Bar of California. Unless otherwise required by law, the State Bar will treat as confidential those confidential materials clearly marked as such.