



HQ Insurance Broker RFP - Questions and Answers Document – Jan 20th 2021

Q1. The RFP states 5,600 employees, are these all full-time employees or include part-time, volunteers, etc.?

It would include part-time. I assume it does not include volunteers, however that is not a large number. I may include temp/contractors.

Q2. What is the reason behind the RFP this year?

We are actually late on our RFP. Our intention is to RFP services on a 3-year basis. The last time we RFP'ed was the first half of 2015. Since then the broker selected at that time closed its office and were dropping our account, we followed the broker team to a new firm and made it clear that we would RFP the broker representation once the situation settled down.

Q3. Thanks for the schedule of insurances.

a. What is Mercy Corp's global annual premium spend? \$1.2M to \$1.3M

b. We notice there is a local UK policy (assume it is a FOS policy for all of Europe). Are there other local admitted policies in any of the other 40 countries, or do you simply purchase on a non-admitted basis in all other geographies and rely on your foreign package policy?

Our insurance coverages are primarily unadmitted coverages. The exception is in the UK and Europe partly due to those coverages being arranged locally with local brokers which this RFP intends to align. There are local programs in each of our locations of operations that are arranged by our local teams.

Q4. Your Workers Compensation is with SAIF in Oregon and with Chubb for AOS. SAIF typically works with Zurich on their AOS, is there a reason you are with Chubb and not Zurich?

It aligns with our worldwide WC coverages in the UK and Europe. Other than that, I don't know if there is a reason.

Q5. We notice there is no crime insurance under your management liability policy (D&O, Fiduciary, and EPL only). Is the only crime coverage the \$500k sublimit within the domestic package? How are international incidents of employee dishonesty being covered?

Crime coverage is an issue for us and our industry. We have recently increased Domestic to \$1M. We have a very small limit internationally \$250k which we are looking to increase. Crime is an area we are looking for ideas and options.

Q6. The umbrella is noted as "domestic" in the summary, is there a reason your umbrella does not include a "worldwide" policy territory? Is your foreign package then not scheduled to your umbrella/excess?

The domestic has a specific \$10M umbrella. We also have an excess \$4m umbrella that sits as the primary umbrella to the foreign policies and excess to the \$10M domestic umbrella.

Q7. What is the current annual global broker compensation? Are any policies on a commission basis (locally admitted policies in your 40 countries across the world, etc.), or are they all under one fee?

I do not know our total global fees. Local operations are responsible for arranging coverages they need.

Q8. For the proposed fee, are you looking for a 3-year fee or an annual fee for each of the three years?

Time frame doesn't matter, we'll evaluate on an annual or total basis whichever one works for the analysis.

Q.9 How many certificates of insurance does Mercy Corps typically need issued in a year?

Varies 20 to 40

Q.10 What does Mercy Corps consider to be the most important opportunity for improvement in their risk management and insurance program?

Bringing Global HQ insurance policies under one broker and reviewing our field arranged policies.

Q.11 From the standpoint of risk, what concerns Mercy Corps the most in the coming two years? What is Mercy Corps doing to address this concern?

Improving crime coverage

Re-entry to a more normalized operating environment post-covid

Changing landscape around NGO's operating environment (more personal risk to team members)

Q.12 What changes in risk management strategy is Mercy Corps considering in the coming two years?

New c-suite people may have a different view to risk management – need to review, educate and possibly rethink strategy

Q.13 What line(s) of coverage and/or area of risk does Mercy Corps experience the most loss activity?

International WC

Evacuations

Property loss

Concerned about theft, believe we are missing it

Q.14 Does Mercy Corps have any local admitted D&O placements serviced by your current broker and/or their international offices?

Yes, we have D&O in Scotland and Netherlands via our UK broker.

I believe the bank we own 65% of in Kyrgyzstan is working obtain their own program.

Unknown if in other places.

Q.15 On what basis is your current domestic broker compensated? Commission, fee or a combination of both?

Flat annual fee adjusted by commissions. If we ask them to place a new

line there may be a one-time commission/fee for that line of coverage then that line would then roll under the flat fee agreement if renewed in the next year.

Q.16 What services does Mercy Corps desire that are not being provided by their current broker?

I don't know of any service that we desire that our current broker is not providing.

Q.17 Can we obtain more details on the extent of Mercy Corp's MFI and banking ops – scale, nature of operations, loan averages, loan # and \$ per country, collection stats, etc.

Mercy Corps' MFI activity can be put into two buckets. MCNW, our local non-profit is a lender of SBA funds. Our portfolio is only about \$450k. Our other MFI is Kompanion Bank. It is a Kyrgyzstan bank and we currently own 65%. There is no-recourse back to Mercy Corps, however since it is a subsidiary it is covered under our insurance policies. I do not have the information requested but can point to our audited financials for more information.

Q.18 Is there current insurance coverage for the MFI and banking ops (program Structure And Placement Q8 in the RFP suggests there may not be). If not, was coverage for these entities purchased previously?

The MFIs and banking ops are covered by current insurance policies. Question 8 refers more to exclusions in the D&O coverage and our inability to obtain sufficient levels of crime coverage.

Q.19 Is MC willing to share with us their current FINPRO policies so we might do an adequate enough review to be able to respond accurately to suggested program structures, limits, coverages. If not, the program observations/recommendations will be limited to what we can gather from Appendix I – List of Coverages (and not be specific to their advantage)

We do not carry Professional Liability coverage as we have judged that we are not at any risk. However, Mercy Corps Europe has a specific PL policy

which only covers activities generated from our operations sourced there.

Q.20. Are the non-owned affiliated entities listed on the bottom right hand corner of the org chart, currently covered under the global MC program? If not, we assume it is MC's preference to cover them under the global program moving forward?

Yes. They are covered as named entities and included in our policies.

Q.21 How does the Mercy Corps program address coverage for non-owned affiliated entities (listed on the bottom right hand corner of the org chart)?

We treat affiliates on pari pasu with Mercy Corps Global (US)

Q22. Is the Philadelphia excess D&O policy a Side A DIC policy, or does it provide full ABC excess coverage?

Full ABC coverage

Q.23 Is the supplier information form is included in the 25-page limit?

It can be extra.