



# REQUEST FOR PROPOSAL

## Kentucky Employers' Mutual Insurance Request for Proposals (RFP) No. 2025-101

### **Purpose: Retirement Plan Fiduciary Investment Management and Consulting Services**

The procurement by competitive negotiation is desired by Kentucky Employers' Mutual Insurance (hereinafter "KEMI") for Retirement Plan Fiduciary Investment Management and Consulting Services.

Responses must be submitted electronically, in a single PDF document limited to 100MB, via KEMI's online procurement submission portal at: [www.kemi.com/rfp](http://www.kemi.com/rfp)

The online procurement submission portal utilizes a two-step process to upload responses. Vendors must complete the access request form by providing contact information and a valid email address. An access link will be sent to the email address provided. Vendors must then follow the access link to the proposal submission form.

Proposals must be submitted on or before: **12:00 PM Eastern Time on February 10, 2025**

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- Personal Services Contract (PSC) Template



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## I. RFP SPECIFICATIONS

### A. Purpose and Scope of Services

KEMI seeks proposals for the services of a 3(38) Fiduciary Investment Manager and a 3(21) Fiduciary Investment Advisor to provide retirement plan fiduciary investment management and consulting services. KEMI is the Plan Sponsor of a 401(h) Health Trust, 401(a) Defined Benefit, 401(a) Money Purchase, and 457(b) Plan. Assets for all plans sponsored totaled approximately \$102 million at 12/10/2024. The 401(h) Health Trust and 401(a) Defined Benefit plan are in a “run-off” status.

The plans are monitored by a Pension Administration Committee (the "Committee") composed of KEMI employees with the assistance of an Investment Manager. The primary responsibilities of the Committee are:

- Selecting the Investment Manager or any other professional the Committee deems necessary.
- Evaluating the investment performance.
- Evaluating all professionals related to the investment performance.
- Complying with all fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Plan assets.
- Reviewing actuarial assumptions regarding the differences between the Plan's assumed rate of return and actual experience.

The Investment Manager serves as an independent, third-party professional retained to invest plan assets in accordance with the Committee's objectives and if requested to provide investment guidance to voluntary plan participants for self-directed assets. The Investment Manager is responsible for guiding the Committee through a disciplined and rigorous investment process. The Investment Manager serves as a fiduciary to the Plan Sponsor. The Investment Manager is to be distinguished from Asset Managers. The Investment Manager is responsible for managing the investment process, Asset Managers are responsible for making investment decisions (security selection and price decisions). The Investment Manager will prudently select appropriate Asset Managers to manage assets.

An Investment Policy Statement (IPS) has been developed that provides guidance regarding plan management and responsibilities. The Investment Manager is afforded discretion within the constraints provided by the IPS to diversify plan assets; select, monitor, and replace Asset Managers; monitor and supervise investment options; control and account for plan expenses; and to avoid prohibited transactions and conflicts of interest.

### B. Scoring

A committee will evaluate all responses to ascertain which Offeror(s) best meets KEMI's business needs and requirements based on the selection criteria below:



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	Maximum Points Possible
<b>Organization, Management, Qualifications and Processes</b>	<b>65</b>
<b>Costs</b>	<b>30</b>
<b>Business Continuity Form</b>	<b>5</b>
<b>MAXIMUM POINTS POSSIBLE</b>	<b>100</b>
<b>Interviews/Discussions, if selected</b>	<b>100</b>
<b>MAXIMUM POINTS POSSIBLE With Interviews/Discussions</b>	<b>200</b>

## C. Schedule of Events

The following schedule of events represents KEMI’s best estimate of the schedule that shall be followed. KEMI, in its sole discretion, may alter and/or amend this schedule at any time, including not conducting virtual interviews/discussions. Any adjustments to the schedule of events will be emailed to the prospective offeror’s contact on record with Sarah Kosin.

- RFP Publication Date – Monday, January 6, 2025
- Deadline for Inquiries – Monday, January 13, 2025
- KEMI Response to Inquiries – Friday, January 17, 2025
- Deadline for Submission of Proposals – Monday, February 10, 2025
- Virtual Interview/Discussions (Optional) – February 24-25, 2025
- Estimated Contract Award – July 1, 2025

## II. PROPOSAL REQUIREMENTS

### A. Organization, Management, Qualifications and Processes

1. The business name, primary address, branch address, website, phone and fax numbers, and the number of years the business has been operating under the above name.
2. The name, title, business address and telephone number of the individual(s) who will be KEMI’s principal contact for all aspects of the contract.
3. The name, title, business address, telephone number and resume for each person whom you propose to have managing matters assigned by KEMI. Provide relevant information regarding each person’s experience, including but not limited to whether the person serves as an SEC Registered Investment Advisor.



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4. Provide a general background of your firm and describe the firm's experience with non-ERISA, Governmental Retirement Plans, including 401(h) Health Trusts, 401(a) Defined Benefit, 401(a) Money Purchase, and 457(b) Plans.
5. Describe the firm's relationship and experience with TransAmerica and State Street Bank who are our custodians for the plans.
6. Describe how you would provide an investment due diligence program, including but not limited to any reports you would provide and when you would provide the reports, the way you would facilitate fiduciary investment review meetings with the Committee, the frequency of these meetings, and any documentation you would provide for those meetings.
7. Describe how you would provide investment policy statement oversight.
8. Describe how you would provide fiduciary compliance and plan design consulting.
9. Describe how you would provide general plan consulting for both KEMI and participants.
10. Describe how you would provide discretionary management services in connection with the portfolio of the Plan in accordance with the investment guidelines. Describe how you determine the various investments available to participants through the 401(a) and 457 plans/
11. Describe your participant services, including but not limited to the following: meetings with individuals or participants, companywide educational meetings, and participant educational materials.
12. Describe the basic organizational structure of the firm, including relationships similar to this engagement.
13. Discuss the firm's investment philosophy and process. Specifically:
  - a. Describe the overall retirement plan investment management philosophy of the firm; discuss the firm's approach to balancing risk/reward.
  - b. Describe the firm's asset/liability management philosophy. What tools does the firm utilize for asset/liability management of DB and DC plans?
  - c. Describe what factors your firm considers in determining if the fund or security will be utilized. Describe the methodology and factors considered when assessing fund or security performance on an individual and relative basis.
  - d. Describe the firm's investment research capabilities as they would pertain to the assignment.

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- e. Indicate the frequency, content and type of reporting KEMI can expect to receive regarding DB portfolios and DC participant assets & participation. Provide specific descriptions regarding information that would be reported such as assessments/scorecards for funds utilized, analytics on portfolio asset allocation & allocation relative to IPS benchmark, allocation variance over time, performance summary and performance relative to benchmark, portfolio growth, benchmark returns and benchmark contributions over various timeframes, asset class performance, analytics of equity fund investments that includes sectors/regional exposure/equity style/basic equity characteristics/, analytics on bond investments that include sector/credit quality/average credit rating/avg duration/avg coupon, capital flows, portfolio holdings, etc.
  - f. Describe risk control techniques used in the portfolio construction process.
  - g. Detail processes and policies designed to assure the control of portfolio management quality and compliance.
  - h. Describe in detail how fund managers and their investment strategies are assessed when being considered for initial portfolio placement and on an ongoing basis after placement.
  - i. Provide specific recommendations as to the “model” structure of KEMI’s portfolio or, alternatively, a representative portfolio as of a recent date for an actual client with similar operating characteristics (portfolio size, retirement plans).
14. Describe the firm’s customer service philosophy. Explain the structure and nature of the client support function.
  15. Describe the firm’s quality control program and how it ensures that KEMI will receive the highest quality professional service.
  16. Provide a copy of the firm’s most recent SAS 70 report, if applicable.
  17. Describe material litigation, regulatory or legal proceedings in which the firm or any of its principal agents are, or have been, involved over the last five years which relate to the asset management and reporting business.
  18. Describe affiliation and financial associations of an investment nature with other money managers, brokers/dealers, banks or insurance companies.
  19. Provide a listing of any Personal Service Contracts with any agencies of the Commonwealth of Kentucky that the firm currently has or has had at any time during the past three years.
  20. Describe the firm’s delivery and reporting processes. Specifically:



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- a. Describe the firm's security practices for its information reporting system. Discuss your policies and procedures for safeguarding client data from unauthorized access, data corruption or loss.

### **B. Costs**

1. Describe your standard fee schedule as it would relate to this assignment. Fees should include advisory services and discretionary asset management. Provide a copy of the schedule.
2. State clearly what is included in your fee quotation and attach a summary of services entitled "Services/Deliverables."
3. State clearly any additional fees or expenses that could be associated with this assignment.
4. What other services are available from the firm (if any)? What are the fees for these services?
5. What other value might we derive from a relationship with the firm beyond asset management? What are the fees for these services?
6. Describe the frequency and timing of your fee arrangements.

### **C. References**

1. Provide at least three (3) executive-level client references for which you have provided similar services as outlined in this RFP. You must include the client's name and address, as well as the name and phone number of a contact person. You may also include other references such as other businesses or other resources with whom you are associated and can provide a relevant, specific assessment of your experience with workers' compensation insurance carriers.

### **D. Business Continuity Form**

1. Complete the Business Continuity Form which is attached to this RFP, and return it as a separate attachment with your response. You must utilize the Business Continuity form for your answers.

## **III. INSTRUCTIONS**

**READ ALL INSTRUCTIONS CAREFULLY.  
FAILURE TO DO SO WILL BE AT THE OFFEROR'S RISK.**

- A. Proposals must set forth full, accurate, and complete information as required by this RFP. Failure to follow these requirements may be cause for rejection of the proposal.



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- B. KEMI is not liable for any expenses incurred in the preparation and presentation of the proposal.
- C. The Offeror Form located in the addendum must be signed by the person submitting the proposal and must include the signee's printed or typed name, business address, email address, company website, telephone number, and date. This form must be submitted with your proposal.
- D. The Sworn Statement Regarding Campaign Finance Laws Form located in the addendum must be signed, notarized, and submitted with your proposal.
- E. The Proposal Submission Checklist located in the addendum is included to ensure accurate and complete submissions.
- F. Proposals must be submitted electronically via KEMI's online submission portal as specified on the first page of this RFP. Unless stated otherwise in the RFP, it is **strongly preferred** that the entire proposal is submitted in a single PDF document. If separate attachments are also submitted, they must be clearly labeled and timely submitted. Please note that only a maximum of ten (10) attachments can be submitted through the online submission portal. No other method of correspondence will be accepted.
- G. **The Proposal Deadline Date and Time are the date and time indicated on the first page of this RFP. The date and time that KEMI actually receives the proposal will determine whether the applicant has met the deadline for response.**
- H. All inquiries concerning the form and method or specific services/products as well as requests for copies of the RFP must be made in writing to:

Sarah Kosin  
[rfp@kemi.com](mailto:rfp@kemi.com)

Responses to inquiries will be shared with all potential Offerors having received a copy of this RFP from KEMI. Therefore, distribution of this RFP must be handled directly by KEMI. Any unauthorized contact with any KEMI staff other than as specified above may disqualify the Offeror from further consideration.

#### IV. GENERAL INFORMATION

##### A. Background

KEMI was created in 1994 by the Kentucky General Assembly to provide workers' compensation insurance to Kentucky employers. KEMI is Kentucky's largest writer of workers' compensation insurance with its headquarters located in Lexington, Kentucky. For additional information about KEMI, please visit [www.kemi.com](http://www.kemi.com).

##### B. Discussions with Offeror

Discussions may be conducted with all responsible Offerors who submit proposals and are determined to be reasonably qualified and susceptible of being selected for award. Discussions may be for the purpose of clarification to assure full understanding of, and conformance to, the proposal requirements; however, Offerors will not be permitted to change their original proposal. Offeror should clearly understand that any verbal representations made or assumed to be made during any oral discussion held between Offeror and KEMI are not binding.



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KEMI may require Offerors among the top scoring proposals to participate in a virtual interview. See aforementioned Schedule of Events. The principal contact for KEMI will be required to participate in the interview.

### C. Proposal Modifications

Any changes, amendments or modifications to a proposal after it has been submitted must be made prior to the deadline for receipt of proposals, must be in writing, and must be submitted in the same manner as the original proposal.

Proposals or modifications received by KEMI after the exact hour and date specified shall not be considered.

### D. Confidentiality

Matters relating to this RFP and any resulting contracts shall not be discussed with anyone other than KEMI staff without the prior written consent of KEMI. No opinions, reports, summaries, letters, or other documents prepared with respect to the RFP shall be released without approval of KEMI, except as required by state or federal law.

Except as required by law, information furnished by any Offeror in response to this RFP will not be disclosed by KEMI without the prior written consent of the Offeror.

### E. Reservation of Rights

KEMI reserves the right to:

- I. Reject any or all proposals and waive any requirement, informality, or condition of proposals.
- II. Cancel the RFP and not award the RFP.
- III. Prohibit sub-contractors of the Offeror from performing any of the Services outlined in this RFP without the prior written consent of KEMI.
- IV. Categorize Offeror as an independent contractor, denying any employee/employer relationship between KEMI and Offeror.
- V. Approve the time and format of payment for the Offeror(s). KEMI will audit fees for reasonableness and accuracy.
- VI. Add items or services within the scope of the resultant contract if mutually agreeable by both the Offeror and KEMI.
- VII. Amend this RFP. Any amendment or information provided to a prospective Offeror will be provided to all prospective Offerors. If necessary, an RFP based on revised specifications will be issued as promptly as possible.
- VIII. Perform services in-house, or to contract with another company to perform like services.
- IX. Require a contract with the winning Offeror(s). Contract negotiations will commence at the





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conclusion of the RFP process.

### F. Type of Contract

Contracts entered into as a result of this RFP will be Personal Service Contracts pursuant to KEMI's procurement policy, and a Personal Service Contract will be filed with the Commonwealth of Kentucky Legislative Government Contract Review Committee. The personal service contract template is available on the KEMI RFP Website.

### G. Registration with the Kentucky Secretary of State

By responding to this RFP, the Offeror agrees and acknowledges that:

1. If the Offeror is a foreign entity as defined under Kentucky Revised Statute (KRS) 14A.1-070(10), and it is awarded a contract, it will ensure that it is properly registered with the Kentucky Secretary of State in accordance with KRS 14A.9-010 during the life of any contract awarded, or otherwise document the legal exemption which applies.
2. If the Offeror is a Kentucky entity as defined under KRS 14A.1-070(7), and it is awarded a contract, it will ensure that it is properly registered with the Kentucky Secretary of State in accordance with KRS Chapter 14A, or otherwise document the legal exemption which applies.

The aforementioned information shall be maintained during the life of any contract awarded and provided to KEMI upon request.

### H. Protest

Any offeror who is aggrieved in connection with the solicitation or award of a contract may file a written protest to KEMI's Internal Auditor within fourteen (14) calendar days after such aggrieved offeror knows or should have known of the facts giving rise to the protest.

Patrick Simpson  
[psimpson@kemi.com](mailto:psimpson@kemi.com)



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## OFFEROR INFORMATION:

**IMPORTANT: SUBMISSION MUST CONTAIN ORIGINAL SIGNATURE**

Signed by: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Type or Print Name: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone No. \_\_\_\_\_ (Area Code) \_\_\_\_\_  
 Fax No. \_\_\_\_\_ (Area Code) \_\_\_\_\_  
 Email Address: \_\_\_\_\_  
 Company Website: \_\_\_\_\_  
 Federal ID or SSN # \_\_\_\_\_  
 Type of ownership: \_\_\_\_\_ Individual \_\_\_\_\_ Sole Proprietorship  
                                   \_\_\_\_\_ Corporation     \_\_\_\_\_ Partnership

In addition to the principal contact listed above, please include below any additional contacts you would like to receive communication regarding the RFP. KEMI will only send communication regarding the RFP to the principal contact and the contact(s) listed below. The information includes, but is not limited to, KEMI's responses to inquiries, status updates about the RFP, any modifications to the RFP, requests for interview scheduling, etc.

Contact Name(s) for RFP Communication:

\_\_\_\_\_  
\_\_\_\_\_

Contact Email(s) for RFP Communication:

\_\_\_\_\_  
\_\_\_\_\_





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## PROPOSAL SUBMISSION CHECKLIST

The vendor **MUST** include the following with the proposal submission.  
If the items below are not submitted with the proposal submission,  
KEMI will reject the proposal and the Offeror will be disqualified.

- SIGNED OFFEROR INFORMATION FORM**
  
- SIGNED AND NOTARIZED SWORN STATEMENT REGARDING CAMPAIGN FINANCE LAWS**
  
- COMPLETED BUSINESS CONTINUITY FORM**
  
- ORIGINAL COPY OF THE PROPOSAL**  
**(prepared in accordance with the Specifications and Requirements described in this RFP)**