ARKANSAS BUREAU OF LEGISLATIVE RESEARCH RFP#2024-12-B

Proposal for Insurance Brokerage Services

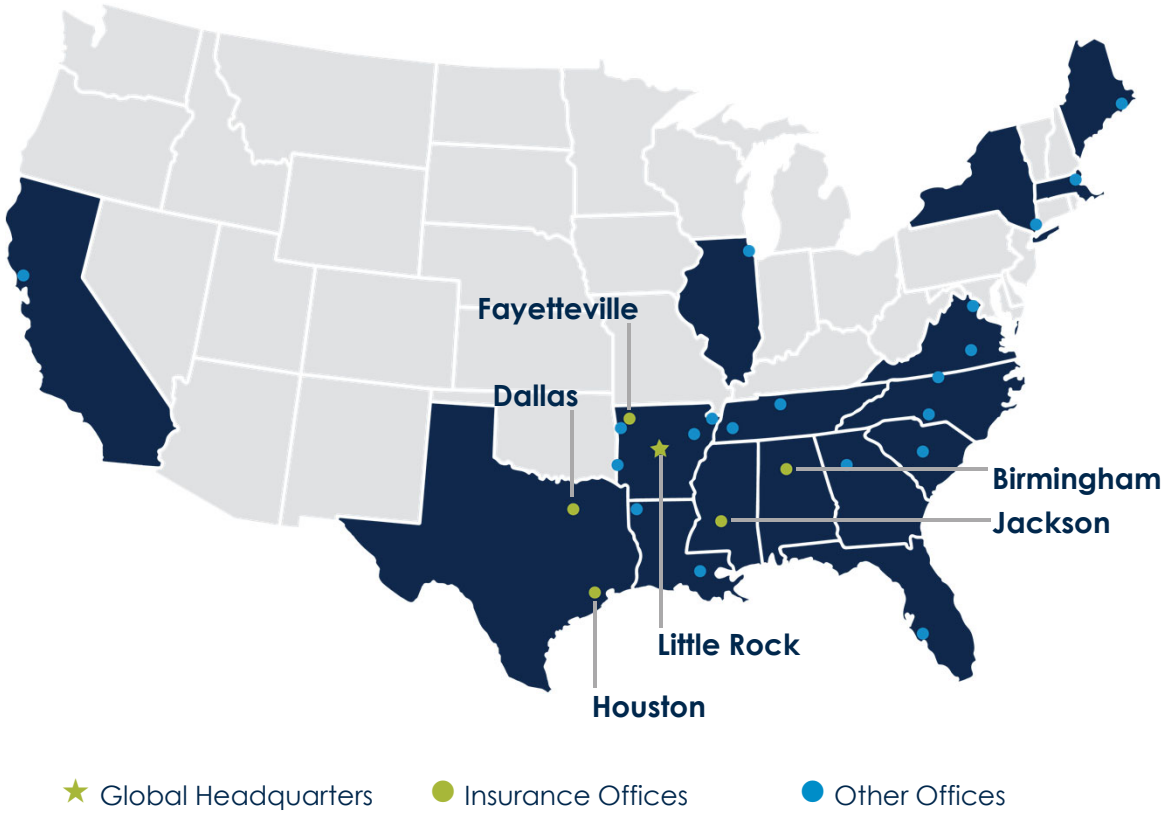
Takeaways

- **Arkansas First Approach:** Stephens is **committed to protecting state and district assets.**
  - **Captive Expertise:** Proven success forming and managing Arkansas captives.
- **July 1, 2025 Launch Realistic and Feasible.**
- **Transparent and Reasonable Fees:** Expected **all-in brokerage/intermediary cost savings** vs. the current program.
- **Long-term Impact:** The state's captive can be transformative, **extending beyond property insurance** to other insurance lines over time.

Stephens Insurance

Arkansas Based, Arkansas Family Owned

- **Top ~50 U.S. Property & Casualty insurance broker**
- **Independent firm** – allows for customized solutions **without corporate constraints**
- Extensive experience managing large complex insurance placements, specifically large property portfolios
  - **Strong London connections** with market leverage – ability to secure top-tier terms & pricing
- Leader in captive formation, structuring, and optimization



Top Tier Talent, Down the Street

Experienced professionals across key disciplines: Loss Prevention & Control, Insurance Consulting & Placement Services, Risk Analysis & Management, Claims Advocacy

Expertise-based team assignments, not availability-based.

J.R. Bizzell
Senior Vice President

Ted Grace
Executive Vice President

Ryan Mahoney
Senior Vice President

Insurance Consulting Placement Services	Risk Analysis & Management	Claims Advocacy	Loss Prevention & Control
Erin Cervantes Senior Account Manager	**Joe Ramsey, JD** VP, Risk Management	**Courtney McLarty, JD** SVP, Claims Management	**Jonathan Davidson** VP, Loss Control
Felecia Prince AVP, Senior Account Manager	**Chris Triggs** SVP, Risk Management	**Joseph Brown** VP, Property Claims Specialist	**David Nigus** SVP, Loss Control
Kathy Jones AVP, Senior Account Manager	**Paul Sanders** VP, Executive Risk	**Heba Brown, AIC** AVP, Senior Claims Coordinator	**Preston Keller** VP, Loss Control
Cindy Kimbrough Senior Account Manager	**Chad Knudsen** Risk Management	**Sean Thomas** Property Claims Specialist	**Dale Innis** VP, Loss Control
John McKenna Customer Service Representative	**Greylin Garner** Marketing Representative		
Amanda Van Pelt Customer Service Representative	**Tag Grace** Marketing Representative		
Garrett Walker Customer Service Representative	**Mark Alvarez** SVP, Executive Risk		
Sherri Escovedo VP, Sr. Bond Account Manager	**Mark Green** SVP, Executive Risk		

Denotes team members that are Arkansas residents.

Stephens

Why we are different

Local Presence, Global Reach and Expertise

Captive-Focused, we specialize in Arkansas Captives

- Extensive experience in captive formation & management, especially in Arkansas
- Stephens has played a key role in forming 25% of the current captives in Arkansas *(1)*
  - 50% of this teams clients utilize captives that we formed and currently consult on

Our team has been instrumental in forming

25%

of captives currently operating in the state of Arkansas

Integrated Reinsurance and Captive Strategy

- Unlike other brokers, Stephens combines captive and reinsurance teams for cost-efficient program design
- Directly aligns reinsurance placement with captive objectives for optimized retention & coverage
- Use data-driven analysis & market intelligence to dynamically adjust reinsurance layers

(1) As of 2023, based on a report published by Captive Insurance Companies Association .

July 1, 2025

This committee's goal was to insure state and district buildings in a more efficient and stable structure.

- **July 1, 2025 is the current structures renewal date**
- **Costs of Delay:** Extending past July 1, 2025, potentially increases costs, reduces market capacity, and limits savings opportunities.

By acting swiftly and decisively, the committee can minimize financial inefficiencies, secure full market participation, and move towards achieving long-term stability for the states property program by July 1, 2025. **Delaying the launch could lead to higher costs, potential constrained market capacity, and missed opportunities for savings.**

July 1, 2025

Stephens Plan for the AR Captive

Action Steps for Timely Execution

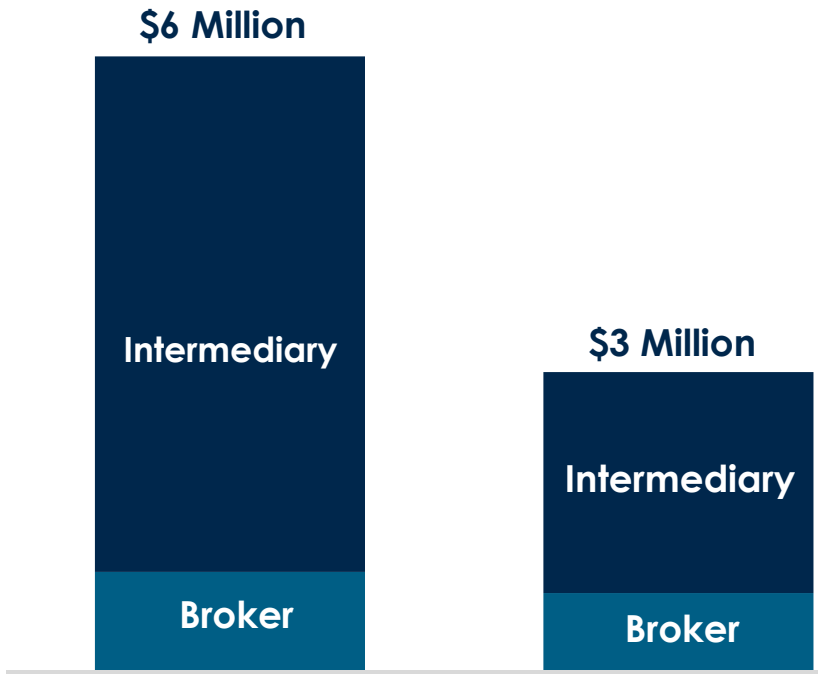
1	Stephens named Broker by March 1, 2025
2	London roadshow between April 1-15, 2025
3	Reinsurance Submission by April 1-15, 2025
4	Captive Formation and Regulatory Approval June 1, 2025
5	Launch of Captive and Reinsurance Renewal July 1, 2025

Compensation Structure Overview

- We estimate the current cost to the State is **$3M - $6M** in compensation to brokers and intermediaries in the form of fees, commissions and other forms of indirect compensation

- We are proposing a much lower all-in fee that is fully transparent and will not include any other forms of indirect compensation from insurance carriers, international intermediaries, or other vendors

Other Firms



Stephens

- Fee to Stephens = $950K
- Fee to London market intermediary = $950K
- **Fully disclosed**; no other fees/commissions/compensation as a result of our work for the state

Stephens is Committed to the Success of the Arkansas Captive

1	**Arkansas-first approach – Stephens is committed to protecting state assets**
2	**Captive expertise** – proven success forming and managing **Arkansas captives**
3	**Integrated reinsurance & captive strategy** – **streamlined, cost-effective** approach
4	Ready to **launch program by July 1, 2025**
5	**Transparent fees** – **expected all-in brokerage/intermediary cost savings**
6	**Strong London Connections with Market leverage**

Appendix

How We Determined Our Fee *(1/2)*

Primary Services within our Fee:

- **Claims Leadership** – advocacy, resolution strategies, compliance oversight.
- **Loss Control Leadership** – risk mitigation strategies to reduce claims.
- **Reinsurance Placement** – direct market access for cost-effective coverage.
- **Premium Allocation Management** – ensuring equitable distribution.
- **Day-to-Day Administrative Support** – policy maintenance & reporting.
- **Captive Consulting & Optimization** – ensuring long-term program success.
- **Intermediary Selection & Fee Management** – competitive selection process drives better terms, pricing, and coverage for the State.

Key Considerations:

- Newly formed captive's operational needs are evolving, but Stephens ensures long-term fee stability. **No anticipated fee increases for many years**.
- **Consolidation of services eliminates inefficiencies**, replacing multiple intermediaries.

How We Determined Our Fee *(2/2)*

Intermediary Selection and Fee Management

- Stephens' independent status enables a truly client-centric approach **when selecting intermediary brokers**.
- We conduct comprehensive market searches and draw on relationships with various intermediaries—such as Miller, BMS Group, Howden, Amwins, Price Forbes, or, if in the client's best interest, the intermediary brokers of the large, international brokers—to secure the best fit for each placement.
- By engaging multiple intermediaries before selecting a partner for the placement, Stephens fosters competition, all in an effort to procure the most favorable terms, pricing, and coverage options for the State.