

REQUEST FOR PROPOSALS

By the

STATE OF OHIO

BUREAU OF WORKERS' COMPENSATION

for

ACTUARIAL CONSULTING SERVICES

January 7, 2013

Bid # BWCB13001

RFP ISSUED: January 7, 2013
INQUIRY PERIOD BEGINS: January 7, 2013
INQUIRY PERIOD ENDS: February 7, 2013 at 8:00 A.M. EDT
PROPOSAL DUE DATE: March 28, 2013 by 2:00 P.M. EDT

Proposals received after the due date and time will not be evaluated.

OPENING LOCATION: Ohio Bureau of Workers' Compensation
Purchasing Department
30 W. Spring Street, Level 24
Columbus, OH 43215-2256

Offerors must note that all proposals and other material submitted will become the property of BWC and may be returned only at BWC's option. Proprietary information should not be included in a proposal or supporting materials because BWC will have the right to use any materials or ideas submitted in any proposal without compensation to the Offeror. Additionally, all proposals will be open to the public after the award of the contract has been posted on the State Procurement Web site. Refer to the Ohio Administrative Code, Section 123:5-1-08 (E).

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PLEASE READ ALL CONDITIONS AS SET FORTH IN THIS REQUEST FOR PROPOSALS (RFP) FOR
A FULL UNDERSTANDING OF THE REQUIREMENTS

1.0 BACKGROUND AND PURPOSE OF PROJECT

1.1 BWC GENERAL BACKGROUND

Under the mandates of the Ohio Revised Code (ORC), the Ohio workers' compensation system is the largest exclusive state insurance fund system in the United States, with invested assets of approximately \$24 billion as of December 31, 2012 and annual insurance premiums and assessments of approximately \$2 billion. The Ohio workers' compensation system consists of the Ohio Bureau of Workers' Compensation (BWC), responsible for administrative and insurance functions, and the Industrial Commission of Ohio (IC), responsible for claims adjudicative functions. BWC exercises fiduciary authority with respect to the State Insurance Fund (SIF) and related Specialty Funds. These BWC Trust Funds are held for the benefit of the injured workers and employers of Ohio. It is from these trust funds that all claims for both medical and compensation for disability benefits are paid with the exception of self-insured claims.

Self-insuring employers have been granted the status of self-insurance by having proven ability to meet certain obligations set forth in the ORC 4123.35. Self-insuring employers administer their own workers' compensation claims and are monitored by BWC. Presently, BWC processes claims, pays compensation and medical benefits to injured workers and underwrites workers' compensation coverage for employers doing business in Ohio. BWC also offers safety training and accident prevention programs to employers and helps injured employees return to work through rehabilitation programs. The Board of Directors (BOD) oversees BWC's activities and functions as a fiduciary.

1.2 ABBREVIATIONS AND DEFINITIONS

- BOD BWC Board of Directors
- BWC or Bureau Ohio Bureau of Workers' Compensation
- Contractor Any individual or business having a contract with a governmental body to furnish goods, services, or construction for an agreed-upon price.
- FCAS Fellow of the Casualty Actuarial Society
- ORC Ohio Revised Code
- Offeror The person/entity who submits a proposal in response to a Request for Proposals (RFP) One who makes an offer in response to a solicitation.
- Proposal A proposal is a document submitted by a Vendor in response to some type of bid solicitation to be used as the basis for negotiations or for entering into a contract.
- RFP Request for Proposals
- Responder One who submits a response to a solicitation document
- Services Work to be performed as specified in this RFP
- SIF State Insurance Fund
- Vendor A supplier/seller of goods and services. A reference to a provider of product or service.

1.3 PROJECT BACKGROUND

As an agency of the State of Ohio, the Bureau of Workers' Compensation (BWC) is responsible for the administration, establishment of rates and funding of all workers' compensation insurance programs in Ohio. As reflected in the Fiscal Year 2012 Annual Report, link provided with this Request for Proposal (RFP), BWC is one of the largest workers' compensation insurance enterprises in the country with more than 250,000 active policyholders representing approximately \$2 billion in premiums and assessments written annually. It maintains a close working relationship with the Industrial Commission of Ohio, which has the responsibility of adjudicating claims issues.

The Actuarial Division of BWC consists of 20 employees involved with calculation of rates and factors at the industry and manual classification levels, calculation of various assessments, establishment of reserves for incurred claims, and technical support on rating and reserving issues. In performing the aforementioned functions, Actuarial Division personnel maintain base rate calculation systems and methodologies; collect, analyze, and reconcile data for rates and reserves; provide expertise on various funds, classifications, claimant benefit levels, laws, rules, and procedures; furnish information on historical changes to the Ohio Workers' Compensation System; facilitate meetings with the actuarial consultant in rendering service; interact with other BWC departments; and meet with employers, their representatives, and other interested parties regarding premiums, base rates, rating plans, and reserving matters. The Actuarial Division staff possesses analytical capabilities; in-depth knowledge of BWC practices, systems, and data relationships; and experience in the design, maintenance, and enhancement of systems. For this engagement, both the Actuarial Division and the contractor must identify ways to foster knowledge and skill transfer in an efficient and effective manner to successfully accomplish the tasks denoted in this Request for Proposal (RFP).

1.4 PURPOSE OF THE REQUEST FOR PROPOSALS

BWC requires the services of an independent actuarial consultant (contractor) to provide assistance in the analysis, evaluation and implementation of statutory mandates, and to aid BWC in meeting the requirements arising from its annual independent financial evaluation of unpaid loss and loss adjustment expense liabilities in establishing financial reserves.

In addition to the actuarial services described above related primarily to the State Insurance Fund, BWC requires additional actuarial services regarding

- the Administrative Cost Fund,
- the Marine Industry Fund,
- the Coal-Workers Pneumoconiosis (Black Lung) Fund,
- the Public Work-Relief Employees' Compensation Fund,
- the Disabled Workers' Relief Fund (DWRP), and
- the Self-Insuring Employers' Guaranty Fund.

Because the Administrator has ultimate responsibility for the operation of these funds in addition to the State Insurance Fund, including establishing insurance and assessment rates applicable to employers covered under these distinct funds, the BWC desires that ratemaking and reserving for these other funds be included within the scope of this Request for Proposal. Although the Administrative Cost Fund is funded on a cash flow basis, the BWC needs to ensure loss adjustment expenses on an incurred basis

conform to generally accepted accounting principles. The actuarial consultant's billing for service must segregate the costs related to ancillary funds so that each fund can be charged its share of costs.

The BWC may request actuarial services to supplement the BWC's basic ratemaking and reserving methodologies. The BWC may request assistance in studying the impact of new claims practices and alternative rating plans to enable the BWC to appropriately establish rates and reserves.

Finally, the BWC periodically becomes involved in issues involving rates, evaluations of ratemaking changes, evaluations of reserve changes, or other actuarial matters in response to proposed legislative changes. Analyses, evaluations and position statements by recognized professionals in the actuarial field with experience in other state insurance funds and commercial workers' compensation insurance have often been a primary consideration in the resolution of these matters and in supporting BWC's actions or determinations. The actuarial consultant will be expected to provide BWC with support in these matters.

2.0 CALENDAR OF EVENTS

The time schedule for this project is outlined below, and is subject to change. BWC may change this schedule at any time. If BWC changes the schedule before the Proposal due date, it will do so through an announcement on the State Procurement Web site area for this RFP. The Web site announcement will be followed by an addendum to this RFP, also available through the State Procurement Web site. It is each Responder's responsibility to check the Web site question and answer area for this RFP for current information regarding this RFP and its calendar of events through award of the Contract. No contact shall be made with agency/program staff until contract award is announced.

2.1 DATES:

RFP issued	January 7, 2013
Question submission begins	January 7, 2013
Question submission ends	February 7, 2013 at 8:00 A.M. EDT
Answers posted on the web site by	February 8, 2013
Proposals due	March 28, 2013 by 2:00 P.M. EDT
Interviews begin (if requested)	May 1, 2013
Contract begins	July 1, 2013
Contract ends (unless renewed)	September 30, 2015

NOTE: These dates are subject to change.

There are references in this RFP to the Proposal due date. Prospective Vendors must assume, unless it is clearly stated to the contrary, that any such reference means the date and time (Columbus, OH local time) that the Proposals are due.

Proposals received after 2:00 p.m. on the due date will not be evaluated.

3.0 PROPOSAL INQUIRIES AND SUBMISSIONS

3.1 QUESTIONS

Offerors may make inquiries regarding this RFP any time during the inquiry period listed in the Calendar of Events. To make an inquiry, provide reference(s) to the RFP (e.g. section number and/or item number, etc.). Unreferenced or incorrectly referenced questions will not be answered; Offerors must use the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFP Number found on Page 1 of the document. (RFP numbers begin with the letters "BWC")
5. Click "Find It Fast" button.
6. On the document information page, click "Submit Inquiry".
7. On the document inquiry page, complete the required "Personal Information" section by providing:
 - a. First and last name of the prospective Offeror's representative who is responsible for the inquiry.
 - b. Name of the prospective Offeror.
 - c. Representative's business phone number.
 - d. Representative's e-mail address.
8. Type the inquiry in the space provided including:
 - a. A reference to the relevant part of this RFP.
 - b. The heading for the provision under question.
 - c. The page number of the RFP where the provision can be found.
9. Click the "Submit" button.

Offerors submitting inquiries will receive an immediate acknowledgement that their inquiry has been received as well as an e-mail acknowledging receipt of the inquiry. Offerors will not receive a personalized e-mail response to their question, nor will they receive notification when the question has been answered.

Questions must be received by BWC by February 7, 2013 at 8:00 a.m. ET. BWC will respond to any or all questions exclusively through the above method; however, responses by BWC will not officially modify the RFP in any way unless a written addendum is issued by BWC.

Offerors may view inquiries and responses using the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".

3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFP Number found on Page 1 of the document. (RFP numbers begin with the letters "BWC")
5. Click "Find It Fast" button.
6. On the document information page, click the "View Q & A" button to display all inquiries with responses submitted to date.

BWC will try to respond to all inquiries within 48 hours of receipt, excluding weekends and State holidays.

BWC will not respond to any inquiries received after 8:00 a.m. on the inquiry end date.

Offerors are to base their RFP responses, and the details and costs of their proposed projects, on the requirements and performance expectations established in this RFP for the future contract, not on details of any other potentially related contract or project. If Offerors ask questions about existing or past contracts using the Internet Q&A process, BWC will use its discretion in deciding whether to provide answers as part of this RFP process.

BWC is under no obligation to acknowledge questions submitted through the Q&A process if those questions are not in accordance with these instructions or deadlines.

3.2 COMMUNICATION RESTRICTIONS

In order to ensure fairness and parity among prospective vendors, from the time of the release of this RFP until a vendor is selected and a contract is awarded; vendors shall not communicate with any BWC staff concerning this RFP, except as provided in Section 3.1. If the Vendor attempts or undertakes an unauthorized communication, BWC reserves the right to reject that Vendor's proposal, without evaluation. BWC shall not be responsible for any Vendor's reliance on any information regarding this Request for Proposal or any work hereunder if the information was provided by any source other than through the inquiry process in Section 3.1.

3.3 PROPOSAL SUBMISSION

It is absolutely essential that vendors carefully review all elements in their final proposal. Once received by BWC, a proposal cannot be altered. One (1) complete, signed, and sealed original; seven (7) complete, sealed copies; and one (1) electronic copy on CD of your proposal shall be submitted for evaluation. Proposals shall be clearly marked "Ohio Bureau of Workers' Compensation BID No. BWCB13001 — Actuarial Consulting Services" on the outside of the envelope. FAX or electronic mail transmissions will not be accepted. All copies must be received by BWC together in one package.

Proposals must be received in the Purchasing Department by 2:00 P.M. ET on Thursday, March 28, 2013. Proposals inappropriately addressed or delivered elsewhere risk untimely re-routing to the Purchasing Department. Any proposals received in the Purchasing Department after the deadline will be marked as untimely and will not be opened or evaluated regardless of the reason for late receipt.

If mailing proposals, vendors should allow for sufficient mailing time to ensure timely receipt by the Purchasing Department. All mail and deliveries can be expected to undergo package security screening

(amounting to approximately one hour) before receipt in the Purchasing Department. Vendors must anticipate this additional time when arranging for mail or delivery of proposals. If attending the opening, vendors must bring photo identification and should allow for additional time for personal security screening (amounting to approximately twenty minutes) and for package security screening (amounting to approximately one hour) if they are also delivering their proposals in person at that time. Submit complete, signed and sealed copies of the proposal to:

**BY MAIL OR HAND-DELIVERY:
Ohio Bureau of Workers' Compensation
Purchasing Department
30 W. Spring Street, Level 24
Columbus, Ohio 43215-2256**

All material submitted to and accepted by BWC in response to the RFP shall become the property of BWC and will be retained by BWC in accordance with the Ohio Public Records Act and the Ohio Records Retention Act. THE CONTENTS OF THE PROPOSAL ARE SUBJECT TO THE OHIO PUBLIC RECORDS ACT, SECTION 149.43, OF THE OHIO REVISED CODE, UNLESS OTHERWISE EXCEPTED BY LAW. If the proposal includes information that the proposer in good faith believes falls within one of the exceptions to the provisions of the Ohio public records laws, the proposer must put such information in separate sealed envelopes with each copy of the proposal with a note identifying which exception is claimed. Any material not separately sealed and annotated will be released upon a proper public records request. Any proposal that claims that the entire contents of the proposal fall within the exceptions will be disqualified. After a contract is awarded, if BWC determines that the information separately sealed by any proposer appears not to be exempt and may be released upon a proper request, the Vendor will be advised of BWC's intent to release the information.

3.4 CHANGES TO THIS REQUEST FOR PROPOSALS

All vendors will be notified in the event that BWC finds it necessary to modify one or more portions of this RFP after it has been released. Should BWC issue an addendum to this RFP, additional time may be given to all prospective vendors, if appropriate, to extend the deadline to accommodate needed changes in the proposals.

4.0 GENERAL TERMS AND CONDITIONS

4.1 GENERAL

BY SUBMITTING A PROPOSAL, THE VENDOR ACKNOWLEDGES THAT IT HAS READ THE RFP, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS REQUIREMENTS, TERMS AND CONDITIONS. BWC RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS THAT TAKE EXCEPTION TO THE TERMS AND CONDITIONS OF THE RFP OR THAT FAIL TO MEET THE TERMS AND CONDITIONS, INCLUDING BUT NOT LIMITED TO, STANDARDS, SPECIFICATIONS AND REQUIREMENTS AS SPECIFIED IN THE RFP. FURTHERMORE, BWC RESERVES THE RIGHT TO REFUSE ANY PROPOSAL NOT PROPERLY SUBMITTED IN ACCORDANCE WITH THE REQUIREMENTS OF THIS RFP. BWC RESERVES THE RIGHT TO REJECT THE SELECTED PROPOSAL AT ANY TIME PRIOR TO EXECUTION OF A CONTRACT.

The Evaluation Committee may waive minor defects that are not material when no prejudice will result to the rights of any other vendor, the public, or BWC. BWC shall not pay for information solicited prior to entering into a contract with the selected Vendor.

Headings in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions contained in the RFP.

4.2 TRAVEL EXPENSES

Any travel or per diem required by the selected vendor to carry out its obligations under the contract shall be at the vendor's expense.

4.3 RESULTING CONTRACT

Any contract resulting from the RFP shall consist of this RFP and any written addenda issued by BWC, the selected proposal and the executed contract.

BWC and the successful Vendor shall execute a contract based on the draft included in Section 9.0 of this RFP or a draft proposed by the Vendor, as mutually agreed to by the parties, provided that any contract executed shall incorporate and shall be consistent with the terms of this RFP, any written addenda issued by BWC, and the selected proposal, and shall be in compliance with Ohio law. The contract for services does not include any additional services not described in this RFP and shall not be modifiable to include any additional services described in the Vendor's Proposal but not described in this RFP. If the Vendor fails to execute such contract within a reasonable time, BWC reserves the right to reject the proposal and award the contract to the next highest scoring Vendor until a contract is negotiated, or BWC decides not to contract.

4.3.1 Term of Contract

The term of the contract shall commence on or about the date the contract is executed (beginning July 1, 2013). The contract will have an initial term of two (2) years and three (3) months (ending September 30, 2015) and can be renewed for two (2) additional one (1) year terms at the sole and exclusive option of the BWC (October 1, 2015 thru September 30, 2016 and October 1, 2016 thru September 30, 2017). BWC shall incur no liability should it choose not to exercise its exclusive option to renew the contract.

4.4 CONTRACT COMPLIANCE

During the term of this contract, the BWC shall be responsible for monitoring the Vendor's performance and compliance with the terms and conditions of the contract. It is specifically understood that the nature of the services to be rendered pursuant to any contract resulting from this RFP are of such a nature that BWC is the sole judge of the adequacy of such services.

4.5 CONTRACT TERMINATION

The Bureau may cancel this Agreement at any time prior to the commencement of services. In addition, this Agreement may be terminated by the unilateral action of either party hereto upon provision to the other party ninety (90) days written notice of election to so terminate, provided that such unilateral termination by Vendor is without prejudice to the State of Ohio. In the event of termination of this Agreement by either party, Vendor shall be paid for all properly documented services; however no deposit, cancellation fee, or liquidated damages will be paid by the Bureau. The Bureau shall have the right to terminate this Agreement immediately without advance notice if for any reason Vendor violates any of the material covenants, agreements, or stipulations of this Agreement, or if Vendor fails to maintain Ohio workers' compensation, where required by law. In the event the Bureau executes its right to terminate this Agreement, Contractor shall not be relieved of any liability for damages sustained by the Bureau by virtue of any breach by Vendor and the Bureau may withhold further payment due to Vendor pursuant to this Agreement or otherwise, for the purpose of set-off until such time as damages due to the Bureau are determined.

Vendor may cancel its duties and obligations under this Agreement at any time prior to the commencement of services upon notice to the Bureau, provided that such termination is without prejudice to the State of Ohio. Any material provided by Vendor, which fulfills any obligation of this Agreement, shall be considered the property of the Bureau of Workers' Compensation upon payment in full to Vendor for services rendered prior to termination. Furthermore, Vendor shall have the right to terminate this Agreement for failure to pay invoices in accordance with the terms of this Agreement.

The rights of cancellation and termination referred to in this Agreement are not intended to be exclusive and are in addition to any other rights and remedies available to either party at law or in equity.

4.6 GOVERNING LAW - SEVERABILITY

The validity, construction and performance of any contract resulting from this RFP and the legal relations among the parties to any contract shall be governed by and construed in accordance with the laws of the State of Ohio. If any provision of any contract resulting from this RFP or the application of any such provision shall be held by an Ohio court of competent jurisdiction to be contrary to law, the remaining

provisions of the contract shall remain in full force and effect. The parties agree to submit irrevocably to the jurisdiction of the Ohio Court of Claims.

4.7 COMPLIANCE WITH APPLICABLE LAWS

The Vendor agrees to comply with all applicable federal, state, and local laws in the conduct of the work hereunder. The Vendor accepts full responsibility for payment of all taxes and insurance including workers' compensation insurance premiums, unemployment compensation insurance premiums, all income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by the Vendor in the performance of the work authorized by this contract. BWC does not agree to pay any taxes. Failure to have workers' compensation or other required insurance in accordance with the RFP may cause BWC to terminate any resulting contract at BWC's sole discretion.

4.8 PUBLICITY

Any use or reference to this RFP by the Vendor to promote, solicit, or disseminate information regarding the scope of the contract is prohibited, unless otherwise agreed to in writing by BWC. BWC agrees to be used as a reference by the selected Vendor in other State of Ohio competitive bid situations.

4.9 NON-DISCRIMINATION

The Vendor will comply with all state and federal laws regarding equal employment opportunity and fair labor and employment practices, including Ohio Revised Code Section 125.111 and all related Executive Orders.

Before a contract can be awarded or renewed, for any contract in the amount of \$2,500.00 or more, Vendor must submit an Affirmative Action Program Verification Form to the DAS Equal Opportunity Division to comply with the Ohio affirmative action requirements. Affirmative Action Verification Forms and approved Affirmative Action Plans can be found by contacting the Equal Opportunity Department or viewing the Equal Opportunity Department's web site:

<http://das.ohio.gov/Divisions/EqualOpportunity/AffirmativeActionProgramVerification/tabid/133/Default.aspx>

The State encourages the Vendor to purchase goods and services from Minority Business Enterprise (MBE) and Encouraging Diversity, Growth and Equity (EDGE) vendors.

4.10 VENDOR'S LIABILITY

The Vendor shall be liable for and shall indemnify the BWC against any and all losses, damages, costs, expenses (including reasonable attorney fees), liabilities, claims and demands for any action, omission, information or recommendation in connection with this Agreement constituting a breach or violation of its fiduciary duties under applicable law, or a material breach of any agreement, representation, warranty or covenant made herein by the Vendor or its agents, except that the Vendors shall have no liability hereunder in the absence of negligence or reckless or willful misconduct on the part of itself or its agents.

4.11 CONDITIONS PRECEDENT

It is expressly understood and agreed by the parties that the contract is not binding on BWC until such time as all necessary funds are made available and forthcoming from the appropriate State agencies, and such expenditure of funds is approved by the Administrator after execution of the contract by the Vendor but before execution by BWC. It is further expressly understood and agreed by the parties that the execution of a Cooperative Agreement between BWC and RSC based on the VRP3 model and prior written approval of the Vendor by RSC shall also be conditions precedent to the creation of any obligation under this contract.

No contract shall be binding upon either party until receipt by the contracting Vendor of a copy of a fully executed contract, and compliance with any and all conditions precedent as set forth in this section.

4.12 METHOD OF REMUNERATION AND BILLING PROCEDURES

Upon delivery of goods or performance of the service, as described on any purchase order placed against the contract awarded, the vendor shall submit hard copy (in duplicate) invoices directly to:

BWC - Benefits Payable Department
P.O. Box 15429
30 West Spring Street, L24
Columbus, OH 43215-9609

A copy will also be sent to the BWC Chief Actuarial Officer via e-mail (the e-mail address will be provided to the awarded vendor). A proper invoice is defined as being free from defects, discrepancies, errors, or other improprieties and shall include, but may not be limited to:

- Vendor's name and address as designated in the RFP;
- Vendor's federal employer identification (E.I.) number;
- The purchase order number authorizing the purchase of services;
- Description, including time period (date received and date reported), of services delivered or rendered as specified in the purchase order.

Invoices for monthly services should be submitted to the BWC within 15 calendar days of the closing of the monthly period. Defective invoices shall be returned to the vendor noting areas for correction. When such notification of defect is sent, the required payment date shall be thirty (30) days after receipt of the corrected invoice.

Section 126.30 of the Ohio Revised Code, and any applicable rules thereto, are applicable to any resulting contract and require payment of interest if, upon receipt of a proper invoice, payment is not made within thirty (30) calendar days, unless otherwise agreed in writing. The interest charge shall be at the rate per calendar month which equals one-twelfth of the rate per annum prescribed by Section 5703.47 of the Ohio Revised Code, unless this calculation yields an amount less than ten dollars (\$10.00) in which case no interest shall be paid. In the event that the BWC does fail to make prompt payment, the vendor is entitled to the interest allowed by law. In no event shall such failure to make prompt payment be deemed a default or breach of contract on the part of the BWC.

By signing the contract, the selected vendor agrees to receive payment by means of electronic fund transfers, "EFT". The BWC agrees to send to the selected vendor an Authorization Agreement for Automatic Deposit of State Warrants for the selected vendor to complete and to file with the Auditor of

State, providing the information needed to enable EFT payment. It is the vendor's responsibility to complete and to submit the Authorization Agreement for Automatic Deposit of State Warrant immediately upon receipt of a purchase order and signed contract under this RFP.

Payment shall be made to the vendor, in the firm's Federal E.I. number, as provided for in the response to the RFP. The date the EFT payment is issued shall be considered the date payment is made. Payment shall not be initiated before a proper invoice is received by the BWC.

4.13 WORKERS' COMPENSATION

The Vendor shall submit with its proposal a copy of the certificate proving that the Vendor and its agents are covered by Workers' Compensation, Employees' Liability and/or Vendor's insurance in amounts sufficient to satisfy all claims that might arise from its acts or those of the employees and agents. The Vendor is responsible for ensuring contractually that any subcontractors maintain workers' compensation insurance at all times during the term of the resulting contract. Failure to maintain coverage at any time during the term of any contract shall be deemed a material breach of the contract. Such failure may cause BWC to terminate the contract at the BWC's sole discretion.

4.14 LIABILITY INSURANCE

The Vendor shall provide proof of insurance coverage as set out in this section. The intent of the required insurance is to protect the Fund and the state of Ohio from any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of the Vendor or subcontractor, or their agents, while performing under the terms of this Contract.

The Vendor shall provide proof of insurance coverage, and such insurance coverage shall be maintained in full force and effect during the term of this Contract, as follows:

Professional Liability/Errors and Omission Liability The Vendor shall maintain general liability insurance against claims for bodily injury, personal injury, death or property damage arising from the services performed by the Vendor, its employees, agents, representatives, or subcontractors, under this Agreement for the duration of this Agreement, together with any renewals. Such insurance shall afford total protection of not less than five hundred thousand dollars (\$500,000) on account of bodily injury to or death of one (1) person, and one million dollars (\$1,000,000) on account of bodily injuries or death of more than one person as a result of any one accident or disaster, and two hundred fifty thousand dollars (\$250,000) for property damage in any one accident.

Insurance policies shall be endorsed to contain a clause providing that thirty (30) days prior written notice of cancellation, non-renewal or decrease in coverage shall be given to the BWC, and shall name BWC, and the State of Ohio as additional insured's.

The Vendor shall furnish a Certificate(s) of Insurance to the BWC for the required coverage evidencing insurance from an insurance carrier, or carriers, authorized to do business in the State of Ohio. The certificate(s) must be in a form that is reasonably satisfactory to the BWC as to the contents of the policies and the quality of the insurance carriers. All carriers must have at least an "A" rating by A.M. Best. A certificate reflecting the continuing coverage of all such policies procured by Vendor in compliance

herewith shall be delivered to BWC pursuant to Section 6.9 of this RFP, and thereafter at least thirty (30) days prior to the expiration of any policies.

Failure to maintain required liability coverage at any time during the term of any contract shall be deemed a material breach of the contract. Such failure may cause BWC to immediately terminate the contract at the BWC's sole discretion.

4.15 DEFAULT BY VENDOR

BWC declares and the Vendor acknowledges that BWC may suffer damages due to the failure of the Vendor to act in accordance with the requirements, terms, and conditions of the contract. BWC declares and the Vendor agrees that such failure shall constitute an event of default on the part of the Vendor. The Vendor agrees that if BWC does not give prompt notice of such a failure, that BWC has not waived any of its rights or remedies concerning the failure by the Vendor.

4.16 INSPECTION OF TIME RECORDS AND WORK PAPERS

BWC reserves the right to inspect the records and work papers of the Vendor or any of its subcontractors to determine the validity of billings for work performed. Adequate records to support these charges must be maintained. Documentation must be retained for review for at least three (3) years subsequent to final payment.

4.17 OHIO ELECTIONS LAW

The Vendor hereby certifies that no applicable party listed in Divisions (I), (J), (Y) and (Z) of O.R.C. Section 3517.13 has made contributions in excess of the limitations specified under Divisions (I), (J), (Y) and (Z) of O.R.C. Section 3517.13.

4.18 DRUG-FREE WORKPLACE

The Vendor agrees to comply with all applicable state and federal laws regarding drug-free workplace. The Vendor shall make a good faith effort to ensure that all of its employees, if working on state property, will not purchase, use or possess illegal drugs or alcohol or abuse prescription drugs in any way.

4.19 INTELLECTUAL PROPERTY

All customized materials, surveys, analysis and reports developed by the Vendor during the course of its work under this contract shall become the property of BWC as a work-made-for hire. BWC shall have an unrestricted right to reproduce, distribute, modify, maintain and use the materials, surveys, analysis and reports, and the Vendor shall not obtain copyright, patent or other proprietary protection for these items. The Vendor relinquishes any and all copyrights, privileges and proprietary rights to these items. The Vendor shall not include in the materials, surveys, analysis and reports any copyrighted matter, unless the copyright owner gives prior written approval to such copyrighted matter provided herein.

4.20 ASSIGNMENT AND SUBCONTRACTING

The Vendor will not assign any of its rights nor delegate any of its duties and responsibilities under this Agreement without prior written consent of the Bureau. Any assignment or delegation not consented to may be deemed void by the Bureau. However, the Bureau's approval will not serve to modify or abrogate the responsibility of the Vendor for the acts, omissions, nonfeasance, malfeasance, or misfeasance of any and all subcontractors.

If the Vendor changes its business organization or identity from that described in its proposal before the contract is signed by both parties or before work pursuant to the contract commences, that change may be deemed a material change by the BWC, if the Vendor was selected based in part on its experience, corporate structure, responsibility or conflicts of interest, which factors have changed. The BWC may withdraw the contract award or it may declare the contract "void ab initio" and may select another finalist for a contract under this RFP.

If the Vendor changes its business organization or identity from that described in its quote at any time after work pursuant to the contract commences, the Vendor must immediately notify the BWC of the change and that change may be deemed a material change by the BWC, and may be deemed grounds for terminating the contract under this RFP.

4.21 UNRESOLVED FINDING FOR RECOVERY

The Vendor warrants that it is not subject to any unresolved finding for recovery issued by the Auditor of State within the meaning of Ohio Revised Code Section 9.24; provided, however that if the Vendor is subject to a finding for recovery pursuant to Section 9.24 (A) and the Vendor qualifies for and has taken the necessary steps to resolve the finding for recovery pursuant to Section 9.24 (B), the Vendor must provide BWC with specific documentation regarding the resolution prior to the award of the contract under this RFP. If it is discovered after the contract has been awarded that the Vendor was subject to an unresolved finding for recovery on the date the contract was awarded, the contract will be declared "void ab initio", and BWC will not pay for any services rendered or goods delivered under the contract.

4.22 NO SECONDARY INTERESTS

The Vendor represents and warrants that in the event of any Vendor's referral to BWC to any third party to sell, license, or furnish hardware, software, services, or other items to BWC, such referral shall not result in any such third party's payment to the Vendor (or to any partner, director, principal or affiliate thereof) of any monetary consideration, referral fee, finder's fee or anything else of value. For breach of the above warranty, the Vendor shall promptly pay to BWC the full amount (or cash equivalent) of the consideration received from the third party for the referral.

The Vendor represents and warrants that the work to be performed under this RFP will be a complete work product, not requiring any subsequent, additional purchase from the Vendor.

4.23 KEY EMPLOYEE CREDENTIALS

It is expressly understood that the Vendor's selection is based in part on the credentials of the personnel proposed in the Vendor's proposal, including FCAS requirement of Section 7.3 herein. Any substitution for key personnel during the course of the contract shall be deemed a material breach unless the substituted employee's credentials are submitted to the BWC and approved by the BWC prior to substitution.

4.24 CONFLICTS OF INTEREST AND ETHICS COMPLIANCE CERTIFICATION

Vendor affirms that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict, in any manner or degree, with the performance of services which are required to be performed under any resulting Contract. In addition, Vendor affirms that a person who is or may become an agent of Vendor, not having such interest upon execution of this Contract shall likewise advise the BWC in the event it acquires such interest during the course of this Contract.

Vendor agrees to adhere to all ethics laws contained in Chapters 102 and 2921 of the Ohio Revised Code governing ethical behavior, understands that such provisions apply to persons doing or seeking to do business with the BWC, and agrees to act in accordance with the requirements of such provisions; and warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to the BWC or any of its board members, officers, employees, or agents, or any third party in any of the engagements of this Agreement or otherwise, including, but not limited to a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

4.25 DEBARMENT

Vendor represents and warrants that it is not debarred from consideration for contract awards by the Director of the Department of Administrative Services, pursuant to either Ohio Revised Code Section 153.02 or Ohio Revised Code Section 125.25. If this representation and warranty is found to be false, this Agreement will be declared "void ab initio" and Vendor shall immediately repay to BWC any funds paid under this Agreement.

4.26 OFFSHORE PROVISION OF SERVICES PROHIBITED

The Contractor affirms to have read and understands Executive Order 2011-12K "Governing the Expenditure of Public Funds for Offshore Services" issued by the Governor of Ohio and shall abide by those requirements in the performance of this Contract, and shall perform no services required under this Contract outside of the United States. The Executive Order 2011-12K is available at the following website:

<http://www.governor.ohio.gov/Portals/0/pdf/executiveOrders/EO%202011-12K.pdf>

The Contractor also affirms, understands, and agrees to immediately notify the State of any change or shift in the location(s) of services performed by the Contractor or its subcontractors under this Contract, and no services shall be changed or shifted to a location(s) that are outside of the United States.

If Contractor or any of its subcontractors perform services under this Contract outside of the United States, the performance of such services shall be treated as a material breach of the Contract. The State

is not obligated to pay and shall not pay for such services. If Contractor or any of its subcontractors perform any such services, Contractor shall immediately return to the State all funds paid for those services. The State may also recover from the Contractor all costs associated with any corrective action the State may undertake, including but not limited to an audit or a risk analysis, as a result of the Contractor performing services outside the United States.

The State may, at any time after the breach, terminate the Contract, upon written notice to the Contractor. The State may recover all accounting, administrative, legal and other expenses reasonably necessary for the preparation of the termination of the Contract and costs associated with the acquisition of substitute services from a third party.

If the State determines that actual and direct damages are uncertain or difficult to ascertain, the State in its sole discretion may recover a payment of liquidated damages in the amount of one percent of the value of the Contract.

The State, in its sole discretion, may provide written notice to Contractor of a breach and permit the Contractor to cure the breach. Such cure period shall be no longer than 21 calendar days. During the cure period, the State may buy substitute services from a third party and recover from the Contractor any costs associated with acquiring those substitute services.

Notwithstanding the State permitting a period of time to cure the breach or the Contractor's cure of the breach, the State does not waive any of its rights and remedies provided the State in this Contract, including but not limited to recovery of funds paid for services Contractor performed outside of the United States, costs associated with corrective action, or liquidated damages.

4.27 FORCE MAJEURE

Neither the Contractor nor the Bureau shall be liable to the other for any delay or failure of performance of any provisions contained herein, to the extent that such delay or failure is caused by any act of God, such as earthquake; fire; storms; tornadoes; floods, or other severe weather disturbances; explosions; civil disturbances; war; and other such events or any other cause that could not be reasonably foreseen in the exercise of ordinary care, and that is beyond the reasonable control of the party affected, and that the party is unable to prevent.

4.28 MERGER CLAUSE

It is mutually understood and agreed that this writing represents the entire Agreement between the Contractor and the Bureau. The parties have entered into no agreements, express or implied, other than the Agreement, including documents incorporated by reference, set forth in this writing. It is further agreed that no parol representation of any amendment, modification, supplement or rescission of the terms set forth herein shall be given any force or effect unless such amendment, modification, supplement, or rescission shall have been expressed in writing and signed by the parties, and meet any and all conditions precedent deemed applicable by the Bureau.

5.0 SCOPE OF SERVICES

5.1 RATEMAKING

5.1.1 BACKGROUND

Pursuant to Ohio Revised Code Section 4123.34, the Workers' Compensation Board of Directors has the right of advice and consent to all rates and assessments recommended by the BWC Administrator. Recommendations are made by the Administrator, predicated on rates developed and recommended by the Actuarial Division. This ratemaking process takes place in the spring for the following programs or funds:

- private employer program,
- marine industry fund,
- coal workers' pneumoconiosis fund, and
- public employer state agency program,

and in autumn for:

- public employer taxing district rates.

Supporting work by the Actuarial Division, however, extends throughout the year.

These programs and funds receive in excess of \$2 billion in annual premiums and assessments to the State Insurance Fund. The rates must be established based upon the total payroll in each of the classes of occupation or industry so that the premium is sufficient to provide a fund for the compensation provided for in section 4123.29 of the Ohio Revised Code and to maintain a state insurance fund from year to year. The administrator shall set the rates at a level that assures the solvency of the fund. Where the payroll cannot be obtained or, in the opinion of the administrator, is not an adequate measure for determining the premium to be paid for the degree of hazard, the administrator may determine the rates of premium upon such other basis, consistent with insurance principles, as is equitable in view of the degree of hazard.

5.1.2 TASK DESCRIPTION

The BWC is requesting an actuarial consulting firm ("consultant") for the period of July 1, 2013 through September 30, 2015 with the option of two (2) – one year long contract renewals for a variety of support in the development of rates and assessments. The responsibilities of the consultant with regard to the ratemaking function of the RFP and peer review of the BWC staff analyses include the following:

- A.** Review and make written recommendations with regard to private employer rates:
- a. by March 3, 2014 for the policy year beginning July 1, 2014,
 - b. by March 2, 2015 for the policy year beginning July 1, 2015.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by March 1, 2016 for the policy year beginning July 1, 2016,
- b. by March 1, 2017 for the policy year beginning July 1, 2017.

- B.** At the BWC's request, review and make written recommendations with regard to public employer state agency program:
- a. by March 3, 2014 for the policy year beginning July 1, 2014,
 - b. by March 2, 2015 for the policy year beginning July 1, 2015.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by March 1, 2016 for the policy year beginning July 1, 2016,
- b. by March 1, 2017 for the policy year beginning July 1, 2017.

C. Review and make written recommendations with regard to public employer taxing district statewide rate levels:

- a. by September 1, 2014 for the policy year beginning January 1, 2015,
- b. by September 1, 2015 for the policy year beginning January 1, 2016.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by September 1, 2016 for the policy year beginning January 1, 2017,
- b. by September 1, 2017 for the policy year beginning January 1, 2018.

D. At the BWC's request, review and make written recommendations with regard to retrospective rating plans for public employer taxing districts.

E. At the BWC's request, review and make written recommendations with regard to retrospective rating plans for private employers.

F. At the BWC's request, review and make recommendations to improve and enhance the experience-rating program and the resulting rates (public and private).

G. At the BWC's request, review and make recommendations to improve and enhance the public and private employer rate discount programs.

H. At the BWC's request, communicate with interested third parties (e.g., employer associations, service firms, etc.) regarding actuarial matters. Such communication may include the provision of position statements regarding the BWC ratemaking.

I. At the BWC's request, prepare and provide professional testimony in litigation on behalf of the BWC.

J. At the BWC's request, assist the BWC in ratemaking improvements related to case reserves. This program of improvements may include individual case reserving in both manual classification and experience modification factor calculations.

K. Review and make written recommendations with regard to the Coal-Workers Pneumoconiosis Fund rates:

- a. by April 1, 2014 for rates effective July 1, 2014,
- b. by April 1, 2015 for rates effective July 1, 2015.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by April 1, 2016 for rates effective 7/1/2016,
- b. by April 3, 2017 for rates effective 7/1/2017.

Review and make written recommendations with regard to the various Disabled Workers' Relief Fund (DWRF I and II) assessment rates:

- a. by April 1, 2014 effective July 1, 2014 and January 1, 2015 respectively;
- b. by April 1, 2015 for assessment rates effective July 1, 2015 and January 1, 2016

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by April 1, 2016 for rates effective July 1, 2016 and January 1, 2017,
- b. by April 3, 2017 for rates that will be effective July 1, 2017 and January 1, 2018

- L.** Review and make written recommendations with regard to the Marine Industry Fund rates:
 - a. by April 1, 2014 for rates effective July 1, 2014,
 - b. by April 1, 2015 for rates effective July 1, 2015.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by April 1, 2016 for rates effective July 1, 2016,
- b. by April 3, 2017 for rates effective July 1, 2017.

- M.** At the BWC's request, review and make written recommendations with regard to assessments for self-insured employers for the surplus fund:
 - a. by April 1, 2014 for assessments effective July 1, 2014,
 - b. by April 1, 2015 for assessments effective July 1, 2015.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by April 1, 2016 for assessments effective July 1, 2016,
- b. by April 3, 2017 for assessments effective July 1, 2017.

- N.** At the BWC's request, review and make written recommendations with regard to the Self-Insuring Employers' Guaranty Fund assessment rate:
 - a. by April 1, 2014 for assessments effective July 1, 2014,
 - b. by April 1, 2015 for assessments effective July 1, 2015.

The tasks for each of the optional renewal years (if executed) will need to be completed

- a. by April 1, 2016 for assessments effective July 1, 2016,
- b. by April 3, 2017 for assessments effective July 1, 2017.

- O.** At the BWC's request, provide factors by May 1 of each year for calculation of the amount owed in additional premiums, if applicable, from an employer transferring from the State Insurance Fund to self-insured status. Review and recommend any changes to the buy-out methodology.
- P.** At the BWC's request, provide the results of using a standard NCCI rating plan methodology to develop rates and the effects to employer premiums.
- Q.** Provide copies to BWC of all spreadsheets, formulas, databases and supporting documents developed or used in connection with all work identified within this RFP. These should be provided in electronic format whenever possible and paper upon request.

- R. The consultant will accept and provide files in an FTP “file transfer protocol” format designated by the BWC. The electronic files will be transmitted to the consultant using a normally accepted business application.
- S. Assist the Chief Actuarial Officer, Chief of Fiscal and Planning, the Actuarial Directors, the Administrator and other staff as requested. This assistance shall include, but is not limited to, attendance at BWC Executive Staff meetings and any briefings regarding matters included within the scope of the ratemaking portion of this RFP.
- T. At the BWC’s request, attend the Bureau of Workers’ Compensation Board of Directors and actuarial committee meetings and make presentations, with the appropriate level of detail for the respective audience, on ratemaking issues as required.
- U. At BWC’s request, provide educational sessions, with the appropriate level of detail for the respective audience, to the Board of Directors on ratemaking issues.
- V. At the BWC’s request, comment on the discount rate and risk margin recommended for use in the ratemaking studies.
- W. At the BWC’s request, attend legislative committee meetings and make presentations, with the appropriate level of detail for the respective audience, on ratemaking issues as required.

5.2 ACTUARIAL RESERVE EVALUATION

5.2.1 BACKGROUND

Pursuant to ORC 4123.47, the Administrator is responsible for conducting an actuarial reserve evaluation of the State Insurance Fund at least once every year. The BWC has maintained a program of annual actuarial reserve evaluations since 1975. The actuarial reserve evaluation and analyses must comply with the requirements of the actuarial standards of practice and be performed by credentialed actuaries who meet the actuarial qualification standards of the American Academy of Actuaries. The consultant will be expected to assist the BWC in developing its quarterly reserve analysis capabilities and peer reviewing the results of such analyses.

5.2.2 TASK DESCRIPTION

The services pursuant to this portion of the RFP commence on July 1, 2013 and continue through September 30, 2015 with the option of two (2) – one year long contract renewals. The consultant will conduct an actuarial evaluation of the State Insurance Fund and other funds or perform a peer review of the BWC analyses as of June 30, 2014 and as of June 30, 2015. The tasks for each of the renewal years will need to be completed as of June 30, 2016 and June 30, 2017. The deadlines for completion of the reserve evaluation task shall be no later than August 22, 2014 for the first year’s evaluation; and August 21, 2015 for the second year’s evaluation. The deadlines for the 2 renewal years are August 19, 2016 for the first renewal year’s evaluation, and for the second renewal, August 18, 2017.

The preliminary evaluation results using data through March 31 of each year must be completed for presentation to the actuarial committee and board of directors at the June actuarial committee meeting of that year. The responsibilities of the consultant are as follows:

- A. Provide recommendations on actuarial reserves (unpaid claim liability estimates) for compensation (indemnity), medical costs and compensation adjustment expenses on claims incurred by the **State Insurance Fund** and other related funds (*such as the Administrative Cost Fund*) as of June 30 of the specific year under review.
1. A preliminary reserve evaluation will be conducted following March 31, 2014 projected forward to June 30, 2014 to be presented at the June actuarial committee and board meetings of that year.
 2. A follow-up reserve evaluation will be conducted following June 30, 2014, to be completed by *August 22, 2014*.
 3. A preliminary reserve evaluation will also be conducted following March 31, 2015 projected forward to June 30, 2015 to be presented at the June actuarial committee and board meetings of that year.
 4. A follow-up reserve evaluation will be conducted following June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewal dates (if executed) for the preliminary reserve evaluation will be:

- a. as of March 31, 2016 projected forward to June 30, 2016,
- b. as of March 31, 2017, to be projected forward to June 30, 2017 to be presented at the June actuarial committee and board meetings of each year.

The 2 yearly optional renewal deadlines (if executed) for the adjusted reserve evaluations will be as of:

- a. June 30, 2016, to be completed by August 19, 2016, and
- b. June 30, 2017 to be completed by August 18, 2017.

- B. Develop interim reserve evaluations and projections on a quarterly basis for the intervening quarters, projecting the required reserves for the subsequent fiscal year end (June 30). These analyses will be used by the BWC each quarter to adjust the carried reserves from those based on projections developed as indicated in A. above.
1. Reserve projections as of September 30, 2013
 - a. draft report is due November 5, 2013
 - b. final report is due November 19, 2013
 2. Reserve projections as of December 31, 2013
 - a. draft report is due February 7, 2014
 - b. final report is due February 21, 2014
 3. Reserve projections as of September 30, 2014
 - a. draft report is due November 5, 2014
 - b. final report is due November 19, 2014
 4. Reserve projections as of December 31, 2014
 - a. draft report is due February 6, 2015
 - b. final report is due February 20, 2015
 5. Reserve projections as of September 30, 2015
 - a. draft report is due November 5, 2015
 - b. final report is due November 19, 2015

Reserve projections for the 2 optional renewal years (if executed)

1. Reserve projections as of December 31, 2015
 - a. draft report is due February 5, 2016
 - b. final report is due February 19, 2016
2. Reserve projections as of September 30, 2016
 - a. draft report is due November 4, 2016.
 - b. final report is due November 18, 2016
3. Reserve projections as of December 31, 2016
 - a. draft report is due February 7, 2017
 - b. final report is due February 21, 2017

C. Determine actuarial reserves for the **Marine Industry Fund**

1. A preliminary reserve evaluation will be conducted following March 31, 2014 projected forward to June 30, 2014 to be presented at the June actuarial committee and board meetings of that year.
2. A follow-up reserve evaluation will be conducted following June 30, 2014, to be completed by August 22, 2014.
3. A preliminary reserve evaluation will also be conducted following March 31, 2015 projected forward to June 30, 2015 to be presented at the June actuarial committee and board meetings of that year.
4. A follow-up reserve evaluation will be conducted following June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewal dates (if executed) for the preliminary reserve evaluation will be

- a. as of March 31, 2016 projected forward to June 30, 2016,
- b. as of March 31, 2017, to be projected forward to June 30, 2017 to be presented at the June actuarial committee and board meetings of each year.

The 2 yearly optional renewal deadlines (if executed) for the adjusted reserve evaluations will be

- a. as of June 30, 2016, to be completed by August 19, 2016, and
- b. as of June 30, 2017 to be completed by August 18, 2017 to be presented at the June actuarial committee and board meetings of each year.

D. Determine the actuarial reserves for the **Coal-Workers' Pneumoconiosis (Black Lung) Fund**

1. A preliminary reserve evaluation will be conducted following March 31, 2014 projected forward to June 30, 2014 to be presented at the June actuarial committee and board meetings of that year.
2. A follow-up reserve evaluation will be conducted following June 30, 2014, to be completed by August 22, 2014.
3. A preliminary reserve evaluation will also be conducted following March 31, 2015 projected forward to June 30, 2015 to be presented at the June actuarial committee and board meetings of that year.
4. A follow-up reserve evaluation will be conducted following June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewal dates (if executed) for the preliminary reserve evaluation will be

- a. as of March 31, 2016 projected forward to June 30, 2016,
- b. as of March 31, 2017, to be projected forward to June 30, 2017 to be presented at the June actuarial committee and board meetings of each year.

The 2 yearly optional renewal deadlines (if executed) for the adjusted reserve evaluations will be

- a. as of June 30, 2016, to be completed by August 19, 2016, and
- b. as of June 30, 2017 to be completed by August 18, 2017 to be presented at the June actuarial committee and board meetings of each year.

E. Determine the actuarial reserves for the **Disabled Workers' Relief Funds (DWRP I and II)**

1. A preliminary reserve evaluation will be conducted following March 31, 2014 projected forward to June 30, 2014 to be presented at the June actuarial committee and board meetings of that year.
2. A follow-up reserve evaluation will be conducted following June 30, 2014, to be completed by August 22, 2014.
3. A preliminary reserve evaluation will also be conducted following March 31, 2015 projected forward to June 30, 2015 to be presented at the June actuarial committee and board meetings of that year.
4. A follow-up reserve evaluation will be conducted following June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewal dates (if executed) for the preliminary reserve evaluation will be

- a. as of March 31, 2016 projected forward to June 30, 2016,
- b. as of March 31, 2017, to be projected forward to June 30, 2017 to be presented at the June actuarial committee and board meetings of each year.

The 2 yearly optional renewal deadlines (if executed) for the adjusted reserve evaluations will be

- a. as of June 30, 2016, to be completed by August 19, 2016, and
- b. as of June 30, 2017 to be completed by August 18, 2017 to be presented at the June actuarial committee and board meetings of each year.

The consultant will be expected, in conjunction with this task, to develop an estimate of future DWRP liability on known and unknown claims of bankrupt self-insured employers.

F. Determine the actuarial reserves for the **Self-Insuring Employers' Guaranty Fund**

1. A preliminary reserve evaluation will be conducted following March 31, 2014 projected forward to June 30, 2014 to be presented at the June actuarial committee and board meetings of that year.
2. A follow-up reserve evaluation will be conducted following June 30, 2014, to be completed by August 22, 2014.
3. A preliminary reserve evaluation will also be conducted following March 31, 2015 projected forward to June 30, 2015 to be presented at the June actuarial committee and board meetings of that year.
4. A follow-up reserve evaluation will be conducted following June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewal dates (if executed) for the preliminary reserve evaluation will be

- a. as of March 31, 2016 projected forward to June 30, 2016,
- b. as of March 31, 2017, to be projected forward to June 30, 2017 to be presented at the June actuarial committee and board meetings of each year.

The 2 yearly optional renewal deadlines (if executed) for the adjusted reserve evaluations will be

- a. as of June 30, 2016, to be completed by August 19, 2016, and
- b. as of June 30, 2017 to be completed by August 18, 2017 to be presented at the June actuarial committee and board meetings of each year.

The actuarial reserves shall include estimates of appropriate future DWRP benefit payments, and incorporate any changes in the scope of coverage of the Fund.

- G. Determine and provide projected actuarial reserves for the various funds at the end of the next fiscal year.
- H. Provide three complete and final hard copies to BWC of the reserve evaluation and provide a copy of the reserve evaluation in a PDF format that can be emailed. Additionally, all supporting material must be submitted to the BWC in an electronic format that can be analyzed and configured by the BWC personnel.
 - a. The draft version of the reserve evaluation must be completed by August 22, 2014 with a final version completed by August 29, 2014.
 - b. The draft version of the reserve evaluation must be completed by August 21, 2015 with a final version completed on August 31, 2015.

For the 2 optional yearly renewals (if executed) -

- a. The draft version of the reserve evaluation in 2016 must be completed by August 19, 2016 and with a final version completed on August 31, 2016.
 - b. The draft version of the reserve evaluation in 2017 must be completed by August 18, 2017 with the final version completed on August 31, 2017.
- I. Provide copies to the BWC of all spreadsheets, formulas, databases and supporting documents developed or used in connection for all work identified within this RFP.
 - J. The consultant will accept and provide files in an FTP "file transfer protocol" format designated by the BWC. The electronic files will be transmitted to the consultant using a normally accepted business application.
 - K. Provide an actuarial opinion in a form specified by the BWC (similar to NAIC opinion but tailored to the BWC environment) by September 1 of each year for the actuarial reserves at June 30 of the year.
 - L. Prepare the Governmental Accounting Standards Board (GASB) Statement No. 10 as of
 - a. June 30, 2014, to be completed by August 22, 2014 and
 - b. June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewal tasks (if executed) as of

- a. June 30, 2016 will need to be completed by August 19, 2016 and
- b. June 30, 2017 will need to be completed by August 18, 2017.

- M. Assist, as directed by the BWC, the independent accountants and their actuaries conducting the financial audit in any issue relating to financial evaluations.

- N. Communicate and cooperate fully with the independent auditors and their actuaries with regard to their work on, and footnote disclosures relating to, financial statement reserve amounts determined pursuant to this RFP.
- O. Prepare private and public employer additional retrospective premium projections
 - a. as of June 30, 2014, to be completed by August 22, 2014 and
 - b. as of June 30, 2015, to be completed by August 21, 2015.

The 2 yearly optional renewals (if executed) projections

- a. as of June 30, 2016 will need to be completed by August 19, 2016 and
 - b. as of June 30, 2017 needs to be completed by August 18, 2017.
- P. Assist the Chief Actuarial Officer, Chief of Fiscal and Planning, the Actuarial Directors, the Administrator, and other staff as requested. This shall include, but is not limited to, attendance at the BWC Executive Staff meetings and any briefings regarding matters included within the scope of the reserve evaluation portion of the RFP.
 - Q. At the BWC's request, attend Bureau of Workers' Compensation Board of Directors and actuarial committee meetings and make presentations, with the appropriate level of detail for the respective audience, on reserve evaluation issues as required.
 - R. At the BWC's request, provide educational sessions, with the appropriate level of detail for the respective audience, to the Board as requested on reserving issues.
 - S. At the BWC's request, provide a review and comment on the discount rate and risk margin used in the reserve studies.
 - T. At the BWC's request, assist in any asset-liability matching studies, which may include development of cash flow and liability estimates for the investment consultant's asset liability study for a 10 year period based on alternative scenarios provided by the BWC or recommended by the consultant.
 - U. At the BWC's request, assist in the ongoing evaluation of the BWC's Individual Case Reserving System. The individual case reserves may be used as appropriate for reserve evaluation purposes. This effort may include the assistance in selection and/or development of a new system from that currently in place
 - V. At the BWC's request, attend legislative committee meetings and make presentations with the appropriate level of detail for the respective audience on reserving issues as required.
 - W. At the BWC's request, analyze matters involving the administration of the State Insurance Fund including loss adjustment expenses as identified by BWC.
 - X. Provide other assistance as requested.

5.3 ACTUARIAL ANALYSES AND SPECIAL STUDIES

5.3.1 BACKGROUND

The BWC has a periodic need for supplementary studies, analyses and other actuarial support as part of its ongoing activities and development. The BWC is seeking an actuarial consultant capable of managing several projects at the same time.

In conjunction with the projects enumerated herein, the BWC contemplates the consultant providing assistance to the Chief Actuarial Officer, Chief of Fiscal and Planning, the Actuarial Directors, the Administrator, and other staff as requested. Such assistance may include attendance at the BWC Executive Staff, the Board of Directors and actuarial committee meetings and briefings with regard to matters included within the scope of this part of the RFP. The BWC estimates that these systems analysis and special studies services should not exceed fifty percent (50%) of the total combined time required for both ratemaking and actuarial reserve audit services. Individual projects may require a specific scope, project plan and time estimation prior to approval by the BWC to proceed with the project.

5.3.2 TASK DESCRIPTION

A. Analyze Impact of Legislation

Pursuant to HB 100, the consultant will analyze the actuarial impact of specific programs mandated by legislation within 60 days after introduction of legislation, report their findings to the Chief Actuarial Officer, the BWC Administrator and the Board of Directors and will assist in implementation of those programs. The services required by the BWC regarding such legislation will vary and may be unanticipated as well as be of the highest priority. The BWC recognizes the difficulty in estimating the cost of the projects, but the consultant should recognize that the time constraints for such projects might be significant.

B. Analyze Impacts or Potential Impacts of Alternative Rating and Discount Programs

As needed, the consultant will analyze the BWC alternate rating plans and discount programs. This analysis would include the estimated financial impact of each alternative rating or discount program currently in place and new programs that may be proposed by the BWC. The current programs in place include:

Alternate Rating Plans:

- Experience rating including the group experience component
- Individual paid retrospective rating
- Group retrospective rating
- Small and large deductible

Discount Programs:

- Drug Free Safety Program
- One Claim Program
- Safety Council Program
- Destination Excellence Program
- Grow Ohio Program

C. Miscellaneous Projects

The consultant will provide actuarial analysis and support in other special projects that may, from time to time, be identified by the BWC. The scope of the work and the division of labor required for each assignment will be agreed upon in advance with the Chief Actuarial Officer, Chief of Fiscal and Planning or the Administrator.

6.0 PROPOSAL

To be considered, Vendors must submit a complete, signed and sealed original response to this Request for Proposal in accordance with Section 3.3 of this RFP. The original and all seven (7) copies and one (1) electronic copy of the proposal must be marked "Ohio Bureau of Workers' Compensation BID No. BWCB13001 Actuarial Consulting Services" on the outside of the envelope, and must be received on or before 2:00 P.M. ET on Thursday, March 28, 2013. Proposals must be signed by an official authorized to bind the Vendor. No faxed or electronically mailed copies will be accepted.

Any proposal received after the specified time, or improperly marked, prepared or submitted will not be eligible for consideration and will be rejected. Proposals that do not comply with all of the requirements of this RFP shall be rejected as non-responsive. The proposal must remain valid for the term of the proposed contract, and this validity statement must also appear in the response.

All proposals submitted in response to this RFP will become the property of BWC and are subject to the Ohio Public Records Law. As a public record, all proposals will be available to the public for inspection unless subject to a statutory exception from the Ohio Public Records Law.

All material submitted becomes the property of BWC and may be returned only at BWC's option. BWC reserves the right to use any or all ideas presented in response to this Request for Proposals. Selection or rejection of any given proposal does not affect this right.

BWC is not liable for any cost incurred by a Vendor in the preparation and submission of any proposal, or in anticipation of the award of a contract. Moreover, BWC is not liable for any cost incurred by any Vendor prior to the execution of a contract.

A respondent to this Request for Proposals shall include in its proposal sufficient information to permit BWC to effectively evaluate its qualifications and services based on the information requested in Section 5.0. In addition, the following information must be submitted:

6.1 COVER LETTER

A cover letter in the form of a standard business letter that shall be signed by an individual authorized to legally bind the Vendor must be provided. The letter shall provide the name, telephone number and e-mail address of a contact person with authority to answer questions regarding the proposal. The letter shall also provide a statement that the proposal remains valid for the term of the proposed contract.

6.2 PROJECT PLAN SUMMARY

A brief project plan summary of the proposal and the services to be performed must be provided. The consultant must present its understanding of the project's requirements, goals and objectives, as well as the manner in which the consultant will fulfill these requirements. The plan summary shall demonstrate a conceptual knowledge of the tasks to be undertaken and shall include a narrative description of the proposed services that will be delivered. The summary shall also include the number of people needed by the consultant to provide these services. Include all pertinent facts deemed necessary to respond to the specifications of this RFP.

6.3 ACTUARIAL APPROACH TO RATEMAKING AND UNPAID LOSS ESTIMATION

The consultant should describe in sufficient detail to display a working knowledge of the processes envisioned to be used in each of the ratemaking and unpaid loss estimation in this workers' compensation context.

6.4 CONSULTANT PROFILE

The consultant must have at least ten years experience in insurance and at least five years consulting/auditing and/or direct experience with workers' compensation insurers or state workers' compensation or related insurance funds. The consultant must include a staff of at least three FCAS with consulting and/or direct experience with workers' compensation insurers or state workers' compensation or related insurance funds. The consultant should furnish information about personnel, their credentials, and references to demonstrate compliance with this minimum requirement and to permit evaluation on consultant and Project Team Credentials in Section 7.4 A & B.

6.5 PERSONNEL PROFILE FOR PROJECT TEAM

6.5.1 Lead Actuary

Within the project team the consultant assembles to perform the services required by this RFP, a lead Fellow of the Casualty Actuarial Society (FCAS) must be designated. The lead FCAS must have at least ten years experience in insurance and at least five years consulting/auditing and/or direct experience with workers' compensation insurers or workers' compensation state insurance funds. The lead FCAS must have at least five years experience in the communication and education of actuarial issues. The lead FCAS or alternate decision-maker must be accessible by telephone, fax or in-person within one business day. The response times will be in effect at all times during the contract period.

6.5.2 Additional Team Members

Other team personnel must have a combined total of at least 10 years of consulting or direct experience with workers' compensation insurers or workers' compensation state insurance funds, in addition to the lead FCAS experience. The team must include at least 1 FCAS in addition to the lead FCAS. Other team personnel must have a combined total of at least five years experience in the communication and education of actuarial issues, in addition to the lead FCAS's experience. The team must have demonstrable familiarity and experience with the NCCI as they relate to the classification of exposure and other actuarial items and workers' compensation residual market mechanisms.

6.5.3 Team Resumes

Include resumes of the lead FCAS and all personnel who would be assigned to the project. Each resume should outline pertinent training, including educational background, professional credentials, and previous relevant experience in the insurance industry, with particular reference to workers' compensation, and other state workers' compensation systems, with references to demonstrate compliance with these minimum requirements. Include a table for each team member showing projects worked on (company for whom service rendered), dates of service on each project, and hours worked on each project to enable BWC to determine project team experience, as defined in Section 7.4 C.

6.6 PROPOSED WORK PLAN INCLUDING CONTINGENCY WORK PLAN

The consultant shall provide a proposed work plan describing the means by which the various tasks enumerated in this RFP will be accomplished. The work plan should include a description of the personnel who will be responsible for various tasks, how deadlines will be met, as well as how the consultant will provide a plan by its lead FCAS or alternate decision-maker to comply with response time requirements. In the work plan, the consultant should indicate those team members who will be assigned to each project and their ability to begin the work no later than July 1, 2013.

In addition, the work plan should include the number of individuals to be assigned to the project, their classification levels, the number of person-hours necessary to complete the tasks described for the part(s) of the RFP for which the consultant is submitting in Parts 5.1 and 5.2 in Section 5 and the hourly rates for all classifications of individuals assigned to the project. Furthermore, please provide a contingency plan to allow for illness or other events that may require shifting of responsibilities to other personnel, especially in the event the lead FCAS is unavailable. For purposes of the contingency plan, please identify an appropriate alternate decision-maker to the lead FCAS.

The work plan should include details on consultant's quality control and peer review and should specify the methods used for quality control to ensure that information submitted to BWC is error free.

The work plans should display the consultant's ability to manage multiple large scale projects simultaneously such as a reserve analysis and the preliminary efforts on a rate level analysis.

6.7 COST

A. Annual Contract Costs

The consultant must provide its development of their total estimated annual project cost, including hourly rates for professional services and estimated number of hours. The hourly rates must contain all direct and indirect costs, including all out-of-pocket expenses. As noted below, no separate charges for expenses are allowed.

Note that the first year of the contract will run from July 1, 2013 through September 30, 2014. Each successive year will run October 1 to September 30 of the following year.

The cost proposal should include a detailed cost exhibit as laid out in exhibits A, B, C and D. Expansion of the positions to accommodate the structure of a firm is acceptable.

Items to be included in the cost exhibit:

- 1) Total fee for the engagement ending September 30 of each year segregated
 - i. by contract year and
 - ii. major task level
 1. Rates,
 2. Reserves and
 3. Special projects.
- 2) A total fee for each optional renewal year.
- 3) The annual cost for the special projects section should not exceed 50% of the combined annual cost for the rates and reserves

The proposal must not include items that are not requested in this RFP.

It is contemplated that in the contract, a total maximum annual cost figure will be established for each of the major task levels. The resulting contract will be issued on a “not to exceed” basis at the major task level and overall basis.

B. Rates of the Project Team and Hours Anticipated for Each Member

The proposal should also include a schedule of professional fees and expenses, presented in the format provided in the attachments (Exhibit A, B, C and D) that supports the hourly fee for each category for which the consultant is submitting a proposal. Expansion of the positions in the Exhibits to accommodate the structure of a firm is acceptable

C. Out-of-Pocket Expenses Included in the Schedule of Professional Fees and Expenses

Any travel or per diem required by the selected consultant to carry out its obligations under the contract shall be at the consultant’s expense. Any additional travel above that contemplated in the RFP, requested by the BWC after award of the contract, shall be paid by the BWC only with prior written approval. All out-of-pocket expenses for firm personnel (e.g. travel, lodging and subsistence) will be reimbursed at the rates used by the BWC for its employees, in accordance with Ohio Administrative Code Rule 126-01-02. All estimated out-of-pocket expenses to be reimbursed should be included in the format provide in Exhibit A, B, C and D. All expense reimbursements will be charged against the hourly fee submitted by the firm.

In addition, a statement must be included with the Schedule of Professional Fees and Expenses stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing BWC rates for its employees.

D. Manner of Payment

Progress payments will be made on the basis of actual hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firms’ hourly fee. Interim billings shall cover a period of not less than a calendar month. Billings must be submitted to the BWC on a timely basis, no later than 15 days after the close of the month in which the work has been performed. For each billing, an invoice with signatures shall be addressed to:

BWC - Benefits Payable Department
P.O. Box 15429
30 West Spring Street, L24
Columbus, OH 43215-9609

The invoice may be submitted electronically in a pdf format (the e-mail address will be provided to the awarded vendor). A copy of the invoice using Excel must be provided to the Actuarial Division for verification and processing (the e-mail address will be provided to the awarded vendor).

The invoices must designate the consultant’s name, staff members involved and their positions, e.g. partner, manager, supervisor (key personnel as listed in Item 6.5) or staff, number of hours each consultant employee worked which is being billed, cumulative hours billed for each employee, total hours being billed this invoice, cumulative hours billed per invoices to-date, hourly rate per contract, total billing this invoice, cumulative billings to-date, and maximum contract amount.

All invoices must certify that all amounts set forth therein are properly due and payable for work performed by the consultant or by the specified qualified subcontractor. The final invoice shall, in addition, certify the amount paid to specified qualified subcontractor.

The BWC may inspect the records and working papers of the consultant and of any subcontractor to determine the validity of billings before the invoices are approved. Adequate records shall be maintained by the consultant to support all billings. Such records must be retained as specified in section 4.16.

6.8 PROOF OF INSURANCE AND WORKERS' COMPENSATION COVERAGE

The consultant shall provide a copy of a current Ohio certificate of workers' compensation coverage, if appropriate, or insurance policy for workers' compensation coverage. The consultant shall also provide proof of "public and professional liability" insurance.

6.9 CONFLICTS OF INTEREST

The consultant shall present a statement at the time of the submission of a proposal that it presently has no interest and shall not acquire during the term of contract any interest, direct or indirect, which would conflict with the performance of services which are required to be performed under the RFP. The consultant shall affirm that no person having such interest shall be employed in the performance of the RFP. The consultant shall likewise advise the BWC immediately in writing in the event it acquires such interest during the course of the contract. Thereafter, such person shall not participate in any action affecting the work under the Agreement resulting from this RFP, unless the BWC shall determine that, in light of the personal interest disclosed, such person's participation in any such action would not be contrary to the public interest.

The consultant shall disclose any existing or prior relationships with the BWC and describe in detail the nature of that relationship. The consultant must provide a disclosure statement concerning its organizational structure, including subsidiary or parent corporations and/or organization and ownership information. This statement should disclose any contractual or financial relationship, either direct or indirect, with any firm or business, company, or corporation. Any proposal that does not include these assurances will be deemed not responsive to the RFP.

The consultant agrees to adhere to all ethics laws contained in Chapters 102 and 2921 of the Ohio Revised Code governing ethical behavior, understands that such provisions apply to persons doing or seeking to do business with the BWC, and agrees to act in accordance with requirements of such provisions. The consultant warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to the BWC or any of its Board of Directors members, officers, employees, or agents, or any third party in any of the engagements of this contract or otherwise, including, but not limited to a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

6.10 DISCLOSURE STATEMENT

The consultant must provide a completed IRS Form W-9 and a disclosure statement concerning its organizational structure, including subsidiary or parent corporations and/or organization and ownership information.

6.11 RESPONSIBILITY

The consultant must provide the following information for the past seven years.

- a. Whether the consultant has had a contract terminated for default or cause. If so, the consultant must submit full details, including the other party's name, address, and telephone number.
- b. Whether the consultant has been assessed any penalties in excess of \$10,000, including liquidated damages, under any of its existing or past contracts with any organization (including any governmental entity). If so, the consultant must provide complete details, including the name of the other organization, the reason for the penalty, and the penalty amount for each incident.
- c. Whether the consultant was the subject of any governmental action limiting the right of the consultant to do business with that entity or any other governmental entity.
- d. Whether trading in the stock of the company has ever been suspended with the date(s) and explanation(s).
- e. Whether the consultant, any officer of the consultant, or any owner of a 20% interest or greater in the consultant has filed bankruptcy, reorganization, a debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding.
- f. Whether the consultant, any officer of the consultant, or any owner with a 20% interest or greater in the consultant has been convicted of a felony or is currently under indictment on any felony charge.

If the answer to any item in (a) through (f) is affirmative, the consultant must provide complete details about the matter. While an affirmative answer to any of these items will not automatically disqualify a consultant from consideration, at the sole discretion of the evaluation committee, such an answer and a review of the background details may result in a rejection of the consultant's proposal. The committee will make this decision based on its determination of the seriousness of the matter, the matter's possible impact on the consultant's performance of the work, and the best interests of the State.

6.12 SUBCONTRACTORS

Provide the identity of any subcontractors and the scope of services to be provided by subcontractors. BWC reserves the right to review the credentials of the subcontractor and to approve the selection of the subcontractor retrospectively or prospectively. The consultant shall be wholly responsible for the work performed by the subcontractor.

6.13 OHIO PRESENCE

The consultant shall provide a written statement identifying the credentialed and technical team members who will be permanently assigned to an Ohio office during the period of this contract.

6.14 EXPERIENCE AND REFERENCES

Include a short summary of actuarial (ratemaking and reserving) experience within the past five (5) years, with State of Ohio agencies, especially the Ohio BWC, and with other workers' compensation insurance carriers, both private and public. The consultant must provide three names and phone numbers of references from clients. All references must provide information relative to the quality of the work product, responsiveness, and timeliness of work accomplished.

In addition, respondents shall provide the name and description of contracts with any governmental entity in the State of Ohio, currently and within the previous twelve (12) months.

7.0 PROPOSAL EVALUATION

A. Review of Proposals

The BWC will individually score each proposal on technical issues using a point formula during the review process.

After the technical score for each firm has been established, the cost will be evaluated and additional points will be added to the technical score based on the price bid. The maximum score for cost will be assigned to the firm offering the lowest proposed cost. Appropriate fractional scores will be assigned to other proposers.

The BWC reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Final Selection

The BWC intends to grade the technical proposal and price proposal and arrive at a composite score for all evaluations performed. The BWC intends to then award the contract based on the highest composite score achieved as a blend of technical and price considerations. However, the BWC retains the right to amend the proposal on any basis it selects.

It is anticipated that a firm will be selected by June 1, 2013. Following notification of the firm selected, it is expected a contract will be executed between both parties, subject to BWC Board approval, to commence on July 1, 2013.

C. Right to Reject Proposals or Single Proposal Received

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP. The BWC reserves the right without prejudice to reject any or all proposals.

If only one proposal is received, it will be evaluated by BWC to determine whether it is responsive to the RFP, is reasonable in cost, and is in the best interest of BWC. The determination of BWC is final.

7.1 SELECTION COMMITTEE

A selection committee composed of BWC personnel and Board members will evaluate the proposals. The selection committee will be responsible for documenting and tabulating the scores for all responses.

7.2 EVALUATIONS APPROACH

BWC's approach to evaluating responses to this proposal will consist of the following four phases:

- Phase I** Verification of compliance by a respondent to the minimum requirements of the RFP.
- Phase II** Evaluation of the response based upon a point scale rating of the content and technical requirements.

Technical Score (Total of Phase I and Phase II)

At this point in time, respondents with less than 250 points out of 500 will be eliminated from further review.

Phase III Evaluation of the cost of the consultant's proposed contract.

Phase IV Phone or in person interviews at the Columbus, Ohio office of the BWC with the selection committee for respondents who are among the top scores from the Phase III scoring.

7.3 PHASE I MINIMUM REQUIREMENTS

The first phase of the evaluation process consists of a review of all proposals received to ensure that each proposal meets the minimum administrative and professional requirements identified below:

Administrative Requirements

1. The vendor must submit one (1) complete, signed, and sealed copy; seven (7) complete, sealed copies, and one (1) electronic copy on CD of the proposal by the deadline.
2. The Vendor Proposal must include:
 - Cover Letter (Section 6.1)
 - Project Plan Summary (Section 6.2)
 - Actuarial approach to Ratemaking and Unpaid Loss Estimation (Section 6.3)
 - Consultant Profile (Section 6.4)
 - Personnel Profile, including resumes (Section 6.5)
 - Proposed work plan, including contingency work plan (Section 6.6)
 - Cost, including completion of exhibits A, B, C and D (Section 6.7)
 - Proof of Insurance and Workers' Compensation Coverage (Section 6.8)
 - Conflicts of Interest Statement (Section 6.9)
 - Disclosure Statement (Section 6.10)
 - Responsibility (Section 6.11)
 - Subcontractors (Section 6.12)
 - Ohio Presence (Section 6.13)
 - Experience and References (Section 6.14)

Professional Requirements

Consulting Firm

1. Consulting firm has at least ten (10) years experience in property casualty insurance and at least five (5) years consulting and/or direct experience with workers' compensation insurers or state workers' compensation insurance funds.
2. Consulting firm includes staff of at least three (3) FCAS with consulting and/or direct experience with workers' compensation insurers or workers' compensation state insurance funds.

Lead Actuary

1. The lead FCAS has at least ten (10) years experience in the insurance industry and at least five (5) years consulting experience with workers' compensation insurers or workers' compensation state insurance funds.
2. The lead FCAS has at least five (5) years experience in the communication and education of actuarial issues.

Project Team

1. The Team includes, in addition to the lead FCAS, other persons with a combined total of at least ten (10) years consulting and/or direct experience with workers' compensation insurers or workers' compensation state insurance funds, in addition to the experience of the lead FCAS.
2. The Team includes at least one (1) FCAS in addition to the lead FCAS.
3. The Team includes persons with a combined total of at least five (5) years experience in the communication and education of actuarial issues, in addition to the experience of the lead FCAS.
4. The Team has demonstrable familiarity and experience with the functions and duties of the NCCI as they relate to the classification of exposure and other actuarial items and workers' compensation residual market mechanisms.
5. Provide a list of subcontractors, their credentials, and the scope and services to be provided by the subcontractors.

Proposal Rejection Criteria

The following list details some of the most common submission errors that may be grounds for rejection of proposal.

- Failure to sign the one (1) original and seven (7) copies of the Proposal;
- Failure to identify RFP name and Bid Number "BWCB13001 Actuarial Consulting Services" on the outside envelope;
- Failure to submit one (1) original, seven (7) copies, and one (1) electronic copy on a CD of the Proposal for evaluation purposes;
- Failure to meet the deadline for submission;
- Claiming that the entire contents of a proposal qualifies for an exception to Ohio public records law;
- Mailing proposal with insufficient postage; and,
- Taking exception to mandatory technical terms, conditions, and requirements of the contract.

Proposals that have been determined not to have met one or more of the minimum administrative requirements may be excluded from any further consideration or scoring.

Proposals that have been determined not to have met one or more of the minimum professional requirements will be excluded from any further consideration or scoring.

7.4 PHASE II POINT SCALE RATING

Proposals that have met the minimum requirements will undergo detailed evaluation based upon a point scale rating of the content and technical requirements. A maximum point value has been assigned to each requirement. An evaluator will assign a score, from zero to the maximum score available, depending on the vendor's response to the requirement. The maximum points totaled for all eight categories listed below are 500 points. A proposal not achieving a point total of 250 will not proceed to Phase III of the process.

Category	Maximum Points
A. Consulting Firm Credentials	40
B. Project Team Credentials and Composition	50
C. Project Team Experience	100
D. Project Team References	50
E. Project Team Responsiveness, Flexibility, Availability	30
F. Project Plan	50
G. Actuarial Approach	100
H. Sample Reports	50
I. Ohio Presence	30
Total	500

A. Consulting Firm Credentials

40 Points

The evaluation for Consulting Firm Credentials consists of scoring for both the number of FCAS of the U.S. staff and the total members of the U.S. staff. In the subcategory of the number of FCAS within the U.S. staff, 20 points will be awarded to a consultant with 10 or more FCAS within its U.S. staff, and 10 points will be awarded to a consultant with 5 to 9 FCAS within its U.S. staff.

In the subcategory of total members of the U.S. staff of which at least 50% must be credentialed (i.e. if 25 or more, at least 13 must be credentialed FCAS or ACAS), 20 points will be awarded to a consultant for 25 or more FCAS, ACAS, actuarial students, and technical support (excluding clerical support) within its U.S. staff; 15 points will be awarded if the U.S. staff is in the range of 15 to 24 members; and 10 points will be awarded if the U.S. staff is in the range of 10 to 14 members.

B. Project Team Credentials and Composition

50 Points

The evaluation for Project Team Credentials and Composition consists of scoring for the number of FCAS on the Project Team. In the subcategory of the number of FCAS on the Project Team, 50 points will be awarded to a consultant with 4 or more FCAS on its team, 40 points will be awarded to a consultant with 3 FCAS on its team, and 25 points will be awarded to consultant with 2 FCAS on its team. In scoring in this section, two team members with the ACAS credential will count as one FCAS.

C. Project Team Experience

100 Points

The evaluation for Project Team Experience consists of scoring both for direct reserving and ratemaking experience and for consulting projects on reserving and ratemaking in the last ten years with workers' compensation state funds or private insurers with \$750 million or greater in annual premiums written. As an insurance operation with approximately \$2 billion in written

premiums, the BWC desires a consultant with a project team of persons having significant, visible, and substantial involvement with very large workers' compensation funds or private insurers.

To receive credit for a company-year, a person must have worked at least 250 hours on ratemaking or reserving activities as an employee of that insurance operation in a given calendar year, or must have spent at least 250 hours on a ratemaking or reserving consulting project for an insurance operation in a given calendar year.

In scoring for Project Team Experience, excluding the lead consultant and including the 5 most senior staff members, points will be awarded as follows: two (2) points for every year of qualifying experience up to 10 years or 20 points per staff for a total of 100 points.

D. Project Team References

50 Points

The evaluation for Project Team References consists of scoring up to a maximum of 50 points for positive references regarding actuarial consulting experience with the Ohio BWC and other workers' compensation carriers, both public and private, in the last ten years.

E. Project Team Responsiveness, Flexibility and Availability

30 Points

The evaluation of Project Team Responsiveness, Flexibility, and Availability consists of scoring up to a maximum of 30 points based on the consultant's ability to support in a timely and effective manner the major challenges facing the BWC (scope and unique aspects of ratemaking and reserving tasks, culture change, vision, mission, legislative mandates, migration of actuarial functions to in-house, NCCI classification use, claims operations changes, managed care initiatives, etc.) as demonstrated through the RFP submission, especially work plan descriptions.

F. Project Plan Summary

50 Points

A total 50 points will be awarded for a complete and concise project plans that includes a list of major tasks with timelines including start and finish dates.

G. Actuarial Approach

100 Points

A total of 100 points will be awarded based upon the clear, concise, yet thorough description of the actuarial approaches to ratemaking and unpaid loss estimation in a workers' compensation context.

H. Sample Reports

50 Points

The respondent should submit samples of their typical work product in each of the reserving and ratemaking contexts. A total of 50 points will be awarded based upon the clear, concise, yet thorough description and exhibits in the ratemaking and unpaid loss estimation contexts. The reports should demonstrate the consultant's efforts in compliance with the actuarial standards of practice.

I. Ohio Presence

30 Points

Ten (10) points will be awarded for each CAS member of the team permanently residing in the state of Ohio. Five (5) points will be awarded for other team members permanently residing in the state of Ohio. Up to a total of thirty (30) points are available in this category.

A proposal not achieving a point total of 250 will not proceed to Phase III of the process.

7.5 PHASE III COST

Cost

150 Points

The evaluation for cost consists of scoring the cost of the proposed consulting contract in relation to the average of costs for all vendors. The calculation of the points from the cost is as follows:

Average cost is the average of the total proposed cost to the BWC of all vendors.

Maximum Raw Cost Score is the largest Raw Cost Score of all vendors who have reached this stage of the process. Responders not meeting the 250 point threshold in the Phase II scoring will not be included in the averaging process.

Cost Calculation

$$\text{Raw Cost Score} = [50 \times (\text{Average Cost} - \text{Vendor Cost}) / \text{Average Cost}] + 50$$

$$\text{Points} = \text{Raw Cost Score} \times 150 / \text{Maximum Raw Cost Score}$$

The top scoring responders from the total cumulative scoring process through Phase III may be invited to participate in the interview process.

7.6 PHASE IV INTERVIEW

Interview

The sum of the scores from Phase II and Phase III will determine the top respondents to be invited to participate in a structured interview with the Selection Committee. The Selection committee will interview the representatives of the actuarial consultant for confirmation and clarification of the previous scoring phases. The selection committee may revise the Phase II or Phase III scores based on the interview.

The interview will consist of a brief presentation of the consultant's proposal including highlighting the consultant's experience and background in handling similar tasks to those identified in the RFP. In addition, a pre-established set of interview questions will be provided to all consultants invited to an interview prior to the actual interview.

8.0 AWARD OF CONTRACT

8.1 AWARD PROCEDURE

The overall point score for those proposals scored through all three phases will determine the selected Vendor. All Vendors shall be notified by letter of the selection decision. No information will be released by BWC until the official announcement of the award. All offers tendered in response to this RFP shall remain open for a period of one-hundred eighty (180) days from the date upon which proposals submitted in response hereto are due.

BWC reserves the right to reject any and all proposals received in response to this RFP. The evaluation committee may waive minor defects that are not material when no prejudice will result to the rights of any other vendors, the public, or BWC.

If BWC awards a contract pursuant to this RFP, and the Vendor is unable or unwilling to perform the work within a reasonable time after the contract award under the terms and conditions of the RFP, BWC reserves the right to deem the inability or unwillingness to perform the work to be a withdrawal of that Vendor's proposal and BWC may evaluate any remaining proposals for award of the contract.

If the selected Vendor changes its business organization or identity from that described in its proposal before the contract is signed by both parties or before work pursuant to the contract commences, that change may be deemed a material change in circumstances by BWC (for example, if the Vendor was selected based in part on its experience, corporate structure, financial responsibility or conflicts of interest, which factors have changed). BWC may withdraw the contract award or BWC may declare the contract void ab initio and BWC may select the next highest scoring Vendor for a contract under this RFP.

8.2 CONTRACT EXECUTION

BWC will provide the successful Vendor(s) a contract for execution based on the draft attached to this RFP. If the Vendor fails to execute such contract within a reasonable time, BWC reserves the right to reject the proposal and award the contract to the next highest scoring Vendor until a contract is negotiated, or BWC decides not to contract.

9.0 SAMPLE CONTRACT – DRAFT

SAMPLE – CONTRACT – SAMPLE
Between
OHIO BUREAU OF WORKERS' COMPENSATION
And
NAME OF SELECTED VENDOR

This is an Agreement by and between NAME OF SELECTED VENDOR, (hereinafter referred to as the "Vendor"), having offices at ADDRESS OF SELECTED VENDOR, and the State of Ohio, Bureau of Workers' Compensation (hereinafter referred to as the "Bureau"), having offices at 30 W. Spring Street, Columbus, Ohio 43215, entered into the day, month, and year set out below.

Whereas, the Bureau issued a Request for Proposals ("RFP") # BWCB13001 for Actuarial Consulting Services, and the Vendor submitted one of the best responsive and responsible responses to the Request for Proposals;

Now, therefore, the parties hereto mutually agree to perform the contract in accordance with the Request for Proposals and the Vendor's Proposal, which are hereby incorporated by reference as if fully rewritten. Furthermore the parties agree that if there is any conflict between the Request for Proposals and the Vendor's Proposal, the Request for Proposals controls.

CONDITIONS PRECEDENT: It is expressly understood by the parties that the contract is not binding on BWC until such time as all necessary funds are made available and forthcoming from the appropriate State agencies, and such expenditure of funds is approved by the Administrator after execution of the contract by the Vendor but before execution by BWC. No contract shall be binding upon either party until receipt by the contracting Vendor of a copy of a fully executed contract, and compliance with any and all conditions precedent.

TERM AND RENEWAL: The parties agree that all services promised to be performed pursuant to this Agreement shall commence on July 1, 2013, contingent upon compliance with any and all conditions precedent as provided for herein, and shall be completed no later than September 30, 2015. This Agreement may be renewed for two (2) additional one (1) year terms at the sole and exclusive option of the BWC (October 1, 2015 thru September 30, 2016 and October 1, 2016 thru September 30, 2017). BWC shall incur no liability should it choose not to exercise its exclusive option to renew the contract.

OHIO ELECTIONS LAW: Contractor hereby certifies that no applicable party listed in Divisions (I), (J), (Y) and (Z) of O.R.C. Section 3517.13 has made contributions in excess of the limitations specified under Divisions (I), (J), (Y) and (Z) of O.R.C. Section 3517.13.

CONFLICTS OF INTEREST AND ETHICS COMPLIANCE CERTIFICATION: Contractor affirms that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict, in any manner or degree, with the performance of services which are required to be performed under any resulting Contract. In addition, Contractor affirms that a person who is or may become an agent of Contractor, not having such interest upon execution of this Contract shall likewise advise the Bureau in the event it acquires such interest during the course of this Contract.

Contractor agrees to adhere to all ethics laws contained in Chapters 102 and 2921 of the Ohio Revised Code governing ethical behavior, understands that such provisions apply to persons doing or seeking to do business with the Bureau, and agrees to act in accordance with the requirements of such provisions; and warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to the Bureau or any of its board members, officers, employees, or agents, or any third party in any of the engagements of this Agreement or otherwise, including, but not limited to a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

NAME OF SELECTED VENDOR

Tax ID # _____
BWC Risk # _____

Signature

Printed Name

Printed Title

Date

**STATE OF OHIO, BUREAU OF
WORKERS' COMPENSATION**

Signature

Printed Name

Printed Title

Date

name.doc
dept
date

Exhibit A

COST PROPOSAL SUMMARY

Contract Year 1 – July 1, 2013 to September 30, 2014

Section	Total Hours	Total Annual Cost
Ratemaking		
Reserve Analysis		
Other Projects		
Annual Total		

Contract Year 2 – October 1, 2014 to September 30, 2015

Section	Total Hours	Total Annual Cost
Ratemaking		
Reserve Analysis		
Other Projects		
Annual Total		

Optional Contract Year 2 – October 1, 2015 to October 1, 2016

Section	Total Hours	Total Annual Cost
Ratemaking		
Reserve Analysis		
Other Projects		
Annual Total		

Optional Contract Year 2 – October 1, 2016 to October 1, 2017

Section	Total Hours	Total Annual Cost
Ratemaking		
Reserve Analysis		
Other Projects		
Annual Total		

All costs are to be submitted on a “not to exceed” annual basis.

Exhibit B

Ratemaking

Schedule of professional fees including expenses on a not to exceed basis

To support the total fees for Section 5.1 of Scope of Services

Contract Year 1 – July 1, 2013 to September 30, 2014

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Contract Year 2 – October 1, 2014 to September 30, 2015

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Optional Contract Year 3 – October 1, 2015 to September 30, 2016

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Optional Contract Year 4 – October 1, 2016 to September 30, 2017

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Exhibit C

Reserving

Schedule of professional fees including expenses on a not to exceed basis

To support the total fees for Section 5.2 of Scope of Services

Contract Year 1 – July 1, 2013 to September 30, 2014

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Contract Year 2 – October 1, 2014 to September 30, 2015

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Optional Contract Year 3 – October 1, 2015 to September 30, 2016

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Optional Contract Year 4 – October 1, 2016 to September 30, 2017

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Exhibit D

Other Projects

Schedule of professional fees including expenses

To support the total fees for Section 5.3 of Scope of Services

Contract Year 1 – July 1, 2013 to September 30, 2014

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Contract Year 2 – October 1, 2014 to September 30, 2015

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Optional Contract Year 3 – October 1, 2015 to September 30, 2016

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$

Optional Contract Year 4 – October 1, 2016 to September 30, 2017

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS			
ACAS			
Support staff			
Total fees and expenses bid for actuarial services		\$	\$