

REQUEST FOR PROPOSAL

By the

STATE OF OHIO

OHIO BUREAU OF WORKERS' COMPENSATION

for

Actuarial Consulting Services

February 27, 2009

Bid # B09003

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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 RATIONALE FOR THE REQUEST FOR PROPOSAL

The Ohio Bureau of Workers' Compensation (BWC) is an agency of the State of Ohio, responsible for administering the workers' compensation insurance program in Ohio.

A. Legal Authority and Background Information

As an agency of the State of Ohio, the Bureau of Workers' Compensation (BWC) is responsible for the administration, establishment of premium rates and funding of all workers' compensation insurance programs in Ohio. As reflected in the 2008 Annual Report, link provided with this Request for Proposal (RFP), BWC is one of the largest workers' compensation insurance enterprises in the country with approximately 276,000 active policy owners 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 premium rates at the industry, manual classification and individual employer 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 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(s) in rendering service; interact with other BWC departments; and meet with employers, their representatives, and other interested parties regarding premium rates, rating plans, and reserving matters. Actuarial Division staff possess analytical capabilities; in-depth knowledge of BWC practices, systems, and data relationships; and experience in the design, maintenance, and enhancement of systems. For this project to be successful, both the Actuarial Division and the actuarial consulting firm(s) must identify ways to foster knowledge and skill transfer between the Actuarial Division staff and the Actuarial consultant(s) to successfully accomplish the tasks denoted in the RFP in an efficient and effective manner.

In 2007, the Ohio General Assembly passed House Bill 100 (HB 100) and Governor Strickland signed it into law just three weeks before the end of the fiscal year. HB 100 ushered in several landmark reforms to Ohio's workers' compensation system. It created a new, professional 11 member board of directors, a Workers' Compensation Council and the in-house position of deputy inspector general designated to the BWC. In addition to these organization reforms, HB 100 established a timeline to put a new claims reserving system in place and called for an independent analysis of all of BWC's rating programs. The new claims reserving system was transitioned into place on July 1, 2008. Thus, enhancements and improvements in the ratemaking and reserving systems are ongoing, and significant changes have already been made. BWC requires the services of an independent actuarial CONSULTANT(s) to provide further assistance in the analysis, evaluation and implementation of statutory mandates, and to aid BWC in meeting the requirements arising from its annual independent financial audit.

In addition to actuarial services described above related primarily to the State Insurance Fund, BWC requires additional actuarial services regarding 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 assessment rates applicable to employers covered under these distinct funds, 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, 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 costs related to ancillary funds so that each fund can be charged its share of costs.

Additionally, BWC desires actuarial services to supplement BWC's basic ratemaking and reserving methodologies. Specifically, BWC desires special premium studies relating to new claims practices and the impact of alternative rating plans to enable BWC to appropriately establish premium rates and reserves. In addition, as BWC implements new claims and risk management information systems and system enhancements, BWC desires support for the identification of functionality and deliverables from the proposed systems from an actuarial standpoint.

Finally, BWC becomes involved in issues involving rates or other actuarial matters, evaluations of ratemaking and reserve changes recommended by private industry or other state agencies, and analysis of proposed legislative changes. Analyses, evaluations and position statements by a recognized professional in the actuarial field with experience in other state 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(s) will be expected to provide BWC with support in these matters.

BWC desires to incorporate actuarial services required by BWC within multiple actuarial consulting contracts that could be awarded to one actuarial consulting firm or be awarded to multiple actuarial consulting firms based upon 3 categories. The categories are: 1) ratemaking; 2) reserving; and 3) systems analysis and special studies. Therefore, the scope of the resulting contract(s) resulting from this RFP will encompass actuarial services required by BWC.

2.0 CALENDAR OF EVENTS

The following time frames have been established:

Dates:	
RFP issued	February 27, 2009
Question submission begins	March 2, 2009
Question submission ends	March 13, 2009 10:00AM EST
Answers posted on the web site	March 27, 2009
Proposals due	April 16, 2009 2:00PM EST
Presentation from recommended consultant(s) to actuarial committee	June 18, 2009
RFP review committee makes recommendation to Actuarial committee and Workers' Compensation Board	June 18, 2009
Workers' Compensation Board approves selection	June 19, 2009
Contract begins	August, 2009 – January, 2010
Initial contract ends	December 31, 2011
Contract renewals end	December 31, 2013

3.0 PROPOSAL INQUIRIES AND SUBMISSIONS

3.1 QUESTIONS

It is recommended that written questions be sent to BWC via the email address below to permit preparation of written responses. **In addition, copies of BWC's June 30, 2008 Annual Report can be found at the BWC's internet site at the following location:**

<http://www.ohiobwc.com/basics/guidedtour/generalinfo/aboutbwc.asp>

If additional background information is needed by interested CONSULTANTS, it is recommended that the information be requested via the email address.

Questions must be received by BWC by **10:00AM EST on March 13, 2009** and by using the designated email box. The email address is actuarial@bwc.state.oh.us In the subject line state "ACTUARIAL CONSULTANT RFP".

BWC will respond to any or all questions on the BWC web site at:

<http://www.ohiobwc.com/bwccommon/services/RFP/RFPDefault.asp>

No response by BWC officially modifies the RFP in any way except in a written addendum issued by BWC.

3.2 COMMUNICATION RESTRICTIONS

In order to ensure fairness and parity among prospective CONSULTANTS, from the time of the release of this RFP until a CONSULTANT is selected and a contract is awarded; CONSULTANTS shall not communicate with any BWC staff or BWC board member concerning this RFP, except as provided in Section 3.1 or Section 3.2. If the CONSULTANT attempts or undertakes an unauthorized communication, BWC reserves the right to reject that CONSULTANTS proposal, without evaluation. BWC shall not be responsible for any CONSULTANT'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 or Section 3.2.

3.3 PROPOSAL SUBMISSION

It is absolutely essential that CONSULTANTS carefully review all elements in their final proposal and specifically indicate the part(s) for which the proposal is being submitted. Once received by BWC, a proposal cannot be altered. One original and eleven complete, signed, and sealed copies of each proposal with a PDF file of the Proposal on a CD shall be submitted for evaluation by 2:00 PM EST on April 16, 2009. Proposals shall be clearly marked "**B09003 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 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, CONSULTANTS 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. CONSULTANTS must anticipate this additional time when arranging for mail or delivery of proposals. If attending the opening, CONSULTANTS 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
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 PROPOSAL ARE SUBJECT TO THE OHIO PUBLIC RECORDS ACT, SECTION 149.43, OF THE OHIO REVISED CODE, UNLESS OTHERWISE EXCEPTED BY LAW. IN THIS REQUEST FOR PROPOSAL, BWC DOES NOT ASK FOR THE SUBMISSION OF ANY MATERIAL FOR WHICH AN EXCEPTION MAY BE CLAIMED. Any material for which a claim of trade secret or other confidentiality is made must be sealed in a separate envelope and marked as confidential. The envelope shall be included in the Proposal at the place where the materials would otherwise appear. Any confidentiality is waived unless this requirement is met. The Bureau reserves the right to request

written explanation of the vendor's claim of an exception to the Public Records Act, and may either accept or reject that vendor's claim.

3.4 CHANGES TO THIS REQUEST FOR PROPOSAL

All CONSULTANTS will be sent a written addendum to this RFP 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 CONSULTANTS, 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 CONSULTANT ACKNOWLEDGES THAT THE CONSULTANT HAS READ THIS RFP, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS REQUIREMENTS, TERMS, AND CONDITIONS. BWC RESERVES THE RIGHT TO DISQUALIFY ANY PROPOSAL WHICH TAKES EXCEPTION TO OR LIMITS THE RIGHTS OF BWC UNDER THE RFP. BWC RESERVES THE RIGHT TO REFUSE ACCEPTANCE OF ANY PROPOSAL WHICH IS NOT PROPERLY SUBMITTED IN ACCORDANCE WITH THE REQUIREMENTS OF THIS RFP. FURTHERMORE, BWC RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS, INCLUDING THE SELECTED PROPOSAL, AT ANY TIME PRIOR TO EXECUTION OF A CONTRACT. BWC RESERVES THE RIGHT TO CANCEL THIS RFP AT ANY TIME PRIOR TO EXECUTION OF A CONTRACT.

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

In BWC's sole discretion, BWC may waive minor defects that are not material when no prejudice will result to the rights of any other CONSULTANTS, the public, or BWC.

BWC is not liable for any cost incurred by any CONSULTANT 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 selected CONSULTANT prior to the execution of a contract by all parties. All disbursements made for the contract shall be only for obligations incurred on or after the effective date of the contract.

BWC reserves the right to use any materials or ideas submitted without compensation to the proposer.

4.2 RESULTING CONTRACT

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

4.3 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 Ohio courts.

4.4 COMPLIANCE WITH APPLICABLE LAWS

The CONSULTANT agrees to comply with all applicable federal, state, and local laws in the conduct of the work hereunder. The CONSULTANT 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 CONSULTANT 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 shall deem any resulting contract voidable at BWC's sole discretion.

4.5 PUBLICITY

Any use or reference to any resulting contract by the selected CONSULTANT 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 successful CONSULTANT in other State of Ohio situations where the CONSULTANT may wish to make a proposal.

4.6 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 CONSULTANT but before execution by BWC. No contract shall be binding upon either party until receipt by the CONSULTANT of a copy of a fully executed contract, and compliance with any and all conditions precedent.

4.7 NON-DISCRIMINATION

Contractor certifies that Contractor, any subcontractor, and any person acting on behalf of Contractor or a subcontractor are in compliance with, and will comply with, all state and federal laws, rules and regulations governing fair labor and employment practices and equal employment opportunity, including, but not limited to, Ohio Revised Code Section 125.111 and all related Executive Orders.

Contractor, any subcontractor, and any person acting on behalf of Contractor or a subcontractor shall not discriminate, by reason of race, color, religion, sex, age, disability or military status as defined in Ohio Revised Code Section 4112.01, national origin, or ancestry, against any citizen of this state in the employment of a person qualified and available to perform the work under this Agreement.

Contractor, any subcontractor, and any person acting on behalf of Contractor or a subcontractor shall not, in any manner, discriminate against, intimidate, or retaliate against any employee hired for the performance of work under this Agreement on account of race, color, religion, sex, age, disability, military status as defined in Ohio Revised Code Section 4112.01, national origin, or ancestry.

Contractor represents that it has a written affirmative action program for the employment and effective utilization of economically disadvantaged persons, as referred to in division (E)(1) of Ohio Revised Code Section 122.71, and that it shall file a description of the affirmative action program and a progress report on its implementation with the equal employment opportunity office of the Ohio Department of Administrative Services.

In fulfilling the obligations and duties of this Agreement, Contractor, any subcontractor, and any person acting on behalf of Contractor or a subcontractor are encouraged to purchase goods and services from certified Minority Business Enterprise (MBE) and Encouraging Diversity Growth and Equity (EDGE) vendors.

4.8 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 CONSULTANT shall submit hard copy (in duplicate) invoices directly to BWC Accounts Payable, PO Box 15369, Columbus, OH 43215-0369 with a copy sent to the Actuarial Director. A proper invoice is defined as being free from defects, discrepancies, errors, or other improprieties and shall include, but may not be limited to:

- CONSULTANT'S name and address as designated in the RFP;
- CONSULTANT'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.

Defective invoices shall be returned to the CONSULTANT 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 BWC does fail to make prompt payment, the CONSULTANT 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 BWC.

An invoice should be submitted to the BWC upon completion of and BWC's receipt of a signed final written opinion.

By signing the contract, the selected CONSULTANT agrees to receive payment by means of electronic fund transfers, "EFT". BWC agrees to send to the selected CONSULTANT an Authorization Agreement for Automatic Deposit of State Warrants for the selected CONSULTANT to complete and to file with the Auditor of State, providing the information needed to enable EFT payment. It is the CONSULTANT'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 CONSULTANT, 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 BWC.

4.9 WORKERS' COMPENSATION

The CONSULTANT shall submit a copy of the certificate proving that the CONSULTANT and agents are covered by workers' compensation, if applicable. The CONSULTANT is responsible for ensuring contractually that any subcontractor 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 breach shall render the contract voidable in its entirety at BWC's sole discretion.

4.10 PUBLIC AND PROFESSIONAL LIABILITY INSURANCE

Each CONSULTANT shall carry public and professional liability insurance with limits of not less than \$1,000,000 (1 million dollars) for any one occurrence. Failure to maintain coverage at any time during the term of any contract shall be deemed a material breach of the contract. Such breach shall render the contract voidable in its entirety at BWC's sole discretion.

The selected CONSULTANT must submit proof of insurance with the proposal. The CONSULTANT will furnish a certificate of insurance for the required coverage from an insurance carrier authorized to do business in Ohio. The certificate must be in a form that is reasonably satisfactory to BWC as to the contents of the policies and the quality of the insurance carriers. The certificate also must provide 30 days' notice to BWC before cancellation and must list BWC as an additional insured. Failure to maintain the required coverage will not disqualify a CONSULTANT during evaluation. Failure to provide the certificate of coverage within the stated time period will result in the CONSULTANT being deemed non-responsive, and the proposal will be immediately disqualified.

4.11 CONSULTANT'S LIABILITY

The selected CONSULTANT shall be responsible for all direct damages due to the CONSULTANT'S fault or negligence up to the Contract Amount. The CONSULTANT shall not be liable for any direct damages in excess of the Contract Amount, except for damages resulting from the CONSUTLANT'S bad faith or intentional misconduct. In no event shall either party be liable to the other party for any indirect, consequential, incidental, special, or punitive damages, or lost profits.

4.12 CONTRACT COMPLIANCE AND TERMINATION

During the term of this contract, the Actuarial Director shall be responsible for monitoring the CONSULTANT'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. BWC reserves the right to cancel the contract at any time without cause upon *fifteen* days notice. Upon cancellation, other than for the default of the CONSULTANT, BWC shall pay the CONSULTANT for services completed prior to the effective date of the cancellation. If BWC's representative observes any infraction(s), such shall be documented and notice conveyed to the CONSULTANT for immediate correction. Continued failures on the CONSULTANT'S part to comply with the terms and conditions of the ensuing contract may constitute an event of default. Unremedied infraction(s) persisting beyond *ten* days after notice to the CONSULTANT may constitute an event of default.

4.13 DEFAULT BY THE CONSULTANT

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

4.14 DAMAGES

In the event that the CONSULTANT fails to cure a default or breaches any term or condition of the contract, the CONSULTANT agrees to reimburse BWC for any actual and direct losses incurred by BWC including but not limited to the cost of the contract under this RFP and the cost to BWC to seek a new **Actuarial Consulting Service** in the event that the original **Actuarial Consulting Service** is or are found to have been appropriate and the results of the work under a contract under this RFP indicated otherwise.

4.15 INSPECTION OF TIME RECORDS AND WORKPAPERS

BWC reserves the right to inspect the records and work-papers of the CONSULTANT'S organization 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.

4.16 SUBCONTRACTING

No subcontracting will be permitted without prior written approval by the Administrator of BWC or the administrator's designee. However, the BWC's approval will not serve to modify or abrogate the responsibility of the CONSULTANT for the acts, omissions, nonfeasance, malfeasance, or misfeasance of any and all subcontractors.

4.17 DRUG-FREE WORKPLACE

The CONSULTANT agrees to comply with all applicable state and federal laws regarding a drug-free workplace. The CONSULTANT 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.

4.18 INTELLECTUAL PROPERTY & CONFIDENTIALITY

All materials, surveys, analysis and reports developed or used by the CONSULTANT shall become the property of BWC. BWC shall have an unrestricted right to reproduce, distribute, modify, maintain and use the materials, surveys, analysis and reports, and the CONSULTANT shall not obtain copyright, patent or other proprietary protection for these items. The CONSULTANT relinquishes any and all copyrights, privileges and proprietary rights to these items. The CONSULTANT 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.

4.19 OHIO ELECTIONS LAW

Contractor hereby certifies that all applicable parties listed in Divisions (I)(3), (J)(3), (Y)(3) and (Z)(3) of O.R.C. Section 3517.13 are in full compliance with Divisions (I)(1), (J)(1), (Y)(1) and (Z)(1) of O.R.C. Section 3517.13.

4.20 TRAVEL 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.

4.21 UNRESOLVED FINDING FOR RECOVERY

By signing the contract, the selected CONSULTANT affirmatively represents and 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, or that it has taken the appropriate remedial steps required under Section 9.24 or otherwise qualifies under that section. The CONSULTANT agrees that if this representation and warranty is deemed to be false, the contract shall be declared "void ab initio" as between the parties to this contract and BWC will not pay for any services rendered or goods delivered under the contract. Immediately upon such declaration, any funds paid under this contract shall be immediately repaid by the CONSULTANT to BWC or an action for recovery of such payments from the CONSULTANT may result.

4.22 NO SECONDARY INTERESTS

By signing the contract, the selected CONSULTANT represents and warrants that in the event of any referral of any third party to sell, license, or furnish products, services, or other items to BWC, such referral shall not result in any such third party's payment to the selected CONSULTANT (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 selected CONSULTANT shall promptly pay to BWC the full amount (or cash equivalent) of the consideration received from the third party for the referral.

By signing the contract, the selected CONSULTANT 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 selected CONSULTANT, except that in BWC's sole discretion, additional public speaking services and related travel may be the subject of a separate contract. If a separate contract for public speaking services and related travel is agreed to in writing by and between the selected CONSULTANT and BWC, it will

provide that the related travel will be reimbursed in accordance with Ohio Administrative Code Rule 126-01-02.

4.23 CONSULTANT DISCLOSURE; LOCATION OF SERVICES, DATA.

As part of this Agreement, the CONSULTANT shall disclose the following information:

the location(s) where all services will be performed;

the location(s) where any state data applicable to the contract will be maintained or made available;

the principal location of business for the CONSULTANT and all subcontractors; and

the ability to hold meetings with BWC representatives using electronic resources including but not limited to telephonic conference calls, video conferencing, and net meetings when the consultant cannot attend a meeting at a BWC location.

The CONSULTANT shall not, during the performance of this Agreement, change the location(s) of the country where the services are performed or change the locations(s) of the country where the data is maintained or made available without prior written approval of the state.

4.24 DECLARATION REGARDING MATERIAL ASSISTANCE/NONASSISTANCE TO A TERRORIST ORGANIZATION

Ohio law requires the completion and submission of a Declaration Regarding Material Assistance/Nonassistance to a Terrorist Organization form. The form can be found at the following website: http://homelandsecurity.ohio.gov/dma/dma_forms.asp choose "DMA for funding and business contracts form".

The Terrorist Exclusion List can be found at this website:
http://www.publicsafety.ohio.gov/links/terrorist_exclusion_list.pdf

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 by the Actuarial Division. This ratemaking process takes place in the spring for private employer rates, marine industry fund rates, coal workers' pneumoconiosis rates, and public employer state agency rates, and in autumn for public employer taxing district rates. Supporting work by the Actuarial Division, however, extends throughout the year. These rates produce in excess of \$2.2 billion in annual premiums and assessments to the State Insurance Fund that has assets of approximately \$22 billion. The assistance of an independent actuarial CONSULTANT that meets actuarial qualification standards is necessary to ensure the development of fair and equitable premium rates. The rates must be established based upon the total payroll in each of the classes of occupation or industry so that the premium is sufficiently large 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

BWC is in need of an actuarial CONSULTANT firm ("CONSULTANT") during the period of August 1, 2009 through December 31, 2011 with the option of 2 yearly contract renewals, for a variety of support in the development of rates. The responsibilities of the CONSULTANT with regard to the ratemaking function of the RFP and peer review of BWC staff analyses include the following:

- A. Review and make written recommendations by March 1, 2010 with regard to private employer premium rates for the policy year beginning July 1, 2010; and by March 1, 2011 for private employer premium rates for the policy year beginning July 1, 2011. The tasks for each of the renewal years will need to be completed by March 1, 2012 for private employer premium rates for the policy year beginning July 1, 2012, and March 1, 2013 for the policy year beginning July 1, 2013.
- B. Review and make written recommendations by March 1, 2010 with regard to public employer state agency premium rates for the policy year beginning July 1, 2010; and by March 1, 2011 for the policy year beginning July 1, 2011. The tasks for each of the renewal years will need to be completed by March 1, 2012 for the policy year beginning July 1, 2012, and March 1, 2013 for the policy year beginning July 1, 2013.
- C. Review and make written recommendations by September 1, 2010 with regard to public employer taxing district premium rates for the policy year beginning January 1, 2011, and by September 1, 2011 for the policy year beginning January 1, 2012. The tasks for each of the renewal years will need to be completed by September 1, 2012 for the policy year beginning January 1, 2013, and by September 1, 2013 for the policy year beginning January 1, 2014.
- D. Review and make written recommendations by August 1, 2010 with regard to retrospective rating plans for public employer taxing districts for the policy year beginning January 1, 2011; and by August 1, 2011 for the policy year beginning January 1, 2012. The tasks for each of the renewal year will need to be completed by August 1, 2012 for the policy year beginning January 1, 2013, and by August 1, 2013 for the policy year beginning January 1, 2014.
- E. Review and make written recommendations by April 1, 2010 with regard to retrospective rating plans for private employers for the policy year beginning July 1, 2010; and by April 1, 2011 for the policy year beginning July 1, 2011. The tasks for each of the renewal years will need to be completed by April 1, 2012 for policy year beginning July 1, 2012, and April 1, 2013 for policy year beginning July 1, 2013.
- F. Review and make recommendations to enhance the equity of the experience-rating program and the resulting rates (public and private), including, but not limited to, discounts and dividends.
- G. Assist (as directed by BWC) independent accountants and their actuaries conducting financial auditor in any issue relating to financial audits.
- H. Communicate with interested third parties (e.g., employer associations, service firms, etc.) regarding actuarial matters, at the request of BWC. Such communication may include the provision of position statements regarding BWC ratemaking.
- I. Prepare and provide professional testimony in litigation on behalf of BWC.
- J. Continue the program of reserving and ratemaking improvements, as approved by BWC. This program of improvements is designed to make reserves equitable and understandable on an individual basis for use in ratemaking. Emphasis will be given to lump sum settlements, managed care, and analysis of and support for the BWC MIRA Case Reserving System.
- K. Review and make written recommendations by April 1, of each year with regard to the Coal-Workers Pneumoconiosis Fund rates that will be effective July 1, 2010 and July 1, 2011. The tasks for each of the renewal years will need to be completed by April 1, 2012 for rates that will be effective July 1, 2012, and April 1, 2013 for rates effective July 1, 2013.
- L. Review and make written recommendations by April 1 of each year with regard to the Disabled Workers' Relief Fund (DWRF I and II) rates that will be effective July 1, 2010 and January 1, 2011 respectively; and July 1, 2011 and January 1, 2012 respectively. The tasks for each of the renewal years will need to be completed by April 1, for each year that will be effective July 1, 2012 and January 1, 2013 respectively; and July 1, 2013 and January 1, 2014 respectively.
- M. Review and make written recommendations by April 1 of each year with regard to the Marine Industry Fund rates that will be effective July 1, 2010 and July 1, 2011. The tasks for each of the renewal years will need to be completed by April 1 for rates that will be effective July 1, 2012 and July 1, 2013 respectively.
- N. Review and make written recommendations by April 1, 2010 and April 1, 2011 with regard to assessments for self-insured employers for the surplus fund that will be effective July 1, 2010 and July 1, 2011. The tasks for each of the renewal years will need to be completed

by April 1, 2012 for assessments that will be effective July 1, 2012, and completed by April 1, 2013 for July 1, 2013. The review and recommendations for the Self-Insuring Employers' Guaranty Fund assessment rate that will be effective July 1, 2010 and July 1, 2011 will need to be completed by April 1 of each year respectively. The tasks for each of the renewal years will need to be completed by April 1, 2012 and April 1, 2013 for the 2012 and 2013 policy years.

- O. Provide factors by May 1 of each year for calculation of the amount owed in additional premium (self-insured buy-out), if applicable, by an employer transferring from the State Insurance Fund to self-insured status. Review and recommend any changes to the buy-out methodology.
- P. Analyze the effects to Ohio's system of on-going changes as adopted by the National Council on Compensation Insurance (NCCI) and determine if additional elements used by NCCI should be used in Ohio.
- 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 paper and electronic form.
- R. 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 BWC Executive Staff meetings and any briefings regarding matters included within the scope of the ratemaking portion of the RFP.
- S. Attend Workers' Compensation Board of Directors and actuarial committee meetings and make presentations on ratemaking and reserve issues as required by BWC.
- T. 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.
- U. Provide educational sessions to the Board of Directors as requested on ratemaking issues.
- V. Provide reserve runoff reports in a form specified by BWC.
- W. Comment on the discount rate and risk margin recommended for use in the reserve studies.
- X. Assist as requested in any asset-liability matching studies.
- Y. Provide other assistance as requested.
- Z. Attend legislative committee meetings and make presentations on ratemaking and reserve issues as required by BWC.

5.2 ACTUARIAL RESERVE AUDIT

5.2.1 BACKGROUND

Pursuant to ORC 4123.47, the Administrator is responsible for conducting an actuarial reserve audit of the State Insurance Fund at least once every two years. However, given the concern for timely evaluation of the financial performance of BWC, a program of annual actuarial reserve audits has been in place since 1975 and continues. The actuarial reserve audit and analyses must be performed by recognized insurance actuaries that meet actuarial qualification standards chosen by BWC, and must cover industry classifications and other matters involving the administration of the State Insurance Fund. In addition, given the current pace of change in claims practices and the objective to implement the best insurance actuarial practices at BWC, the CONSULTANT will be expected to assist BWC in developing its monthly and 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 August 1, 2009 and continue through December 31, 2011 with the option of 2 yearly contract renewals. The CONSULTANT will conduct an actuarial audit of the State Insurance Fund and other funds or perform a peer review of BWC analyses as of June 30, 2010 and as of June 30, 2011. The tasks for each of the renewal years will need to be completed as of June 30, 2012 and June 30, 2013. The deadlines for completion of the reserve audit task shall be no later than August 20, 2010 for the first year's audit; and August 19, 2011 for the second year's audit. The deadlines for the 2 renewal years are August 24, 2012 for the first renewal year's audit, and for the second renewal, August 20, 2013. The preliminary audit results must be completed for presentation to the actuarial committee and board of directors by the May actuarial committee meeting of that year. The responsibilities of the CONSULTANT are as follows:

- A. Determine the actuarial reserves for compensation (indemnity), medical costs and compensation adjustment expenses on claims incurred by the State Insurance Fund and other funds as of June 30, 2010. A preliminary reserve audit will be conducted following March 31, 2010 projected forward to June 30, 2010 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the reserve audit will be conducted following June 30, 2010, to be completed by August 20, 2010. A preliminary reserve audit will also be conducted following March 31, 2011 projected forward to June 30, 2011 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the reserve audit will be conducted following June 30, 2011, to be completed by August 19, 2011. The 2 yearly renewal dates for the preliminary reserve audit will be as of March 31, 2012 and March 31, 2013, to be projected forward to June 30, 2012 and June 30, 2013 respectively that will be presented at the May actuarial committee and board meetings of each year. The 2 yearly renewal deadlines for the adjusted reserve audits will be as of June 30, 2012, to be completed by August 24, 2012, and June 30, 2013 to be completed by August 20, 2013.
- B. Analyze trends and fluctuations, including backlogs, in claims costs as experienced by the State Insurance Fund and other funds. Support ongoing development of timely analytical measurements of change in operating procedures expected to affect claims levels and development patterns in order to reflect such changes appropriately in reserving at the earliest actuarially reasonable opportunity. This would also include support in determining additional cost containment measures that could be undertaken and the estimated financial impact of each cost containment measure.
- C. Analyze matters involving the administration of the State Insurance Fund including loss adjustment expenses as identified by BWC.
- D. Communicate and cooperate fully with 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.
- E. Determine preliminary actuarial reserves for the Marine Industry Fund following March 31, 2010 projected forward to June 30, 2010 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2010 to be completed by August 20, 2010. Preliminary actuarial reserves will also need to be calculated following March 31, 2011 projected forward to June 30, 2011 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2011 to be completed by August 19, 2011. The 2 yearly renewal dates for the preliminary actuarial reserves will be as of March 31, 2012 and March 31, 2013, to be projected forward to June 30, 2012 and June 30, 2013 respectively that will be presented at the May actuarial committee and board meetings of each year.. The 2 yearly renewal tasks as of June 30, 2012 will be completed by August 24, 2012; and as of June 30, 2013 will be completed by August 20, 2013.
- F. Determine preliminary actuarial reserves for the Coal-Workers' Pneumoconiosis (Black Lung) Fund following March 31, 2010 projected forward to June 30, 2010 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2010 to be completed by August 20, 2010. Preliminary actuarial reserves will also need to be calculated following March 31, 2011 projected forward to June 30, 2011 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2011 to be completed by August 19, 2011. The 2 yearly renewal dates for the preliminary actuarial reserves will be as of March 31, 2012 and March 31, 2013, to be projected forward to June 30, 2012 and June 30, 2013 respectively that will be presented at the May actuarial committee and board meetings of each year. The 2 yearly renewal tasks as of June 30, 2012 will be completed by August 24, 2012; and as of June 30, 2013 will be completed by August 20, 2013.
- G. Determine preliminary actuarial reserves for the Disabled Workers' Relief Fund (DWRF I and II) following March 31, 2010 projected forward to June 30, 2010 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2010 to be completed by August 20, 2010. Preliminary actuarial reserves will also need to be calculated following March 31, 2011 projected forward to June 30, 2011 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2011 to be completed by August 19, 2011. The 2 yearly renewal dates for the preliminary actuarial reserves will be as of March 31, 2012 and March 31, 2013, to be projected forward to June 30, 2012 and June 30, 2013 respectively that will be presented at the May actuarial committee and board meetings of each year. The 2 yearly renewal tasks as

of June 30, 2012, will be completed by August 24, 2012; and as of June 30, 2013 will be completed by August 20, 2013. The CONSULTANT will be expected, in conjunction with this task, to develop a methodology for determining future DWRF liability on known and unknown claims of bankrupt self-insured employers.

- H. Determine preliminary actuarial reserves for the Self-Insuring Employers' Guaranty Fund following March 31, 2010 projected forward to June 30, 2010 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2010 to be completed by August 20, 2010. Preliminary actuarial reserves will also need to be calculated following March 31, 2011 projected forward to June 30, 2011 that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the actuarial reserves will be conducted following June 30, 2011 to be completed by August 19, 2011. The 2 yearly renewal dates for the preliminary actuarial reserves will be as of March 31, 2012 and March 31, 2013, to be projected forward to June 30, 2012 and June 30, 2013 respectively that will be presented at the May actuarial committee and board meetings of each year. The 2 yearly renewal tasks as of June 30, 2012, will be completed by August 24, 2012; and as of June 30, 2013 will be completed by August 20, 2013. The actuarial reserves shall include estimates of appropriate future DWRF benefit payments, and incorporate any changes in the scope of coverage of the Fund.
- I. Determine cash flow and liability estimates for the investment consultant's asset liability study for a 10 year period based on alternative scenarios provided by BWC or recommended by the CONSULTANT.
- J. Project preliminary reserves for the various funds following March 31, 2010 projected forward to June 30, 2010, including reserves for the 2010 fiscal year that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the reserves will be conducted following June 30, 2010, including reserves for the 2010 fiscal year (due August 20, 2010). Preliminary reserves will also need to be calculated following March 31, 2011 projected forward to June 30, 2011, including reserves for the 2011 fiscal year that will be presented at the May actuarial committee and board meetings of that year. An adjustment to the reserves will be conducted following June 30, 2011, including reserves for the 2011 fiscal year (due August 19, 2011). The 2 yearly renewal tasks for preliminary reserves will be as of March 31, 2012 and March 31, 2013 to be projected forward to June 30, 2012, including reserves for the 2012 fiscal year; and projected to June 30, 2013, including reserves for the 2013 fiscal year that will be presented at the May actuarial committee and board meetings of each year. The 2 yearly renewal tasks will be as of June 30, 2012, including reserves for the 2012 fiscal year (due August 24, 2012); and June 30, 2013, including reserves for the 2013 fiscal year (due August 20, 2013).
- K. Assist in the ongoing development and implementation of meaningful reserve analysis on a quarterly basis. These analyses will be used by the CONSULTANT each quarter to adjust the reserve projections developed as indicated above.
- L. Analyze claims cost trends and pay-out patterns for employers who participate in the retrospective rating plan, with an evaluation of the impact on the reserves and premiums receivable of the State Insurance Fund.
- M. Assist in the implementation and ongoing evaluation of the BWC MIRA Case Reserving System. The individual case reserves may be used as appropriate for reserve audit purposes.
- N. Provide copies to BWC of all spreadsheets, formulas, databases and supporting documents developed or used in connection for all work identified within this RFP.
- O. Provide five complete and final hard copies to BWC of the actuarial audit and provide a copy of the actuarial audit 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 BWC personnel. The draft version of the actuarial audit must be completed by August 20, 2010 with a final version completed by August 31, 2010. The draft version of the audit must be completed by August 19, 2011 with a final version completed on August 31, 2011. The 2 yearly renewals tasks must have the draft audit in 2012 be completed by August 24, 2012 and with a final version completed on August 31, 2012. The draft version of the audit in 2013 must be completed by August 20, 2013 with the final version completed on August 31, 2013.
- 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 BWC Executive Staff meetings and any briefings regarding matters included within the scope of the reserve audit portion of the RFP.
- Q. Attend Workers' Compensation Board of Directors and actuarial committee meetings and make presentations on reserve audit issues as required.

- 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. Prepare the Governmental Accounting Standards Board “GASB” 10 and SEC runoff exhibits as of June 30, 2010, to be completed by August 20, 2010; and June 30, 2011, to be completed by August 19, 2011. The 2 yearly renewal tasks as of June 30, 2012 will need to be completed by August 24, 2012 and as of June 30, 2013 will need to be completed by August 20, 2013.
- T. Prepare private and public employer additional retrospective premium projections as of June 30, 2010, to be completed by August 20, 2010; and as of June 30, 2011, to be completed by August 19, 2011. The 2 yearly renewals projections as of June 30, 2012 will need to be completed by August 24, 2012 and as of June 30, 2013 needs to be completed by August 20, 2013.
- U. Evaluate fiscal year end reserves using an alternative methodology for the years 2010 and 2011, and the 2 yearly renewal tasks will be necessary for 2012 and 2013.
- V. Provide updated quarterly projected reserves at the end of each quarter during the years 2010 and 2011. The 2 yearly renewal tasks will include projected reserves as of the end of each quarter for 2012 and the first three quarters of 2013.
- W. Provide an actuarial opinion in a form specified by the BWC by September 1 of each year for the actuarial reserves at June 30 of the year.
- X. Provide educational sessions to the Board as requested on ratemaking and reserving issues.
- Y. Provide reserve runoff reports in a form specified by BWC.
- Z. Comment on the discount rate and risk margin recommended for use in the reserve studies.
- AA. Assist as requested in any asset-liability matching studies.
- BB. Provide other assistance as requested.

5.3 SYSTEMS ANALYSIS AND SPECIAL STUDIES

5.3.1 BACKGROUND

BWC has a critical need for supplementary studies, analyses and other actuarial support as part of its ongoing activities and development. BWC is seeking an actuarial CONSULTANT capable of managing several projects

In conjunction with the projects enumerated herein, 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 BWC Executive Staff, Board of Directors and actuarial committee meetings and briefings with regard to matters included within the scope of this part of the RFP.

5.3.2 TASK DESCRIPTION

1. Systems Analysis and Support

In order to increase the efficient and timely deliverance of relevant management information that will enhance the quality and reliability of ratemaking and reserving functions, BWC seeks the CONSULTANT’S input to clearly identify and document both appropriate systems functionality and reports for the future that would better meet the actuarial business needs for ratemaking, reserving and actuarial analysis functions. The areas that may be reviewed by the selected consultant include:

- A. The private employer and public employer rating programs to test their reliability, appropriateness and that the rating formulas follow the Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries. The evaluation would review the rating programs for various groups of employers and review the premiums charged to individual employers.
- B. Perform analysis with regard to public employer state agency premium rate calculations. The public employer state agency rates are calculated on a terminal funding basis. The analysis should test if they are working correctly and follow the Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries.

- C. Perform analysis on the Coal-Workers Pneumoconiosis Fund. This review would include a complete analysis of the rating program. This analysis should compare the methodology used in BWC's rating calculation to industry standards and the Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries.
- D. Perform analysis on the Marine Industry Fund. This analysis should compare the methodology used in BWC's rating calculation to industry standards and the Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries.
- E. Perform analysis on the Disabled Workers' Relief Funds. This analysis should compare the BWC's rating calculation to industry standards and the Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries.
- F. Review the methodology used to calculate the assessments for self-insured employers for the surplus fund and for the Self-Insuring Employers' Guaranty Fund. This review would include an analysis on the loss history used for the calculation, the paid compensation basis, the projected payout, and the methodology used to calculate the assessment rates. The consultant should analyze the assessments and provide recommendations and support for the self-insured assessment calculation process.
- G. Evaluate the SIEGF sufficiency requirements and recommend criteria to be used for determining the methodology for the Administrator to establish self insured employers' contributions to the SIEGF pursuant to Ohio Revised Code 4123.351. This analysis would include analysis of the BWC's historical funding of the SIEGF and recommendations for funding the SIEGF particularly whether the fund should be pre-assessment or post-assessment.
- H. Perform an analysis and provide recommendations on the minimum administrative premium charged to employers operating in Ohio for workers' compensation coverage. This evaluation should determine the minimum acceptable amount of premium that should be charged to employers in Ohio to bind coverage and to cover expected losses. The evaluation should also review the domestic coverage requirement in Ohio.

2. 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 administrator and Board of Directors and will assist in implementation of those programs. The services required by BWC regarding such legislation will vary and may be unanticipated as well as of the highest priority. 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.

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

As needed, the CONSULTANT will analyze the impact of alternate rating and discount programs, or the potential impact of proposed alternative rating programs. This analysis would include the estimated financial impact of each alternative rating or discount program. The areas that may be reviewed include:

- A. The Drug Free Workplace program, the One Claim Program, the Premium Discount Program, the group rating program, the safety council program, the deductible program, the group retrospective program and other programs developed by the BWC.
- B. Perform analysis of the individual retrospective rating program and provide recommendations on the effectiveness and operation of the program.
- C. Recommend alternate rating and discount programs that would be beneficial to the employers of Ohio and follow industry standards and the actuarial standards of practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries.

4. Analyze Impact of BWC MIRA Reserving System

As needed, the CONSULTANT will analyze the impact of implementing the BWC MIRA Reserving System. This analysis would include the financial impact of the BWC MIRA Reserving System on individual employers and groups of employers; the evaluation of the new MIRA 2 Reserving system that was implemented in 2008; and alternative reserving methodologies that can be incorporated into the BWC experience rating system. The analysis would review the MIRA reserves on a yearly basis and evaluate the rules enacted by the BWC on how reserves are used in the ratemaking process.

5. Miscellaneous Projects

The CONSULTANT will provide actuarial analysis and support in other special projects that may, from time to time, be identified by 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. Tasks that may be reviewed during the consulting contract include:

- A. Evaluate and recommend the amount of surplus/net assets that should be held by the BWC. The consultant should assist the BWC in developing a net asset strategy, the tools to evaluate the BWC's net asset position, and evaluate the BWC's discount rate position.
- B. Evaluate and assist the BWC on the excess insurance or reinsurance requirements for the BWC including the need for excess coverage or reinsurance in the event of a catastrophic event. This process should include the consultant assisting the BWC in identifying the amount of excess insurance required and the market to purchase the insurance.

6.0 PROPOSAL

To be considered, CONSUTLANTS must submit a complete, signed and sealed response to this Request for Proposal in accordance with Section 3.3 of this RFP. The original, eleven copies of the proposal and a PDF file on a CD of the proposal must be marked "**B09003 Actuarial Consulting Services**" on the outside of the envelope, and must be received by **2:00 PM EST on April 16, 2009**. The proposals must indicate the portion(s) of the RFP for which the proposal is being submitted. Proposals must be signed by an official authorized to bind the CONSULTANT. 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. Any material for which a claim of trade secret or other confidentiality is made must be sealed in a separate envelope and marked as confidential. The envelope shall be included in the Proposal at the place where the materials would otherwise appear. Any confidentiality is waived unless this requirement is met. The Bureau reserves the right to request written explanation of the vendor's claim of an exception to the Public Records Act, and may either accept or reject that vendor's claim.

All material submitted becomes the property of the 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 Proposal. Selection or rejection of any given proposal does not affect this right.

BWC is not liable for any cost incurred by a CONSULTANT 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 CONSULTANT prior to the execution of a contract.

A respondent of this Request for Proposal must include in its proposal sufficient information to permit BWC to effectively evaluate its qualifications. At a minimum, 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 CONSULTANT must be provided. The letter shall provide the name and telephone number 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 SUMMARY

A brief project 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 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 STATEMENT OF PHILOSOPHICAL APPROACH

Include a statement of philosophical approach to actuarial matters.

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 Credentials in Section 7.4 B.

6.5 PERSONNEL PROFILE FOR PROJECT TEAM

Within the project team the CONSULTANT assembles to perform the services required by this RFP, a lead 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. 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 functions and duties of the NCCI as they relate to the classification of exposure and other actuarial items and workers' compensation residual market mechanisms.

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 D.

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 who will be assigned to each project and their ability to begin the work no later than August 1, 2009.

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.

6.7 COST/FEE

A. Hourly Fee

The CONSULTANT must provide its total cost, including hourly rates and hours. This fee is to contain all direct and indirect costs, including all out-of-pocket expenses.

The fee should include the following information:

- 1) Name of firm
- 2) Certification that the person signing the proposal is entitled to represent the firm empowered to submit the bid and authorized to sign a contract with the BWC.
- 3) Total Fee for the engagement ending 12-31-2011.
- 4) A total fee for each renewal year.

It is contemplated that in the contract a total maximum annual cost figure will be established for each portion for which the proposal is being submitted.

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

The proposal should also include a schedule of professional fees and expenses, presented in the format provided in the attachment (Exhibit A) that supports the hourly fee for each category for which the consultant is submitting a proposal.

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, requested by BWC after award of the contract, shall be paid by 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. 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 90 days after the work has been performed.

For each billing, three invoices with the original signatures shall be submitted to the BWC. 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 should be addressed to the Accounts Payable unit with a copy to the Actuarial Section Director.

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.

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 4.18.

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.

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 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 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 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 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 percentage of 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 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 fees will be evaluated and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest hourly fee. 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. BWC intends to then award the contract based on the highest composite score achieved as a blend of technical and price considerations. However, BWC retains the right to amend the proposal on any basis it selects.

It is anticipated that a firm will be selected by June 18, 2009. Following notification of the firm selected, it is expected a contract will be executed between both parties. The CONSULTANT to whom the contract is awarded will be notified of its selection by June 22, 2009.

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 five 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. |
| Phase III | Phone Interviews with representatives from the respondents who meet the minimum requirements and who are among the top scores in the other scoring criteria. |
| Phase IV | In person interviews at the Columbus office of the BWC with the selection committee for respondents who are among the top scores from the Phase III scoring. |
| Phase V | A presentation by the recommended consultant to the Workers' Compensation Board of Directors at the June 18, 2009 actuarial committee meeting. |

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

- A. The CONSULTANT must submit one original and eleven copies with a PDF file on a CD of the proposal by the deadline.
- B. The CONSULTANT must sign and seal one original, and eleven copies with a PDF file on a CD of the proposal.
- C. The CONSULTANT'S proposal **must** include:
 - Cover Letter stating the portion(s) of the RFP for which the proposal is being submitted
 - Statement of Philosophical approach to actuarial matters
 - Project Summary
 - Cost/fee
 - Rates of the Project Team Times Hours Anticipated for Each Member
 - Out-of-Pocket Expenses Included in the Schedule of Professional Fees and Expenses
 - Rates for Additional Professional Services
 - Manner of Payment
 - Proof of Insurance and Proof of Workers' Compensation
 - Conflicts of Interest Statement
 - Disclosure Statement
 - Responsibility
 - Ohio Presence
 - Consultant Profile
 - Personnel Profile, including resumes
 - Proposed work plan with completion of all tasks by scheduled deadlines
 - Contingency plan in the event of incapability of lead FCAS to perform - (A) if lead FCAS leaves, (B) if lead FCAS is not available (identified by name)
 - Proposed plan to have lead FCAS or alternative decision maker available within the response times as required in section 6.6 at all times during the contract period.
 - Summary of all workers' compensation consulting projects within the last five years.
 - Three references from former clients.

- Cost and time data to be provided by the consultant by completion of the table titled Cost and Estimates (attachment A)
- All necessary data to evaluate items listed for evaluation in sections 6 & 7
- Documentation of the quality control and peer review implemented by the Consultant. The documentation should specify the methods and planning used for quality control to ensure that information submitted to BWC is error free.

Professional Requirements

Consultant

1. CONSULTANT has 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 insurance funds.
2. Consultant includes staff of at least three FCAS with consulting and/or direct experience with workers' compensation insurers or workers' compensation state insurance funds.

Project Team

1. The lead FCAS has at least ten years experience in the insurance industry and at least five years consulting/auditing experience with workers' compensation insurers or workers' compensation state insurance funds.
2. The lead FCAS has at least five years experience in the communication and education of actuarial issues.
3. The Team includes, in addition to the lead FCAS, other persons with a combined total of at least 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.
4. The Team includes at least one FCAS in addition to the lead FCAS.
5. The Team includes persons with a combined total of at least five years experience in the communication and education of actuarial issues, in addition to the experience of the lead FCAS.
6. 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.
7. 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 shall be grounds for rejection of proposal.

- Failure to sign the one original and eleven copies of the Proposal;
- Failure to identify RFP name and Bid Number "**B09003 Actuarial Consulting Services**" on the outside envelope;
- Failure to submit one original, and eleven copies with a PDF file 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 mandatory 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 700 points. The Consultant will be evaluated for each of the 3 categories that a proposal is submitted for and scored accordingly to the below criteria.

Category	Maximum Points
Cost	100
CONSULTANT Credentials	40
Project Team Credentials and Composition	135
Project Team Experience	115
Project Team References	30
Project Team Responsiveness, Flexibility, Availability	50
Project Plan and Summary	80
Interview	150
Total	700

A. Cost 100 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 BWC of all vendors.
 Maximum Raw Cost Score is the largest Raw Cost Score of all vendors.

Cost

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

$$\text{Points} = \text{Raw Cost Score} \times 100 / \text{Maximum Raw Cost Score}$$

B. CONSULTANT Credentials 40 Points

The evaluation for CONSULTANT 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 6 or more FCAS within its U.S. staff, and 10 points will be awarded to a CONSULTANT with 4 to 5 FCAS within its U.S. staff.

In the subcategory of total members of the U.S. staff, 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 less than 15 members.

C. Project Team Credentials and Composition 135 Points

The evaluation for Project Team Credentials and Composition consists of scoring for both the number of FCAS on the Project Team and the quality of the work plan. In the subcategory of the number of FCAS on the Project Team, 100 points will be awarded to a CONSULTANT with 4 or more FCAS on its team, 80 points will be awarded to a CONSULTANT with 3 FCAS on its team, and 60 points will be awarded to CONSULTANT with 2 FCAS on its team.

In the subcategory of quality of the work plan, the CONSULTANT'S plan will be scored based on a maximum of 35 points regarding the assignment of meaningful amounts of work to appropriate experience levels and regarding demonstration of appropriate amounts of time by each member of the project team to meet BWC's actuarial needs.

D. Project Team Experience 115 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 and greater in annual premiums written. As an insurance operation with approximately \$1.7 billion in written premiums, 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, 115 points will be awarded to a project team whose members have 20 or more company years of experience, 85 points will be given to a project team whose members have 10 to 19 company-years of experience, and 50 points will be awarded to a project team whose members have 5 to 9 company-years of experience.

E. Project Team References 30 Points

The evaluation for Project Team References consists of scoring up to a maximum of 30 points for positive references regarding actuarial consulting experience with Ohio BWC and other workers' compensation carriers, both public and private, in the last ten years.

F. Project Team Responsiveness, Flexibility and Availability 50 Points

The evaluation of Project Team Responsiveness, Flexibility, and Availability consists of scoring up to a maximum of 50 points based on the CONSULTANT'S ability to support in a timely and effective manner the major challenges facing BWC (scope and unique aspects of ratemaking and reserving tasks, culture change, vision, mission, legislative mandates, migration of actuarial functions to in-house, NCCI class use, claims operations changes, managed care initiatives, etc.) as demonstrated through the RFP submission, especially work plan descriptions.

G. Project Plan Summary 80 Points

Eighty (80) points will be awarded for a complete and concise project plan that includes a list of major tasks with timelines including start and finish dates.

H. Interview 150 Points

The Selection Committee will interview representatives of the actuarial consultant with a scoring maximum of 150 points. The consultants that score the highest in the other categories will be interviewed via phone or video conference. The interview will consist of a review of the consultant's proposal and a review of the consultant's experience and background in handling similar tasks to those identified in the RFP.

8.0 AWARD OF CONTRACT

8.1 AWARD PROCEDURE

The overall point score for those proposals scored will determine the selected CONSULTANT. All CONSULTANTS shall be notified by letter of the selection decision. No information will be released by BWC until the official announcement of award. All offers tendered in response to this RFP shall remain open for a period of 30 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 CONSULTANTS, the public, or BWC.

If BWC awards a contract pursuant to this RFP, and the CONSULTANT 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 CONSULTANT'S proposal and BWC may evaluate any remaining proposals for award of the contract.

If the selected CONSULTANT 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 CONSULTANT 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 CONSULTANT for a contract under this RFP.

8.2 CONTRACT EXECUTION

BWC will provide the successful CONSULTANT a contract for execution based on the draft attached to this RFP. If CONSULTANT 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 CONSULTANT until a contract is negotiated, or BWC decides not to contract.

Exhibit A

Schedule of Professional Fees and Expenses

To support the hourly fee for the Actuarial Consulting Services expenses and reports

Position Title	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS		\$	\$
Other Personnel (specify)		\$	\$
Out-of-pocket expenses			\$
Total fees and expenses bid for Actuarial Consulting Services			

AGREEMENT

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 43215-2256, entered into the day, month and year set out below.

Whereas, the Bureau issued a Request for Proposals ("RFP") # B09003 for The Actuarial Consulting Services and the Vendor submitted the best responsive and responsible response 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 herein. 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. The parties agree that as a condition precedent, any applicable approvals of the Office of Budget and Management must be given before obligations under this Agreement commence.

FEES. The parties agree that the Bureau shall pay monthly invoices based on the vendor's fee of X dollars (\$X).

TERM. The parties agree that all services promised to be performed pursuant to this Agreement shall commence on August, 1 2009, contingent upon compliance with any and all conditions precedent as provided for herein, and shall be completed no later than December 31, 2011 with the BWC having 2 one year renewal options commencing on January 1, 2011 and January 1, 2012.

In witness whereof, the parties hereunto affix their signatures this _____day of _____, 2009.

NAME OF SELECTED VENDOR

TAX ID # _____

Risk # _____

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

Printed Name _____

Printed Title _____

Printed Name: _____

Printed Title _____

Filename.doc

Date