

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

December 6, 2007

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B5200056
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Lewis & Ellis, Inc. 10561 Barkley, Suite 470 Overland Park, KS 66212 LLanglitz@LewisEllis.com	TELEPHONE (913) 491-3388 Leon Langlitz, FSA, MAAA
	VENDOR NUMBER/MAIL CODE (002)
	BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Robert Lamberjack Actuarial Services for Property/Casualty & Life/Health – OFIS/DLEG	
CONTRACT PERIOD: From: December 1, 2004 To: November 30, 2008	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective immediately, this Contract is hereby **EXTENDED** through November 30, 2008. The Buyer for this Contract is changed to Jim Wilson (517) 241-1916. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per request of DLEG and approval of DMB/Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$500,000.00

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

October 25, 2004

NOTICE
TO
CONTRACT NO. 071B5200056
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Lewis & Ellis, Inc. 10561 Barkley, Suite 470 Overland Park, KS 66212 LLanglitz@LewisEllis.com	TELEPHONE (913) 491-3388 Leon Langlitz, FSA, MAAA
	VENDOR NUMBER/MAIL CODE (002)
	BUYER/CA (517) 241-1646 Greg Faremouth, CPPB
Contract Compliance Inspector: Robert Lamberjack Actuarial Services for Property/Casualty & Life/Health – OFIS/DLEG	
CONTRACT PERIOD: From: December 1, 2004 To: November 30, 2007	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

The terms and conditions of this Contract are those enclosed. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: \$500,000.00

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

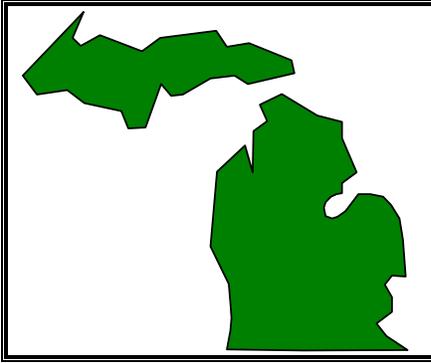
CONTRACT NO. 071B5200056
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Lewis & Ellis, Inc. 10561 Barkley, Suite 470 Overland Park, KS 66212 <div style="text-align: right;">LLanglitz@LewisEllis.com</div>	TELEPHONE (913) 491-3388 Leon Langlitz, FSA, MAAA VENDOR NUMBER/MAIL CODE (002) BUYER/CA (517) 241-1646 Greg Faremough, CPPB
Contract Compliance Inspector: Robert Lamberjack Actuarial Services for Property/Casualty & Life/Health – OFIS/DLEG	
CONTRACT PERIOD: From: December 1, 2004 To: November 30, 2007	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those enclosed. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</p> <p>Estimated Contract Value: \$500,000.00</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I4001365. A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Acquisition Services. Orders for delivery may be issued directly by the State Departments through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

<p>FOR THE VENDOR:</p> <p style="text-align: center;">Lewis & Ellis, Inc.</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p>FOR THE STATE:</p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Greg Faremough, CPPB, Buyer Specialist</p> <hr/> <p style="text-align: center;">Name</p> <p style="text-align: center;">Strategic Business Development</p> <p style="text-align: center;">Acquisition Services</p> <hr/> <p style="text-align: center;">Title</p> <hr/> <p style="text-align: center;">Date</p>
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STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services

Invitation to Bid No. 071B5200056
Actuarial Services

Buyer Name: Greg Faremouth
Telephone Number: 517 241-1646
E-Mail Address: faremouthg@michigan.gov

Actuarial Services

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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The purpose of this Contract is to provide life/health and property/casualty actuarial services and to pre-qualify actuarial service vendors for either one or both services.

Pre-qualified vendor qualifications and availability will be accessed by the Office of Financial and Insurance Services (OFIS) under a second tier, competitive selection process. OFIS may then enter into a work contract with the vendor offering the best overall value for the specific OFIS examination.

1.002 BACKGROUND

The Office of Financial and Insurance Services (OFIS) regulates a wide range of entities including but not limited to the following:

- Full and single line HMO's
- Blue Cross Blue Shield of Michigan
- Multiple Employer Welfare Arrangements
- Property, Casualty, Life and Health Insurance Companies
- US Branches of Canadian Insurers
- Limited Liability Pools
- Reciprocal Exchanges
- Municipal Pools

Specifically the OFIS is responsible for regulating the financial solvency and compliance with National Association of Insurance Commissioners (NAIC) requirements and the Michigan Insurance Code by the above regulated entities. The OFIS attempts to insure compliance with the regulations and Code through periodic examinations of the regulated entities. The examinations can occur throughout the United States and Canada. The staff of the OFIS conducts the examinations, but the Division has no fully certified actuaries (actuaries who have taken and passed all ten exams) with training or experience in the fields of life, health, property or casualty insurance actuarial science. An analysis and evaluation by a Fellow of the Society of Actuaries/Fellow of the Casualty Society of Actuaries of the adequacy of reserves of regulated entities are critical to the Commissioner's ability to adequately examine the entities and ensure compliance with standards, regulations and Code.

Also, it is imperative that the actuarial firms or individuals assisting the OFIS with specific examinations not be associated, either financially or contractually, with the entity being examined and that there shall be no financial or contractual relationship, either written or oral, for two years prior to, during the life of and for two years after any contract awarded or any subsequent contract work order without the written consent of the OFIS. Failure by the firm to comply with this provision may result in the cancellation of services.

It is because of the concern about conflict of interest that the OFIS feels it is imperative to have a pool of contract actuaries available to assist with examinations. The pool of pre-qualified firms is also required because it is anticipated that there may be 60 or more examinations annually, with many examinations going on simultaneously.

A pool of a minimum of six (maximum of 10) life/health and a minimum of six (maximum of 10) property/casualty actuarial firms will be developed. It is possible for firms to be qualified to provide actuarial services in both the life/health and property/casualty categories as long as the firm can certify to all reserves in both categories.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

When specific company examinations require actuarial services, the OFIS Contract Administrator will prepare a written work statement detailing the line items where the State needs an actuary to analyze and opine to the adequacy of the reserves.



The OFIS may also, on occasion, require experience in particular lines of business such as medical malpractice and liquor liability. Also, from time to time, OFIS may have a need for actuarial services to conduct reviews under Section 830(3) of the Michigan Insurance Code regarding requests by domestic insurers for changes in actuarial methodologies. Other actuarial services that may be requested are reviews of mortality tables and reviews of concerns regarding adequacy of reserving. If such experience is required, it will be described in the work statement. Also, there are some examinations where several members within an insurance holding company are being examined at the same time. One property and casualty contractor will be awarded all property and casualty companies within the insurance holding company and one life and health contractor will be awarded all life and health companies within the insurance holding company. When awarding individual contracts, additional consideration may be given firms that can render opinions on all members of an insurance group (both life/health and property/casualty). However, the firm must be one of the pre-qualified firms in both pools. Each statement of work will be initiated by the contract administrator and submitted via e-mail to all pre-qualified firms. Each statement of work will contain the following information:

- Name of company to be analyzed
- The last examination period
- Period to be covered by this examination
- Items needing analysis
- Excerpts from Company's Annual Statement and Actuarial Opinion.

A sample work statement is provided in Appendix A and B. Each category of examination, Life/Health and Property/Casualty, will receive a work Statement.

The pre-qualified vendors will have two weeks to submit via e-mail a work plan in response to the work statement. Pre-qualified vendors will respond to the statement of work with a task proposal by the date specified in the statement of work. In detailing costs, the contractor must not exceed the hourly rate included in their response. Each Task proposal will include the following:

1. Introduction – statement of the assignment
2. End product of the assignment
3. Services to be provided (activities, tasks and individuals assigned to each task or activity)
4. Background information and relevant specific experience of firm and names, experience and resumes of individuals assigned to the project
5. Detail of Costs:
 - Indicating who will be assigned
 - The hours they will be assigned
 - The hourly rate
 - Travel costs*
 - Total cost

*Travel costs will be billed at state rates in effect at the time the expense is incurred. Travel costs should include any costs that may be incurred by the contractor during the normal course of the examination. Should the contractor be required to defend their findings at a hearing, the OFIS will reimburse the contractor for any specific travel costs incurred while defending the findings. This reimbursement is in addition to the total cost bid and accepted by the OFIS. Travel costs incurred for defending the contractor's findings will only be reimbursed if prior approval for the travel is received from the Contractor Administrator.

The pre-qualified firm that presents the highest quality proposal, price considered, will be selected to perform the analysis. Whenever possible, the OFIS will ensure that no contractor will be awarded a contract to examine a company that they examined during the last state audit. Persons/firms selected may be expected to begin work one week following the receipt of a contract release.

Should none of the contractors offer an acceptable proposal, the State may pursue acquisition of services from other vendors. The OFIS may interview the proposed staff before making a final decision on the award of a contract release.



The average bid price for P&C proposals is approximately \$7,500 and the average bid price for Life proposals is approximately \$25,000. The total cost for very complex examinations often exceeds these averages and the total cost for relatively straight-forward examinations often is less than these averages.

1.102 OUT OF SCOPE

RESERVED

1.103 TECHNICAL ENVIRONMENT

RESERVED

1.104 WORK AND DELIVERABLE

Contractor shall provide Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

- A. Review and opine on actuarial items in connection with financial examinations of domestic insurance companies, including Canadian and alien insurance companies using Michigan as the state of entry into the United States or other liabilities or assets specifically determined by the OFIS which need to be reviewed by an actuary.
- B. The actuarial items to be reviewed may include but are not limited to, policy reserves, policy holder dividend scales and philosophy, tax liability, product features, risk based capital and surplus requirements, cash flow tests, asset adequacy testing and loss and loss adjustment expense reserves.
- C. The actuary is responsible for reconciling all the data provided by the company back to the annual statement. Specifically, the property and casualty actuary must tie its loss data back to Schedule P, Part I.
- D. The liabilities and assets to be reviewed and certified by the contractor will be determined at the beginning of each examination. The contractor must use, if available, the Company's actuarial opinion, report and work papers to the greatest extent possible without compromising the contractor's responsibility to perform the necessary tests to render his/her opinion on the agreed upon areas as defined in the work statement.
- E. The contractor must work closely with the examiner-in-charge (EIC) and other staff assigned to the examination to ensure the appropriate underlying master file and other data used by the contractor in rendering his opinion is tested for completeness and accuracy by the OFIS staff. The contractor must give the EIC progress reports throughout the examination. These reports can be verbal. The contractor must immediately notify the EIC of any exceptions and important issues.
- F. It is also imperative that the contractor(s) not be associated with (either financially or contractually) the entity regulated by the OFIS to which the contractor is providing services and that such a relationship not be entered into for two years prior to, during the life of and for two years after the contract award without the written consent of the OFIS. Failure by the Contractor(s) to comply with this provision may result in the cancellation of any contract.
- G. The reports and opinions for life and health entities must be signed by a Fellow of the Society of Actuaries (FSA); and reports and opinions for property and casualty entities must be signed by a Fellow of the Casualty Actuarial Society (FCAS). The fellow must play a significant role in the analysis and oversight of the project.
- H. The contractor must be available for meetings with the regulated entity and the OFIS. Also, from time to time, the contractor may be called upon to appear at a place designated by the OFIS, to discuss the issues of an emergency nature on short notice. Further, the contractor is required to be flexible in changing their work efforts to accommodate the concerns of the OFIS. The contractor must be prepared and available to defend the contractor's findings in a hearing. The contractor must be willing to testify as an expert witness and perform other tasks related to the area of expertise as needed.



I. The contractor may be called upon to help the OFIS analyze complex reinsurance agreements and transactions or any other special assignment, where actuarial assistance may be deemed necessary by the OFIS.

J. From time to time, there may be special projects that may be performed on non-domestic insurers or in areas which may be considered beyond the scope of a routine examination, which the contractor may be asked to provide to the OFIS. The scope of the project or area will be defined by the OFIS and agreed upon with the contractor before the work begins.

K. The actuary should be able to perform most of the analysis from their work location. Due to the nature of the life insurance products, actuaries should plan to make one visit on-site to the company. All visits by the actuary to the company being examined must be coordinated with the approval by the Examiner-in-Charge.

L. The contractor must agree to comply with Section 222(4) of the Michigan Insurance Code regarding the confidentiality of all information and knowledge obtained by the contractor during an examination of an entry under this contract. Section 222(4) states, in part, all work papers, correspondence, memoranda, reports, records and other written or oral information related to an examination report or an investigation shall be withheld from public inspection, shall be confidential, shall not be subject to subpoena, and shall not be divulged to any person, except as provided for in Section 222(4). If the contractor receives a subpoena for any information related to an examination under contract, the contractor must contact the OFIS immediately. The contractor should also be aware of Section 226 of the Michigan Insurance Code that states, in part, a person appointed or acting under this act who discloses any fact or information that is confidential under this act is guilty of a misdemeanor, punishable by a fine of not more than \$1,000, or imprisonment of not more than one (1) year, or both.

M. All of the contractor's work papers are the property of the OFIS and should be sent to the OFIS at the conclusion of the examination.

N. Contractors will not be allowed to bid on a company if the contractor performed the analysis and review for the OFIS during the last examination.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

See Work and Deliverables Section 1.104.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The OFIS will oversee the amount of work to be performed under the contract by making assignments and sending financial statements to the contractor at the beginning of each examination. In all cases, the number and type of tasks will be specified by the OFIS.

1.203 OTHER ROLES AND RESPONSIBILITIES

RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

The contractor will carry out this project under the direction and control of:

Bob Lamberjack, Chief Examiner
Office of Financial and Insurance Services
Michigan Department of Labor & Economic Growth
611 W. Ottawa Street
P.O. Box 30220
Lansing, Michigan 48909
(517) 335-1746
bclambe@michigan.gov

**1.302 REPORTS**

The contractor must give the EIC progress reports throughout the examination. These reports can be verbal. The contractor must immediately notify the EIC of any exceptions and important issues.

Although there will be continuous liaison with the Contractor team, the OFIS Contract Administrator will meet as needed with the Contractor's project manager for the purpose of receiving progress reports and providing necessary guidance to the Contractor in solving problems which arise.

1.4 Project Management**1.401 ISSUE MANAGEMENT**

RESERVED

1.402 RISK MANAGEMENT

RESERVED

1.403 CHANGE MANAGEMENT

RESERVED

1.5 Acceptance**1.501 CRITERIA**

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW.

The OFIS will require a deliverable work product in the form of an appropriately detailed written report and actuarial opinion for each assignment. The detailed report should adequately support the actuarial opinion. The report should include a discussion of the scope of the work performed and assumptions used, a summary of findings, any recommendations to the company for improving its system, loss developments, the accuracy of the aggregate reserves and other provisions for policy obligations and any other pertinent information used to render the opinion. The actuarial opinion should be in the format of and contain the information required by the NAIC Annual Statement Instructions. The final detailed report and opinion must be delivered to the OFIS prior to the end of the on-site examination by the OFIS staff examiners unless prior consent is given by the OFIS. The contractor will provide four copies of the report. The certification will not be attached or bound with the actuarial report but will be a separate document. The actuarial opinion must be submitted with the actuarial report. The detailed report and supporting work papers will become part of the OFIS work papers which are confidential and are only available to other parties as defined by specific statutes. The regulated entity will also have a copy of the actuarial report supporting the certification. The regulated entity may provide a copy of the actuarial report and opinion to its appointed actuary.

1.502 FINAL ACCEPTANCE

Final Acceptance is when the project is completed and functions according to the requirements. Any intermediate acceptance of sub-Deliverables does not complete the requirement of Final Acceptance.

1.6 Compensation and Payment

All rates quoted in bidder's response to this CONTRACT will be firm for the duration of the Contract. No price changes will be permitted.

1.7 Additional Terms and Conditions Specific to this SOW

RESERVED



Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for *actuarial services* for the State of Michigan. Orders will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form. Bids are due and will be publicly identified at the time noted on the Invitation To Bid (ITB) Form.

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the *Office of Financial and Insurance Services*, hereinafter known as *OFIS*. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Acquisition Services
Attn: Greg Faremouth
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 241-1646
faremouthg@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract will be for three (3) years and will commence with the issuance of a Contract. This will be approximately 10/01/04 through 09/30/07.

Option. The State reserves the right to exercise two (2) one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Extension. At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.



Written notice will be provided to the Contractor within 30 days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)

MI OSHA MCL §§ 408.1001 – 408.1094

Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.

Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.

MI Consumer Protection Act MCL §§ 445.901 – 445.922

Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.

Department of Civil Service Rules and regulations

Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.

Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.

Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.

Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

Rules and regulations of the Equal Employment Opportunity Commission (EEOC)

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.

The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.

The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.

The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.

The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106

Sherman Act, 15 U.S.C.S. § 1 et seq.

Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.

Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

**2.008 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

2.1 Vendor/Contractor Obligations**2.101 ACCOUNTING RECORDS**

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.
2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.



The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Acquisition Services or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

2.103 SOFTWARE COMPLIANCE

RESERVED

2.104 IT STANDARDS

RESERVED

2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE)

RESERVED

2.106 PREVAILING WAGE

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Consumer and Industry Services, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.107 PAYROLL AND BASIC RECORDS

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid.



Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The Contractor shall submit a copy of all payrolls to the Contract Administrator upon request. The payrolls submitted shall set out accurately and completely all of the information required to be maintained as indicated above.

The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors upon request from the Contract Administrator

The Contractor or subcontractor shall permit the Contract Administrator or representatives of the Contract Administrator or the State of Michigan to interview employees during working hours on the job.

If the Contractor or subcontractor fails to submit required records or to make them available, the Contract Administrator may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment.

2.108 COMPETITION IN SUB-CONTRACTING

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

2.109 CALL CENTER DISCLOSURE

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance

2.201 TIME IS OF THE ESSENCE

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

2.202 CONTRACT PAYMENT SCHEDULE

All invoices should reflect actual work done. The total amount billed shall not exceed the maximum bid amount. One invoice shall be submitted at the completion of the assignment.

2.203 POSSIBLE PROGRESS PAYMENTS

RESERVED

2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered)

RESERVED

2.205 ELECTRONIC PAYMENT AVAILABILITY

Electronic transfer of funds is available to State contractors. Vendors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.



2.206 PERFORMANCE OF WORK BY CONTRACTOR

RESERVED

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

Bidder must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that bidder provided in the bid.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.



2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.



Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General.



In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.306 LIMITATION OF LIABILITY

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 (*for low risk contracts – Select a higher amount for moderate to high risk contracts*) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

2.307 CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 RESERVED

2.311 TRANSITION ASSISTANCE

RESERVED

2.312 WORK PRODUCT

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.



Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

2.313 PROPRIETARY RIGHTS

RESERVED

2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:

Bob Lamberjack, Chief Examiner
Office of Financial and Insurance Services
Michigan Department of Labor & Economic Growth
611 W. Ottawa Street
P.O. Box 30220
Lansing, Michigan 48909
(517) 335-1746
bclambe@michigan.gov

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the OFIS may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.



Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

2.502 RESERVED

2.503 RESERVED

2.504 GENERAL WARRANTIES (goods)

Warranty of Merchantability – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

Warranty of fitness for a particular purpose – When vendor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

Warranty of title – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.505 CONTRACTOR WARRANTIES

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;



4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.

2.506 STAFF

The State reserves the right to approve the Contractor's assignment of key actuarial personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.



The Contractor shall not remove or reassign, without the State's prior written approval any of the key actuarial personnel until such time as the key actuarial personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of key actuarial personnel is critical and agrees to the continuity of key actuarial personnel. Removal of key actuarial personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where key actuarial personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the key actuarial personnel's employment.

2.507 SOFTWARE WARRANTIES

RESERVED

2.508 EQUIPMENT WARRANTY

RESERVED

2.509 PHYSICAL MEDIA WARRANTY

RESERVED

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.



2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.



3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

Termination Assistance. If this Contract (or any Statement of Work issued under it) is terminated for any reason prior to completion, Contractor agrees to provide for up to six (6) months after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of this Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. Such termination assistance shall be at no additional charge to the State if the termination is for Contractor's Default pursuant to Section 2.602; otherwise the State shall compensate Contractor for such termination assistance on a time and materials basis in accordance with the Amendment Labor Rates identified within this Contract agreement.

OR

A. Rights and Obligations Upon Termination

- (1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.



- (2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (3.) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.
- (4.) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

B. Termination Assistance

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

- (1) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract.



In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors.

- (2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.
- (3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.
- (4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.
- (5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.
- (6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

E. Transition out of this Contract

- (1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
 - (i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
 - (ii) Reserved.
 - (iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office;
 - (iv) Reconciling all accounts between the State and the Contractor;
 - (v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
 - (vi) Freezing all non-critical software changes;
 - (vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
 - (viii) Assisting with the communications network turnover, if applicable;
 - (ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
 - (x) Answering questions regarding post-migration services;
 - (xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.



(2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (i) Reconciling all accounts between the State and the Contractor;
- (ii) Completing any pending post-project reviews.

2.703 LIQUIDATED DAMAGES

RESERVED

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:
 - a) Cancel the stop work order; or
 - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
 - a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
 - b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.
4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.

2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.



If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form



Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

2.805 CHANGES

- (a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:
 - (1) In the specifications (including drawings and designs);
 - (2) In the method or manner of performance of the work;
 - (3) In the Government-furnished facilities, equipment, materials, services, or site; or
 - (4) Directing acceleration in the performance of the work.
- (a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:
 - (1) The date, circumstances, and source of the order; and
 - (2) That the Contractor regards the order as a change order.
- (b) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



Article 3 – Certifications and Representations

All bidders shall complete this section and submit with their bid or proposal. Failure or refusal to submit any of the information requested in this section may result in the bidder being considered non-responsive and therefore ineligible for award consideration. The State may also pursue debarment vendors that fail or refuse to submit any of the requested information.

In addition, if it is determined that a business purposely or willfully submitted false information, the bidder will not be considered for award, the State will pursue debarment of the vendor, and any resulting contract that was established will be cancelled.

3.0 Vendor/Contractor Information

3.001 TAXPAYER IDENTIFICATION NUMBER (TIN)

Vendor Name: _Lewis & Ellis, Inc., Actuaries & Consultants

- TIN: _____
- TIN has been applied for
- TIN is not required because:
 - Vendor/Contractor is a nonresident, alien, foreign business that does not have income effectively connected with the conduct of a trade or business in the U.S. and does not have an office or place of business or a fiscal agent in the U.S.
 - Vendor/Contractor is an agency or instrumentality of a foreign government. If checked, which foreign government _____
 - Vendor/Contractor is an agency or instrumentality of a federal, state, or local government. If checked, which government _____
 - Other basis: _____
- Bidder is not owned or controlled by a common parent as described below. Common Parent means a corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which bidder is a member.
- Bidder is owned or controlled by a common parent
- Name and TIN of common parent
 - Name: _____
 - TIN: _____

3.002 EXPATRIATED BUSINESS ENTITY

DEFINITIONS: "Expatriated business entity" means a corporation or an affiliate of the corporation incorporated in a tax haven country after September 11, 2001, but with the United States as the principal market for the public trading of the corporation's stock, as determined by the Director of the Department of Management and Budget

"Tax haven country" means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man,



the Principality of Liechtenstein, the Principality of Monaco, and the Republic of the Seychelles.

Vendor hereby certifies that it IS _____, IS NOT an expatriated business entity located in a tax haven country.

Vendor hereby certifies that it IS _____, IS NOT an affiliate of an expatriated business located in a tax haven country.

3.003 DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER

Vendor is not required to have a DUNS number. If vendor does have a DUNS number it must be listed below.

DUNS No.: _____
(nine digit number assigned by Dun & Bradstreet)

DUNS+4 No.: _____
(DUNS + a 4-character suffix)

If the contractor/vendor does not have a DUNS number and would like to, it should contact Dun & Bradstreet directly to obtain one. Contractor may obtain a DUNS number by calling Dun & Bradstreet at 1-866-705-5711 or via the Internet at www.dnb.com.

3.004 RESERVED for Vendor Registration Into a Central Database

3.005 RESERVED for annual certifications and representations in Central Data Base

The bidder has (check the appropriate block):

() Submitted to the contracting office issuing this solicitation, annual representations and certifications dated _____ (insert date of signature on submission), which are incorporated herein by reference, and are current, accurate, and complete as of the date of this bid, except as follows (insert changes that affect only this solicitation; if "none," so state): _____

(X) Enclosed its annual representations and certifications.

3.006 EXTENDED PURCHASING TO LOCAL UNITS OF GOVERNMENT/INSTITUTIONS OF HIGHER LEARNING

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to any city, village, county, township, school district, intermediate school district, nonprofit hospital, institution of higher learning, or community or junior colleges. As a result of the enactment of this legislation, the Extended Purchasing Program has been developed. This program extends the use of State contracts to program members. The governmental agency must enter into an agreement with the State of Michigan to become authorized to participate, thus ensuring that local units of government secure a greater return for the expenditure of public funds. It is the policy of Acquisition Services, Department of Management and Budget, that the final approval to utilize any such Contract in this manner must come from the Contract vendor.

In such cases, Contract vendors supply merchandise at the established State of Michigan Contract prices and terms. Inasmuch as these are non-State agencies, all purchase orders will be submitted by, invoices will be billed to, and the authorized Extended Purchasing



member on a direct and individual basis in accordance with Contract terms will remit payment.

Therefore, it is required that all bidders indicate, by checking the appropriate box below, whether they will (first box) or will not (second box) honor orders on any Contract resulting from this Request for Quotation from State of Michigan authorized Extended Purchasing members. It is the responsibility of the Contractor to ensure the non-State agency is an authorized Extended Purchasing member prior to extending the State Contract price.

BIDDER MUST CHECK ONE BOX BELOW

- (X) Commodities and/or services on this Request for Quotation will be supplied to State of Michigan departments and agencies, and authorized Extended Purchasing Program members in accordance with the terms and prices quoted. Upon request, a complete listing of eligible participants in the Extended Purchasing Program will be provided if this option is selected.
- () Commodities and/or services on the Request for Quotation will not be supplied to State of Michigan authorized Extended Purchasing members. We will supply to State of Michigan departments and agencies only.

Leon L. Langlitz

Authorized Agent Name (print or type)

Authorized Agent Signature

Please Visit Mi DEAL at www.mi.gov/localgov.

3.1 Disclosure Issues

3.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) that is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent is closing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential



Information to employees and Subcontractors who must have access thereto in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

News releases

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

No Implied Rights

Nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).



Survival

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

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(Initial)

3.102 FREEDOM OF INFORMATION ACT

All information in a bidder's proposal and the Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq

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(Initial)

3.103 DISCLOSURE OF LITIGATION

(Optional - this provision is not necessary in all contracts but should be considered in high-risk contracts and/or long term outsourcing contracts and Acquisition Services will determine.)

The Contractor shall notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.

The Contractor shall notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years preceding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 (*this number may be adjusted*) or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.

All notices under subsection 1 and 2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable. Details of settlements, which are prevented from disclosure by the terms of the settlement, shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.



Assurances - In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:

- a. The ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
- b. Whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

*** The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

 (Initial)

3.2 Vendor/Contractor Compliance with Laws

3.201 GENERALLY

Contractor/vendor shall keep informed of federal, state, and local laws, ordinances, rules, regulations, orders, and decrees of bodies or tribunals having any jurisdiction/authority that in any manner affects those engaged in or employed on the work done under this agreement or that in any manner affects the conduct of the work done under this agreement. Contractor shall observe and comply with such laws, ordinances, rules, regulations, orders, and decrees. Contractor shall indemnify the state for any civil claim or liabilities arising from a violation of such laws, ordinances, rules, regulations, orders, or decrees, whether by itself or its employees, even if wholly or in part caused by a violation of such laws, ordinances, rules, regulations, orders, or decrees by the state or its agents or representatives.

3.202 INDEPENDENT PRICE DETERMINATION

1. By submission of a proposal, the bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
 - a. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other bidder or with any competitor; and
 - b. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to award directly or indirectly to any other bidder or to any competitor; and



- c. No attempt has been made or will be made by the bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
2. Each person signing the proposal certifies that she/he:
 - a. Is the person in the bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to l. a., b., and c. above; or
 - b. Is not the person in the bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to l. a., b., and c. above.
3. Should a bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this section, said entity will be in default of the Contract. Consequences may include cancellation of the Contract (see section I-U Cancellation).

3.203 VENDOR/CONTRACTOR COMPLIANCE WITH STATE AND FEDERAL LAW AND DEBARMENT

The bidder certifies, to the best of its knowledge that within the past (3) years, the bidder, an officer of the bidder, or an owner of a 25% or greater interest in the vendor:

- 1) Has _____, Has Not been convicted of a criminal offense incident to the application for or performance of a state contract or subcontract;
- 2) Has _____, Has Not been convicted of any offense which negatively reflects on the vendor's business integrity, including but not limited to embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, state or federal antitrust statutes;
- 3) Has _____, Has Not been convicted of any other offense, violated any other state or federal law, as determined by a court of competent jurisdiction or an administrative proceeding, which, in the opinion of the Department, indicates that the vendor is unable to perform responsibly or which reflects a lack of integrity that could negatively impact or reflect upon the State of Michigan. An offense or violation under this paragraph may include, but is not limited to, an offense under or violation of: Natural Resources and Environmental Protection Act, 1994 PA 451, MCL §§ 324.101 – 324.90106; the Michigan Consumer Protection Act, 1976 PA 331, MCL §§ 445.901 – 445.922; 1965 PA 390 (law relating to prevailing wages on state projects), MCL §§ 408.551 – 408.558; 1978 PA 390 (law relating to payment of wages and fringe benefits) MCL §§ 408.471 – 408.490; or a willful or persistent violation of the Michigan Occupational Safety and Health Act, 1974 PA 154, MCL §§ 408.1001 – 408.1094;
- 4) Has _____, Has Not failed to substantially perform a state contract or subcontract according to its terms, conditions, and specifications within specified time limits;
- 5) Has _____, Has Not violated Department bid solicitation procedures or violated the terms of a solicitation after bid submission;



- 6) Has _____, Has Not refused to provide information or documents required by a contract including, but not limited to information or document necessary for monitoring contract performance;
- 7) Has _____, Has Not failed to respond to requests for information regarding vendor performance, or accumulated repeated substantiated complaints regarding performance of a contract/purchase order; and
- 8) Has _____, Has Not failed to perform a state contract or subcontract in a manner consistent with any applicable state or federal law, rule, regulation, order, or decree.
- 9) The vendor certifies and represents, to the best of his knowledge that the supplier and/or any of it's Principles:
 - A. Are _____, Are Not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of a purchase by any state or federal agency
 - B. Has _____, Has Not not with in a 3-year period preceding this bid, been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) purchase.
 - C. Are _____, Are Not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, the commission of the any of the offenses enumerated in section 3.1(c) of this contract.
 - D. The vendor Has _____, Has Not within a 3-year period preceding this solicitation had one or more purchases terminated for default by any state or federal agency.

3.204 CERTIFICATION REGARDING DEBARMENT AND PROPOSED DEBARMENT

- 1) Principals for purposes of section 3.203(9) means officers, directors, owners, partners, and any other persons having primary management or supervisory responsibilities within a business entity
- 2) The supplier shall provide immediate written notice to the state if, at any time before the purchase award, the supplier learns that its certification was erroneous when submitted or has since become erroneous because of changed circumstances
- 3) A certification that any of the items in paragraph 3.203(9)(A) of this provision exists will not necessarily result in withholding an award under this solicitation. However, the certification will be considered in connection with a determination of the supplier's responsibility. Failure to furnish the certification or provide such information as requested by the state may render the supplier non-responsive
- 4) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph 3.203(9)(a) of this provision. The knowledge and information of a supplier is not required to exceed that which is normally possessed by a prudent person in the ordinary course of commercially reasonable dealings.
- 5) If it is later determined that supplier knowingly rendered an erroneous certification under this provision, in addition to the other remedies available to the state, the state may terminate this purchase for default.



VENDOR CAN REVIEW THE STATE'S DEBARMENT POLICY AT:

www.michigan.gov/doingbusiness (click on the link to Debarment Policy)

3.205 DEBARMENT OF SUB-CONTRACTORS

Contractor shall require each primary sub-contractor, whose sub contract will exceed \$25,000, to disclose to the contractor, in writing, whether as of the time of the award of the sub contract, the sub-contractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the State of Michigan. The contractor shall then inform the state of the sub-contractor's status and reasons for contractor's decision to use such sub-contractor, if contractor so decides.

3.206 ETHICS: GRATUITIES and INFLUENCE

Gratuities

The right of the contractor to proceed may be terminated by written notice, if the contracting agency head or contract administrator determines that the contractor, its agent, or its representative has offered or gave a gratuity, kickback, money, gift, or any thing of value to an officer, official, or employee of the state intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

Vendor/Contract Has _____, Has Not X given or offered to give a gratuity, kickback, money, gift, or any thing of value to a state official, officer, or employee intended to effectuate the awarding of a contract or favorable treatment under a contract.

Influence

The vendor/contractor by signing its proposal/bid hereby certifies to best of his or her knowledge that no funds have been given to any state officer, official, or employee for influencing or attempting to influence such officer, official, or employee of the state.

3.3 Vendor/Contractor Workplace Fitness

3.301 DRUG-FREE WORK PLACE

The vendor/contractor certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the vendor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform employees about (1) the dangers of drug abuse in the workplace; (2) the vendor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the work place; and
- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction; and



- D. Notifying the contracting state agency with in 15 days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction; and
- E. Within 30 days after receiving notice under subdivision (C)(2), imposing the proper sanctions as communicated to the employee through the statement required by subparagraph (A); and
- F. Making a good-faith effort to maintain a drug-free work place through the implementation of sub paragraphs (A) through (E) above.

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3.302 WORKPLACE SAFETY

- 1. In performing work under this Contract on State premises, the Contractor shall conform to any specific safety requirements contained in the Contract or as required by law or regulation. The Contractor shall take any additional precautions as the State may reasonably require for safety and accident prevention purposes. Any violation by the Contractor of such safety requirements, rules, laws or regulations shall be a material breach of the Contract subject to the cancellation provisions contained herein.
- 2. In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

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3.303 WORKPLACE DISCRIMINATION

The Contractor represents and warrants that in performing services for the State pursuant to this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting here from will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, et seq., and the Persons With Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, et seq., and any breach thereof may be regarded as a material breach of the Contract or purchase order.

Vendor hereby represents that in performing this contract it will not violate The Civil Rights Act of 1964, USCS Chapter 42, including, but not limited to, Title VII, 42 USCS §§ 2000e et seq.; the Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.; or The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.; the Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626 et seq.; the Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.; or the Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

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____ (Initial)

Lewis & Ellis, Inc.

**3.304 LABOR RELATIONS**

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an **unfair labor practice** compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

The Contractor represents and warrants that the company does not appear in the current register of employers failing to correct an unfair labor practice.

 (Initial)

3.305 RESERVED**3.306 AFFIRMATIVE ACTION**

Vendor represents that it Has X , Has Not _____ developed and has on file an entity wide affirmative action program.

3.307 LIABILITY INSURANCE

(State agencies should assess the risks involved in every contracting situation. Low, Medium and High Risk determines the amount of coverage required for Commercial General Liability Insurance requirements. A contract may be low risk in terms of CGL but carry a higher risk in terms of professional or medical liability coverage. For example, accounting and legal services are low in risk for property damage and personal injury (CGL) but involve professional opinions and therefore require professional liability coverage at an amount reflective of the risks involved in the project.)

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.



The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See www.michigan.gov/cis

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

The Contractor is required to pay for and provide the type and amount of insurance checked **below**:

1. Commercial General Liability with the following minimum coverage:

\$2,000,000	General Aggregate Limit other than Products/Completed Operations
\$2,000,000	Products/Completed Operations Aggregate Limit
\$1,000,000	Personal & Advertising Injury Limit
\$1,000,000	Each Occurrence Limit
\$500,000	Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as **ADDITIONAL INSURED**s on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as **ADDITIONAL INSURED**s on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.



3. Workers' compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

4. Employers liability insurance with the following minimum limits:

\$100,000	each accident
\$100,000	each employee by disease
\$500,000	aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

B. Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under



Contractor's insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

C. Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

3.308 ENVIRONMENTAL AWARENESS

Definition - '*Environmentally preferable products*' means products that have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product.

Environmental Purchasing Policy - Bidders able to supply products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals.

- A. Recycled Packaging.** Bidders may offer some or all of the following items listed below or provide alternative proposal as to how packaging materials can be reduced, eliminated or otherwise made more environmentally preferable. It is desirable that Bidders offer packaging which:



- a. is made from recycled content which meets or exceeds all federal and state recycled content guidelines (currently 35% post-consumer for all corrugated cardboard)
- b. minimizes or eliminates the use of polystyrene or other difficult to recycle materials
- c. minimizes or eliminates the use of disposable containers such as cardboard boxes
- d. provides for a return program where packaging can be returned to a specific location for recycling
- e. contains materials which are easily recyclable in Michigan..

B. Recycled Content of Products Offered. Bidders are expected to offer products using recovered materials suitable for the intended use whenever possible. The following definitions apply to 'Recovered Material':

'Post-Consumer Waste', is defined as any products generated by a business or consumer which have served their intended end use, and which have been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product

'Secondary Waste', is defined as industrial by-products and wastes generated after completion of a manufacturing process that would normally be disposed.

All Bidders are requested to indicate below an estimate of the percentage of recycled materials, if any, contained in each item bid. Higher percentages of recycled materials are preferred. All recycled products and packaging are required to perform at the level outlined in bid requests.

__10__ % (Total estimated percentage of recovered material)

__100__ % (Estimated percentage of post-consumer material)

__0__ % (Estimated percentage of secondary waste)

Certification

I, Leon L. Langlitz (name of certifier), am an officer or employee responsible for the performance of this contract and hereby certify that the percentage of recovered material content for EPA-designated products met the applicable contract specifications.

LL (Initial)

C. Clean Air and Water

Vendor certifies that any facility to be used in the performance of this contract IS IS NOT listed on the Environmental Protection Agency (EPA) List of Violating facilities.

The vendor will immediately notify the state, before award, of the receipt of any communication from the EPA or the state, indicating that any facility that the vendor proposes to use in the performance of this contract is under consideration to be listed on the EPA List of Violating Facilities or any enforcement action.

D. Mercury Content. It is the clear intent of state agencies to avoid purchasing products that contain mercury whenever possible. Bidders shall offer mercury-free



products when available. Should mercury-free alternatives not exist, as presently is the case with fluorescent lamps, bidders shall offer the lowest mercury content available. Bidders shall disclose whenever products contain added mercury by using the following format.

- (X) Product does not contain Mercury
- () Product does contain Mercury (attach an explanation that includes: the amount or concentration of mercury, and justification as to why that particular product is being proposed)

Bidders shall ensure that mercury added products containing mercury in excess of 1 gram or 250 ppm, shall be labeled: "contains mercury".

E. Polybrominated Flame Retardants (BFR). Bidders shall disclose whether the products being offered contain toxic flame retardants. Bidders are encouraged to provide BFR-free alternatives when available.

- (X) Product does not contain BFR's
- () Product does contain BFR's (attach an explanation)

F. Hazardous Material Identification. 'Hazardous material', as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the contract).

- (1) The bidder must list any hazardous material, as defined in paragraph (a) of this clause, to be delivered under this contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This information shall also be included on the Material Safety Data Sheet submitted under this contract.

Material (if none, insert 'None')	Identification Number
None	

- (2) This list must be updated during performance of the contract whenever the Contractor determines that any other material to be delivered under this contract is hazardous.
- (3) The apparently successful bidder agrees to submit, for each item as required prior to award, a **Material Safety Data Sheet** for all hazardous material identified in paragraph (1) of this clause. Data shall be submitted in accordance with Federal Standard No. 313, whether or not the apparently successful bidder is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful bidder being considered non-responsive and ineligible for award.
- (4) If, after award, there is a change in the composition of the item(s) or a revision to Federal Standard No. 313, which renders incomplete or inaccurate the data



submitted under paragraph (3) of this clause, the Contractor shall promptly notify the Contracting Officer and resubmit the data.

- (5) Neither the requirements of this clause nor any act or failure to act by the Government shall relieve the Contractor of any responsibility or liability for the safety of Government, Contractor, or subcontractor personnel or property.
 - (6) Nothing contained in this clause shall relieve the Contractor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations (including the obtaining of licenses and permits) in connection with hazardous material.
 - (7) The Government's rights in data furnished under this contract with respect to hazardous material are as follows:
 - (a) To use, duplicate and disclose any data to which this clause is applicable. The purposes of this right are to:
 - (i) Apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials;
 - (ii) Obtain medical treatment for those affected by the material; and
 - (iii) Have others use, duplicate, and disclose the data for the Government for these purposes.
 - (b) To use, duplicate, and disclose data furnished under this clause, in precedence over any other clause of this contract providing for rights in data.
 - (c) The Government is not precluded from using similar or identical data acquired from other sources.
- G. Waste Reduction Program.** Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, *et seq.*). The following definitions apply to 'Waste Reduction':

'Recycling', means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products." This definition excludes the use of these materials as a fuel substitute or for energy production.

'Waste prevention', means any action undertaken to eliminate or reduce the amount, or the toxicity, of materials before they enter the waste stream. This action is intended to conserve resources, promote efficiency, and reduce pollution." Waste prevention includes reduction and reuse, but not recycling.

'Waste reduction', means any practice, such as an equipment or technology modification, a process or procedure modification, a reformulation or redesign of a produce, a substitution of raw materials, or improved management, training, or inventory control, which practice is undertaken by a person to directly or indirectly reduce the volume or quantity or toxicity of waste that may be released into the environment or that is treated at a location other than the location where it is produced.



'Pollution Prevention', is defined as the practice of minimizing the generation of waste at the source and, when wastes can not be prevented, utilizing environmentally sound on-site or off-site recycling or reuse. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

H. Ozone Depleting Substances

'Ozone-depleting substance', as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as:

- (1) Class I, including, but not limited to, chlorofluorocarbons, halos, carbon tetrachloride, and methyl chloroform; or
- (2) Class II, including, but not limited to, hydro chlorofluorocarbons.

The Contractor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR part 82, Subpart E, as follows:

'Warning: Contains (or manufactured with, if applicable) _____ (insert the name of the substance(s)), a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.'

I. Refrigeration and Air Conditioning

The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

J. Emergency Planning and Community Right-to-Know Reporting - By signing this offer, the bidder certifies that:

- (1) The owner or operator of facilities that will be used in the performance of this contract is in compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.). EPCRA filing and reporting requirements include emergency planning notification, release reporting, hazardous chemical inventory reporting, and toxic chemical release inventory (TRI) reporting.
- (2) The owner or operator of facilities that will be used in the performance of this contract will maintain compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.) for the life of the contract.

 (Initial)



3.309 KNOWLEDGE OF CHILD LABOR FOR LISTED END PRODUCTS

- (a) 'Forced or indentured child labor', means all work or service:
 - (1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
 - (2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.
- (b) *Listed end products.* The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product	Listed Country of Origin

- (c) *Certification.* The State will not make award to a bidder unless the bidder, by checking the appropriate block, certifies to one of the following:
 - (X) The bidder will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.
 - () The bidder may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The bidder certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture such end product. On the basis of those efforts, the bidder certifies that it is not aware of any such use of child labor.

3.310 FORCED LABOR, CONVICT LABOR, OR INDENTURED SERVITUDE MADE MATERIALS

Contractor hereby represents and certifies that, to the best of his /her knowledge and belief no foreign (outside of the U.S.) made equipment, materials, or supplies, furnished to the state under this agreement, have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

*L*³ (Initial)

3.4 Vendor/Contractor Demographics
3.401 SMALL BUSINESS REPRESENTATION

The vendor represents and certifies that it IS _____, IS NOT X a small business concern and that all _____, NOT ALL X end items to be furnished will be manufactured or produced by a small business concern in the US, its territories or possessions, Puerto Rico, or the Trust Territory of the Pacific Islands



Provide the following information:

__60__ (Estimate # of employees)

\$_9,000,000__ (Estimate of annual revenue)

3.402 WOMEN, MINORITY, OR VETERAN-OWNED SMALL BUSINESS REPRESENTATION

DEFINITIONS:

'Women-owned business', means a small business that is at least 51% owned by a woman or women who are US citizens and who control and operate the business

The vendor represents that it IS ____, IS NOT __X__ a women-owned small business.

'Minority-owned business', means a small business that is at least 51% owned by a minority or minorities who are US citizens and who control and operate the business

The vendor represents that it IS ____, IS NOT __X__ a minority owned small business.

'Veteran-owned business', means a small business that is at least 51% owned by a veteran or veterans who are U.S. citizens and who control and operate the business

The vendor represents that it IS ____, IS NOT __X__ a veteran owned small business.

The Contractor represents and warrants that the company meets the above (when checked) and can provide supportive documentation upon request.

3.403 OWNERS AND OFFICERS

Vendor must list all owners or officers that hold a 25% interest or more in the company (use attachment if necessary):

Name and Title	% of Interest or Ownership
No one person holds more than 25%	

3.404 RESERVED

3.5 State Concerns

3.501 GENERAL COMPANY DEMOGRAPHICS

1. Company Name: _Lewis & Ellis, Inc., Actuaries & Consultants

Company Address: _2929 N. Central Expressway, Suite 200
_Richardson, TX 75080



2. Principle Place of Business (zip code): 66212
3. Organization type
- Limited Liability Company
 - Limited Liability partnership
 - Corporation
 - Partnership
 - Health Care Provider
 - Hospital or extended care facility
 - Sole Proprietorship
 - Other: _____
4. Year of establishment 1968

3.502 BUSINESS OWNED BY PERSONS WITH DISABILITIES

DEFINITION: 'Business owned by persons with disabilities', means a business in which all of the following apply:

1. More than 50% of the voting shares or interest in the business is owned, controlled, and operated by 1 or more persons with disabilities
2. More than 50% of the net profit or loss is attributable to the business accrues to shareholders who are persons with disabilities
3. More than 50% of the employees of the business are residents of this State of Michigan DMB

The vendor represents that it IS _____, IS NOT X a small business owned by persons with disabilities.

Fraudulently representing information about the use of businesses owned by persons with disabilities to procure this contract is a violation of the Business Opportunity Act For Persons with Disabilities of 1988, PA 112, MCL 450.791 – 450.795. A person who knowingly violated this act is guilty of a felony, punishable by imprisonment up to 2 years in prison, or a fine not less than \$5,000. A person found guilty of violating this act shall be barred from obtaining future contracts with the state.

3.503 COMMUNITY REHABILITATION ORGANIZATION (Formerly Sheltered workshops)

DEFINITION: 'Community rehabilitation organization', means a charitable organization or institution conducted not for profit, but for the purpose of carrying out a recognized program of rehabilitation for handicapped workers, which provides those individuals with remunerative employment or other occupational rehabilitating activity of an educational or therapeutic nature.

The vendor represents that it IS _____, IS NOT X a community rehabilitation organization

3.504 CERTIFICATION OF A MICHIGAN BASED BUSINESS

DEFINITION: To qualify as a Michigan business, vendor must have during the 12 months immediately preceding this bid deadline, or if the business is newly established, for the period the business has been in existence, it has (check all that apply):



- () Filed a Michigan single business tax return showing a portion or all of the income tax base allocated or apportioned to the State of Michigan pursuant to the Michigan Single Business Tax Act, 1975 PA 228, MCL §§ 208.1 – 208.145; or
- () Filed a Michigan income tax return showing income generated in or attributed to the State of Michigan; or
- () Withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the Department of Treasury; or

I certify that I **have personal knowledge** of such filing or withholding, that it was more than a nominal filing for the purpose of gaining the status of a Michigan business, and that it indicates a significant business presence in the state, considering the size of the business and the nature of its activities.

I authorize the Michigan Department of Treasury to verify that the business has or has not met the criteria for a Michigan business indicated above and to disclose the verifying information to the procuring agency.

Authorized Agent Name (print or type)

Authorized Agent Signature

Fraudulent Certification as a Michigan business is prohibited by MCL 18.1268 § 268. A BUSINESS THAT PURPOSELY OR WILLFULLY SUBMITS A FALSE CERTIFICATION THAT IT IS A MICHIGAN BUSINESS OR FALSELY INDICATES THE STATE IN WHICH IT HAS ITS PRINCIPAL PLACE OF BUSINESS IS GUILTY OF A FELONY, PUNISHABLE BY A FINE OF NOT LESS THAN \$25,000.

Bidder shall also indicate one of the following:

- Bidder qualifies as a Michigan business (provide zip code: _____)
- Bidder does not qualify as a Michigan business (provide name of State: Texas)
- Principle place of business is outside the State of Michigan, however service/commodity provided by a location within the State of Michigan (provide zip code: _____)

3.505 PLACE OF PERFORMANCE

Bidder must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that bidder provided in their bid.

- (a) The bidder, in the performance of the contract, INTENDS _____, DOES NOT INTEND X to use one or more plants or facilities located at a different address from the address of the bidder as indicated in this bid.
- (b) If the bidder checks "intends" in paragraph (a) of this provision, it shall insert in the spaces provided below the required information:

Place of Performance	Owner/Operator of	Percent (%) of
----------------------	-------------------	----------------



Full address	facility to be used	Contract value to be Performed at listed Location

3.506 FORMER STATE EMPLOYEES

Vendor certifies that there ARE _____, ARE NOT X former state employees involved in the performance of this contract.

If former state employees are involved in the performance of this contract, vendor must provide the following information

Vendor hereby represents that the following employees involved in the performance of this contract are former state employees (use attachment if necessary).

Name	Department, Division	Date of Employment

3.507 DOMESTIC END PRODUCT

DEFINITION: 'Domestic end product' means one that is manufactured within the United States and the cost of the domestic components exceeds 50% of the cost of all the components.

The vendor hereby certifies that the product to be provided, except those listed below, are a domestic end product, and that components of unknown origin have not been mined, produced, or manufactured outside the United States (use attachment if needed):

Excluded End Products	Country of Origin

ES
 _____ (Initial)

3.508 USE TAX

Companies (and their affiliated organizations) that are awarded contracts are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services **delivered into the state of Michigan**. This is required of all companies that are awarded contracts. Those companies that lack sufficient "presence" in Michigan to be



required to register and pay tax must do so as a "volunteer". This requirement extends to: (1) ALL MEMBERS OF ANY CONTROLLED GROUP AS DEFINED IN § 1563(A) OF THE Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the state of Michigan are registered with the State of Michigan for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

The requirement of remittance could be limited to the bidder only without including affiliate companies.

Contractors and their affiliates as defined in the paragraph above must register for and remit sales and use tax on all taxable sales of tangible personal property or services delivered to the state of Michigan.

*J*³
____ (Initial)

3.509 TAX EXCLUDED FROM PRICE

Contract price excludes all State and local taxes levied on or measured by the contract or sales price of the services or completed supplies furnished under this contract. The Contractor shall state separately on its invoices taxes excluded from the contract price, and the Government agrees either to pay the amount of the taxes to the Contractor or provide evidence necessary to sustain an exemption.

*J*³
____ (Initial)

3.510 TAX PAYMENT

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes for all persons involved in the resulting Contract.

The State may refuse to award a contract to any vendor who has failed to pay any applicable state taxes. The State may refuse to accept vendor's bid, if vendor has any outstanding debt with the State of Michigan. Prior to any award, the State will verify whether vendor has any outstanding debt with the State.

Vendor hereby certifies that all applicable state taxes are paid as of the date of bid submission, and that vendor owes no outstanding debt to the State of Michigan.

*J*³
____ (Initial)

3.511 USE OF OTHER SOURCES AS SUBCONTRACTORS

The State has sources of supply and services that are mandatory. The state may use the information provided under this section and 3.502 and 3.503 in determining future awards and vendor standing with the state.

(1) Persons with disabilities

See Paragraph 3.502 for definition and penalty for fraudulent represents this information.



Vendor IS , IS NOT purchasing supplies and/or service from a business owned by persons with disabilities in the performance of this contract.

Vendor has contracted for _____% of supplies and services needed for the performance of this contract, which equals \$_____, from a business owned by persons with disabilities (estimates or approximates are acceptable).

Vendor(s) Name: _____

(2) Community Rehabilitation Organizations (CRO) (formerly sheltered workshops)

See Paragraph 3.503 for definition.

Vendor IS , IS NOT purchasing supplies and/or service from a community rehabilitation organization in the performance of this contract.

Vendor has contracted for _____% of supplies and services needed for the performance of this contract, which equals \$_____, from a community rehabilitation organization (estimates or approximates are acceptable).

Vendor(s) Name: _____

3.512 UTILIZATION OF BUSINESS CONCERNS

It is the policy of the State of Michigan that small business concerns, veteran-owned small business concerns, persons with disabilities-owned small business concerns, small disadvantaged business concerns, minority-owned small business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any state agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems.

The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the State of Michigan or the awarding agency of the State of Michigan as may be necessary to determine the extent of the Contractor's compliance with this clause.

3.513 RESERVED

3.514 RESERVED

3.515 PLACE OF SUBCONTRACTING

Indicate below ALL work to be subcontracted under this agreement (use additional attachment if necessary; estimates are acceptable):

Description of Work to be sub-contracted	Percent (%) of total contract value to be sub-contracted	Sub-contractor's name and principal place of business (City and State)
No work is to be subcontracted		



3.516 RESERVED

3.517 SERVICES NEEDED IN PERFORMANCE

Vendor hereby certifies that services to be purchased to enable vendor to perform this agreement will be purchased from a business having its principle place of business in the State of Michigan, **except those listed below** (use additional attachment if necessary; estimates are acceptable):

Description of Service to be purchased	Percent (%) of total contract value to be purchased	Service providers principal place of business (City and State)

3.518 EMPLOYEE AND SUBCONTRACTOR CITIZENSHIP

Vendor hereby certifies that all employees, contractors, subcontractors, and any other individual involved in the performance of this contract, **except those listed below**, are citizens of the United States, legal resident aliens, or individuals with valid visa (use additional attachment if necessary; estimates are acceptable):

Employee Name	Title

3.6 Changes to Disclosures

If any of the certifications, representations, or disclosures indicated in this document change after awarding of a contract, the Contract is required to report those changes immediately to the Department of Management and Budget, Acquisition Services.

**3.7 State Assertions**

If the state finds that grounds to debar exist, it shall send notice to the vendor of proposed debarment indicating the grounds for proposed debarment and the procedures for requesting a hearing. If the vendor does not respond with a written request for a hearing within twenty (20) calendar days, the state shall issue the decision to debar without a hearing. The debarment period may be of any length up to eight (8) years. After the debarment period expires, the vendor may reapply for inclusion on bidder lists through the regular application process. Authority given by Executive order 2003-1.

ANY FALSE CERTIFICATION OF ANY OF THE PRECEEDING PROVISIONS IS GROUNDS FOR DEBARMENT AND WILL GIVE THE STATE THE RIGHT TO INVOKE ALL REMEDIES AVAILABLE TO IT UNDER THIS CONTRACT.



I HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF, THAT THE REPRESENTATIONS AND CERTIFICATIONS MADE HEREIN BY THE VENDOR/CONTRACTOR/SUPPLIER ARE ACCURATE AND CURRENT AS OF THE DATE INDICATED BELOW

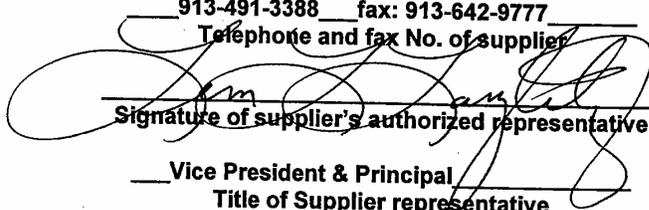
Lewis & Ellis, Inc., Actuaries & Consultants
Name of Vendor/contractor/supplier

10561 Barkley
Suite 470
Overland Park, Kansas 66212

Address of supplier

913-491-3388 fax: 913-642-9777

Telephone and fax No. of supplier


Signature of supplier's authorized representative

Vice President & Principal
Title of Supplier representative

August 30, 2004
Date

APPENDIX A

STATEMENT OF WORK – P&C

We have scheduled an examination of _____, a property and casualty insurance company. The scheduled examiner-in-charge is _____. The approximate timeframe for the examination is _____. We anticipate the actuarial work to commence approximately _____. This examination will cover the period from _____. Attached electronically is pertinent financial data as of December 31, _____. Additional financial information is available electronically on the NAIC's website at www.naic.org.

The Office of Financial and Insurance Services (OFIS) needs a property and casualty actuary to opine to the adequacy of the actuarially determined assets and liabilities of the Company as of December 31, _____. The following is a list of the annual statement line items that the NAIC requires actuaries to opine to at a minimum and the balance at December 31, _____:

Page 3, line 1	Losses	\$
Page 3, line 3	Loss Adjustment Expenses	

The actuarial firm awarded this contract is responsible for opining on all actuarially determined items in the annual statement.

The certification must be on both gross and net reserves as of _____. The certification must meet the standards as set forth by the NAIC. As a point of clarification, the actuarial firm awarded this examination is responsible for reconciling all data used back to schedule P - Part 1.

The Company's independent actuary is _____.

The actuarial firm must deliver a draft actuarial report no later than the completion of OFIS on-site fieldwork. At least four copies of the finalized actuarial report and opinion must be delivered to OFIS no later than one week after the actuarial firm receives approval from OFIS to finalize the report and opinion. The actuarial firm that performed the analysis during the last examination is precluded from award of this actuarial work. Please do not submit a proposal if your firm performed the analysis during the last examination.

Please be aware that the scheduling of the examination activity is subject to change. If for some unforeseen reason an examination listed above is rescheduled for next year, the contractor awarded this examination will be given the opportunity to perform the certification for the same price as originally quoted. If the contractor does not want to perform the certification, the examination will be sent out to the entire pool for an opportunity to bid.

Proposal Due Date:

If you have done work for the Company in the previous two years, you cannot be considered for this examination. To bid on this examination, prepare and submit your bid in electronic format (i.e., Microsoft Word, Adobe Acrobat PDF) via e-mail to OFIS by 5 p.m., _____. Responses received after this date and time will not be considered.

Proposal Format and Content:

Your proposal should provide a flowchart of the tasks that will be performed, the individual assigned to perform each task and the time that will be spent in completing the task. You must specifically detail previous experience in analyzing companies of similar size and complexity, and the amount of work with similar companies. The proposal should also address how work will be performed and reports prepared in a timely manner if you are awarded the maximum of three contracts in any one round of bidding.

A price bid must provide a breakdown of the total estimated number of hours to complete a project and the total cost of the certification, including travel costs. The travel costs should be provided as a separate amount added to the total cost of certification. Once a contract has been awarded, the bid price will remain firm. Additional funds will not be paid due to cost overruns.

APPENDIX B

STATEMENT OF WORK – LIFE

We have scheduled an examination of _____, a life and health insurance company. The scheduled examiner-in-charge is _____. The approximate timeframe for the examination is _____. We anticipate the actuarial work to commence approximately _____. This examination will cover the period from _____. Attached electronically is pertinent financial data as of December 31, _____. Additional financial information is available electronically on the NAIC's website at www.naic.org.

The Office of Financial and Insurance Services (OFIS) needs a life and health actuary to opine to the adequacy of the actuarially determined assets and liabilities the Company as of December 31, _____. The following is a list of the annual statement line items that the NAIC requires actuaries to opine to at a minimum and the balance at December 31, ___:

Aggregate Reserve for Life Policies and Contracts (Exhibit 5)(Pg 3, Line1)	\$
Aggregate Reserve for Accident and Health Policies (Exhibit 6)(Pg 3, Line 2)	
Liability for Deposit-type Contracts (Exhibit 7)(Pg 3, Line 3)	
Policy and Contract Claims (Exhibit 8)(Pg 3, Line 4)	
Policyholders' Dividends Due and Unpaid (Exhibit 4)(Pg. 3, Line 5)	
Provision for Policyholders' Dividends Payable in Following Year (Pg. 3, Line 6)	
Separate Accounts (Pg. 3, Line 27)	
Net Deferred and Uncollected Premiums (Pg 2, Line 16 &17)	

The actuarial firm awarded this contract is responsible for opining on all actuarial items in Exhibits 4, 5, 6, 7 and 8, and any other actuarially determined items in the annual statement. The certification must meet the standards as set forth by the NAIC.

The Company's independent actuary is _____.

As part of the work on this examination, the actuarial firm is expected to review asset/liability cash flow issues. The firm should perform the following, if necessary:

- review propriety of Company procedures to determine that reserves are supported by assets with suitable maturities and cash flows,
- review cash flow projections of the Company and determine the impact on reserves, if any. Factors reviewed shall include, at a minimum:
 1. asset default, credit quality and liquidity risks inherent in the underlying assets (C-1 risk),
 2. profit margin inherent in the book of business (C-2 risk),
 3. degree of asset/liability mismatch (C-3 risk),
 4. degree of conservatism in the valuation basis (really a component of C-2 risk),
 5. the assumed sensitivity of the liabilities to interest rate movements (a component of C-3 risk), and
 6. the strategies utilized for reinvestment and interest crediting.

The actuarial firm must deliver a draft actuarial report no later than the completion of the OFIS on-site fieldwork. At least four copies of the finalized actuarial report and opinion must be delivered to OFIS no later than one week after the actuarial firm receives approval from OFIS to finalize the report and opinion. The actuarial firm that did the analysis on the last exam is precluded from award of this actuarial work. Please do not submit a proposal if your firm performed the analysis during the last examination.

Please be aware that the scheduling of the examination activity is subject to change. If for some unforeseen reason an examination listed above is rescheduled for next year, the contractor awarded this examination will be given the opportunity to perform the certification for the same price as originally quoted. If the contractor does not want to perform the certification, the examination will be sent out to the entire pool for an opportunity to bid.

Proposal Due Date:

If you have done work for the Company in the previous two years, you cannot be considered for this examination. To bid on this examination, prepare and submit your bid in electronic format (i.e., Microsoft Word, Adobe Acrobat PDF) via e-mail to OFIS by 5 p.m., _____. Responses received after this date and time will not be considered.

Proposal Format and Content:

Your proposal should provide a flowchart of the tasks that will be performed, the individual assigned to perform each task and the time that will be spent in completing the task. You must specifically detail previous experience in analyzing companies of similar size and complexity, and the amount of work with similar companies. The proposal should also address how work will be performed and reports prepared in a timely manner if you are awarded the maximum of three contracts in any one round of bidding.

A price bid must provide a breakdown of the total estimated number of hours to complete a project and the total cost of the certification, including travel costs. The travel costs should be provided as a separate amount added to the total cost of certification. Once a contract has been awarded, the bid price will remain firm. Additional funds will not be paid due to cost overruns.

APPENDIX C
Contractors Proposal

PROPOSAL FOR THE STATE OF MICHIGAN

Regarding

LIFE & HEALTH ACTUARIAL SERVICES

&

PROPERTY AND CASUALTY ACTUARIAL SERVICES

ITB – 071I4001365

Prepared by

**LEWIS & ELLIS, INC.
Actuaries & Consultants
Overland Park, KS**

August 30, 2004

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Article 1 - PROJECT IDENTIFICATION

The Kansas City office of Lewis & Ellis, Inc. has prepared this proposal. Our address is:

Lewis & Ellis, Inc.,
Actuaries & Consultants
10561 Barkley, Suite 470
Overland Park, KS 66212

The Kansas City office will provide services related to the examinations of the various types of entities, including the following:

Full and single line HMO's
Blue Cross Blue Shield of Michigan
Multiple Employer Welfare Arrangements
Property, Casualty, Life and Health Insurance Companies
US Branches of Canadian Insurers
Limited Liability Pools
Reciprocal Exchanges
Municipal Pools

Assistance will be provided by the Dallas office in connection with the examination of multiple employer welfare arrangements, limited liability pools, reciprocal exchanges, municipal pools and the property and casualty insurance companies.

None of the services for the actuarial examinations will be subcontracted.

In addition, we have met the requirements of the Michigan Department of Civil Rights to do business in the state. We have renewed our Certificate of Awardability several times and have a current certificate that will be renewed in 2005. See Appendix E for a copy of the certificate.

SCOPE OF WORK

This proposal was prepared at the request of the Michigan Department of Labor and Economic Growth, Office of Financial and Insurance Services (OFIS).

The OFIS is responsible for regulating the financial solvency of a number of entities and for ensuring compliance by those entities with the appropriate standards, regulations and codes as required by the National Association of Insurance Commissioners (NAIC) and the Michigan Insurance Code.

The OFIS has no fully certified actuaries with sufficient training or experience in the fields of life and health insurance actuarial science. An analysis and evaluation by a Fellow of the Society of Actuaries/Fellow of the Casualty Actuarial Society of the adequacy of reserve of regulated entities are critical to the Commissioner's ability to adequately examine the entities and ensure compliance with standards, regulations and Code.

The purpose of this request is to develop a pool of pre-qualified actuaries and actuarial firms which have demonstrated the ability to conduct actuarial examinations to determine the adequacy of reserves and other actuarial items of the entities regulated by the OFIS. The actuarial examinations will be conducted in connection with the periodic examinations of the OFIS.

Pre-qualified vendors will have two weeks to submit via e-mail a work plan in response to the work statement. Pre-qualified vendors will respond to the statement of work with a task proposal by the date specified in the statement of work.

WORK AND DELIVERABLE

For each examination, Lewis & Ellis, Inc. will provide the services and staff to carry out all the necessary items for or incidental to the performance of work as described below.

We will review and opine on the actuarial items as part of OFIS's financial examinations of the various regulated entities. These items may include but not limited to the following: policy reserves, policy holder dividend scales and philosophy, tax liability, product features, risk based capital and surplus requirements, cash flow tests, asset adequacy testing and loss and loss adjustment expenses.

We will be responsible for reconciling all the data provided by the company to the annual statement. For property and casualty examinations we will tie losses back to Schedule P, Part 1.

We will use the Company's actuarial opinion, report and work papers to the greatest extent possible without compromising our responsibility to perform the necessary tests to render the opinion as agreed upon in the work statement.

We will work closely with the examiner-in-charge (EIC) and other staff assigned on the project to ensure the appropriate underlying master file and other data used by us in rendering our opinion is tested for completeness and accuracy by the OFIS staff. We will communicate with EIC as to our progress throughout the project.

We will not be associated with the regulated entity for which we are providing services for a period of two years prior to, during the life of, and for two years after the contract award without the written consent of the OFIS.

All of the reports and opinions will be signed by a Fellow of the Society of Actuaries or the Casualty Actuarial Society for life and health and property and casualty actuaries, respectively. The Fellow in charge of the project will be significantly involved in the analysis and oversight of the project including drafting of the reports.

We will be available for meetings with the regulated entity and OFIS. When called upon to appear at a designated place by OFIS to discuss the issues of an emergency nature we will do so on short notice. We will be prepared and available to defend our findings in a hearing and are willing to testify as an expert witness and perform other task related to the area of expertise as needed.

We are available to help OFIS analyze complex reinsurance agreements and transactions or any other special assignments. In addition, any other special projects which may be performed on non-domestic insurers will be agreed upon with OFIS prior to our commencing work.

We can provide most of the analysis for our work location and will plan to make at least one on-site visit to life and health insurance companies.

We agree to comply with Section 222(4) of the Michigan Insurance Code regarding the confidentiality of all information and knowledge obtained by the contractor during an examination of an entity under the proposed contract. We also understand that our work papers are the property of OFIS and will be sent to OFIS at the conclusion of the examination. We also understand that we are barred from bidding on examination if we performed the last examination.

Upon completion of the examination, we will provide the OFIS with an actuarial opinion concerning the adequacy of the Company's reserves. In addition, we will provide a written report detailing the scope of the work, the procedures and assumptions used, a summary of our findings, recommendations for any changes, the accuracy and adequacy of the various items reviewed and any other items requested by the EIC. The actuarial opinion will be in the format and contain the information required by the NAIC Annual Statement Instructions.

The final report and opinion will be delivered to OFIS prior to the end of the on-site examination by OFIS staff examiners unless prior consent is given by OFIS. We will provide four copies of the report. The Actuarial opinion will not be attached or bound with the actuarial report but will be a separate document. We understand that the supporting work papers will become part of the OFIS work papers which are confidential and are only available to other parties as defined by specific statutes. The report and opinion can be provided to the regulated entity and to its appointed actuary.

Article 2 – General Terms and Conditions

We acknowledge and agree to the general terms and conditions outlined in Article 2 of the ITB.

Article 4 – Capabilities and Qualifications of Organization

This proposal is being offered by the Kansas City branch of Lewis & Ellis, Inc., Actuaries & Consultants, 2929 N. Central Expressway, Suite 200, Richardson, Texas 75080. Mailing address is Lewis & Ellis, Inc., P.O. Box 851857, Richardson, Texas 75085-1857. The address for the Kansas City Office is 10561 Barkley, Overland Park, Kansas 66212. The Dallas office will be involved in the property & casualty, limited liability pools, reciprocal exchanges and municipal pools. The Kansas City office will handle the remaining entities and serve as the main contact between OFIS and Lewis & Ellis, Inc.

Lewis & Ellis, Inc. is a Texas corporation and commenced business in 1968. It has provided actuarial services over its entire history of 36 years. Sales volume over the past five years has ranged in the \$9.0 - \$10.0 million of revenue. Additional background on Lewis & Ellis, Inc. can be found in Appendix D.

PRIOR EXPERINCE

Since 1989 Lewis & Ellis, Inc. has been providing financial examination services to the State of Michigan. We also provide these same services to a number of other states as well including, Wisconsin, Kansas, Missouri, Arizona, Texas, Ohio, South Dakota, Oklahoma, Oregon and Maryland. We are approved vendors for the states of Massachusetts and Pennsylvania. We also work with the California Insurance Department. Descriptions of the work provided along with contact information are presented in Appendix C.

QUALIFIED PERSONNEL/ STAFFING

The individuals considered key to the successful completion of the life and health insurance company examinations are Leon Langlitz, Karen Elsom, Donna Ferguson and Gary Rose.

Mr. Langlitz, FSA, MAAA is a Vice President and Principal in the Kansas City office. He will direct all life and health insurance company examinations and will serve as the contact person between the OFIS and Lewis & Ellis. He has over 20 years of life insurance experience, including actuarial examinations for state insurance departments, asset adequacy analysis, appointed actuary responsibilities, analysis and preparation of reinsurance agreements, and product development.

Ms. Elsom, FSA, MAAA is an Actuary in the Kansas City office. She will assist on most examinations. She has over 10 years of insurance experience, including actuarial examinations for state insurance departments Arizona, Michigan, and Wisconsin since 1997, accident and health product development, accident and health re-rating, and accident and health insurance valuations.

Ms. Ferguson, FSA, MAAA is a Vice President in the Kansas City office. Ms. Ferguson has over eight years of life insurance experience, including regulatory work for state insurance departments and extensive exposure to class action settlements. She has reviewed and analyzed policy data for completeness and reasonableness, audited the work performed by other parties involved in either the reserve generation or the settlement process, and has developed systems to compute settlement relief amounts. As many of the people Donna encounters in her work are

non-actuaries, she has become expert at explaining complex actuarial issues to non-technical people.

Mr. Rose, FSA, MAAA is a President of Lewis & Ellis, Inc. and Principal in the Kansas City office. He will generally provide peer review and other assistance with particular insurance components. He has over 25 years of life insurance experience, including actuarial examinations for the Michigan Insurance Bureau since 1989, the Kansas Insurance Department since 1994, the Missouri Insurance Department and the Wisconsin Insurance Department since 1996, asset adequacy analysis, appointed actuary responsibilities, analysis and preparation of reinsurance agreements, and product development.

Support for the life and health insurance company examinations will be provided by actuarial students and technicians. The actuarial students supporting Mr. Langlitz, Ms. Elsom and Ms. Ferguson will vary from exam to exam. However, each student will have minimum qualifications of a college undergraduate degree and will have passed at least the first examination administered by the Society of Actuaries.

Glenn Tobleman, FCAS, FSA, MAAA or Greg Wilson, FCAS, MAAA will be the actuaries conducting the examinations of property and casualty insurance companies and related entities. The actuarial students supporting Messrs. Tobleman and Wilson will vary from exam to exam. However, each student will have minimum qualifications of a college undergraduate degree and will have passed at least the first examination administered by the Society of Actuaries.

Mr. Tobleman has over 20 years of property & casualty and life & health experience, both individual and group. This includes appointed actuary responsibilities, asset adequacy analysis, expert testimony, and product development.

Mr. Wilson has over 20 years of property and casualty insurance experience. He has evaluated the adequacy of loss reserves for several self-insured companies, including many that opted out of the Texas Workers' Compensation system. He has also evaluated the adequacy of insurance company reserve levels in conjunction with actuarial certifications for the annual statements as well as state insurance department examinations. He has performed several funding analyses for governmental entities.

In addition, other qualified Lewis & Ellis, Inc. actuaries (FSA, ASA, FCAS) may provide support on an as needed basis in their specialized areas of expertise. For example, Long Term Care insurance will be reviewed by our expert in that line of business as part of the overall examination process. Resumes of the above individuals are detailed in Appendix B followed by the resumes of other actuaries that may be involved from the Kansas City and Dallas offices.

No work will be subcontracted on this contract.

All FSA's, FCAS's and ASA's of Lewis & Ellis are also Members of the American Academy of Actuaries. In order to remain qualified to sign actuarial statements of opinion, the Academy requires that its members obtain an average of at least twelve hours each year of continuing education related to valuation issues over a two-year period. This continuing education

requirement is met through attendance at actuarial meetings or seminars or through written documentation of self-study. No more than half of the credits may be obtained through self-study. Actuarial students receive continuing education through the examination process administered by the Society of Actuaries. Lewis & Ellis is committed to ensuring that its professional staff meets and exceeds these continuing education requirements.

COORDINATION WITH OFIS EXAMINATION

Coordination of the actuarial examination with the examination of the OFIS is achieved through a close working relationship between the EIC and the managing actuary. This relationship begins during the pre-examination planning process. At this time, the EIC can alert the actuary to any known problem areas. The items to be reviewed by each party should be determined at this time to ensure that all critical items and issues are examined while limiting duplication of effort. In addition, the time frame for beginning and completing the actuarial examination should be agreed upon at this time.

We then recommend that a pre-examination meeting be held between the Company's actuarial contact(s), the EIC and the managing actuary. This meeting is generally handled over the phone, depending on the Company's preferences. Our objectives for this meeting are to learn as much as possible about the Company's operations and to let Company personnel know how we intend to conduct the operation. Topics discussed at this time include such items as the planned areas of concentration, the expected number of on-site visits and the types of information and reports we will need for review.

During the examination, we keep in frequent contact with the EIC to keep him/her advised of our progress and any problems that have been discovered,

GENERAL METHOD OF PERFORMANCE

Our general approach is to determine the major lines of business on which the examination will be concentrated. To the extent possible, this determination is made during the pre-examination process previously described. Within each line of business, we then determine the key actuarial items and request the information necessary to determine the adequacy and accuracy of each item. The information requested will include such items as Company workpapers, valuation listings, policy forms, actuarial statements of basis, rate information and reinsurance agreements. For those companies that have provided an opinion based on an asset adequacy analysis, we also review the supporting memorandum.

The next step is to track the assets and liabilities from the valuation listings and actuarial workpapers to the annual statement. We also calculate reserves for sample policies and compare them to the reserves calculated by the Company. This process ensures the reserves are determined in accordance with applicable laws and regulations and properly reported in the annual statement.

Any discrepancies, questions or requests are noted, put in writing and given to the actuarial contact with a copy to the EIC. Meetings with Company personnel are generally held only when there are a number of issues to address. We have found that this procedure improves the cooperation of Company personnel with the actuaries, limits misunderstandings and contributes to a more efficient examination.

A display showing the various tasks, time requirements and decision points for a "general" examination is shown in Appendix A. We have shown a time line for a life and health insurance company examination first and then a property and casualty company examination.

QUALITY CONTROL

Quality is insured throughout the assignment in a variety ways. For example, testing and reserve verification performed by actuarial students is done under the supervision of an FSA or an FCAS. Questions regarding procedures and assumptions are discussed with other actuaries in the office who have appropriate experience. Finally, the actuarial opinion and report are reviewed by at least one other FSA or FCAS in the office.

PERIOD COVERED

The period during which this Proposal remains valid is 90 days from its due date

CONFLICTS OF INTEREST

Lewis & Ellis will not accept an examination assignment involving any insurance company or other entity for which we are then providing actuarial services, or for which we provided actuarial services within the two-year period prior to the examination. In addition, we agree not to solicit or accept business from any entity we examine under any contract awarded in response to this request for two years after the completion of the examination without the written permission of the OFIS.

APPENDIX A
TIMELINES FOR COMPLETION OF ACTIVITIES

**TIMELINE FOR COMPLETION OF ACTIVITIES
LIFE & HEALTH INSURANCE COMPANY**

<u>Preparation of Examination</u>	<u>Person</u>	<u>Hrs</u>
1. Review pertinent laws and regulations	KEE	1
 <u>Testing of Aggregate Life and Medical Reserves and Liabilities</u>		
1. Trace reserve and liability amounts from valuation workpapers to annual statement	KEE	3
2. Develop reasonability tests for year-to-year changes in reserves	KEE	2
3. Reconcile claims data used to the underwriting and investment exhibit and Schedule H	KEE AS	5 5
4. Review development methodology of original liabilities	KEE	5
5. Review development and adequacy of claims unpaid liability and IBNR liability	LLL KEE AS	2 30 4
 <u>Other Testing and Review</u>		
1. Review and verify Unpaid claims adjustment expense liability	KEE	3
2. Review and verify reinsurance treaties and reserve credits	KEE	1
 <u>Report Preparation:</u>		
1. Drafting of Reports	LLL KEE	3 7
2. Review of Preliminary Reports and Consulting on Specific Points	GLR	3
3. Preparation of Final Reports & Workpapers	KEE	<u>1</u>
	TOTAL HOURS	75
GLR – Gary Rose LLL - Leon Langlitz KEE - Karen Elsom AS – Actuarial Students		

**TIMELINE FOR COMPLETION OF ACTIVITIES
PROPERTY AND CASUALTY INSURANCE COMPANY**

Assumptions

1. We will assume that all available valuation data is accurate. We will check to be sure it ties to Schedule P.
2. We will assume that the information about the Company's operations and any relevant changes to the operations will be available from the Company.

Preparation of Examination

	<u>Person</u>	<u>Hrs</u>
1. Review pertinent law and regulations	GAT	1

Testing of Unsettled and IBNR claims

1. Identify and estimate ultimate loss and LAE for gross and net coverages.	GAT AS	6 3
2. Determine the reasonableness of the extended loss reserve	GAT	2
3. Reconcile loss data to Schedule P	GAT AS	6 4

Other Testing and Review

1. Review and verify reinsurance treaties and reserve credits	GAT	2
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Report Preparation:

1. Drafting of Report	GAT GSW	3 1
2. Review of Preliminary Report and Consulting on Specific Points	GSW	2
3. Preparation of Final Report & Workpapers	GAT	<u>1</u>

TOTAL HOURS		31
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GSW – Greg S. Wilson
GAT – Glenn Tobleman
AS – Actuarial Students

**APPENDIX B
RESUMES**

Resume of: LEON L. LANGLITZ, FSA, MAAA

Present Position: Consulting Actuary, Kansas City Office
Vice President and Principal

Prior Positions: 1982-1990: Business Men's Assurance Company
Kansas City, Missouri
Actuary - Individual & Agri Insurance

Firm Responsibilities and Experience: Actuarial examinations of life insurance companies for State Insurance Departments
Financial Reporting:
GAAP, Statutory, Tax and Management Information
Asset/liability matching, projections and analysis
Annual Statement development and preparation
Evaluation and assistance in life insurance company mergers and acquisitions
Development and pricing of new insurance products
Expense management and analysis
Strategic, corporate, and operational planning
Financial analysis and forecasting
Federal Income Tax planning and preparation
Analysis and preparation of reinsurance contracts
Appointed Actuary

Education: Simpson College (Iowa)
BA Mathematics - 1980

The University of Iowa
MS Statistics & Actuarial Science - 1982

Professional: Fellow, Society of Actuaries - 1986
Member, American Academy of Actuaries - 1985
Associate Member, Society of Financial Examiners - 1999
President, Kansas City Actuaries Club – 2000

Resume of: KAREN E. ELSOM, FSA, MAAA

Present Position: Consulting Actuary, Kansas City Office

Prior Positions: 1988-1998: Business Men's Assurance Company
Kansas City, Missouri
Assistant Actuary

1987-1988: Old American Insurance Company
Kansas City, Missouri
Actuarial Associate

1985-1987: Mutual of Omaha
Omaha, Nebraska
Actuarial Student

Firm Responsibilities and Experience: Actuarial examinations of life insurance companies for State Insurance Departments
Development, pricing and filing of new insurance products
Disability income and major medical rate increase development and state filings
Development of lapse studies
Small Group Major Medical Certification development and preparation
Evaluation of Reinsurance Treaties
Financial Reporting:
GAAP, Statutory, Tax and Management Information
Annual Statement development and preparation
Medicare Supplement annual state filings development and preparation

Education: University of Nebraska - Lincoln
BS Actuarial Science - 1984

Professional: Fellow, Society of Actuaries - 1993
Member, American Academy of Actuaries - 1989

Resume of: DONNA K. FERGUSON, FSA, MAAA

Present Position: Consulting Actuary, Kansas City Office
Vice President

Firm Responsibilities and Experience: Development and pricing of new insurance products
Financial Reporting; GAAP and statutory
Financial projections and forecasting
Actuarial examinations of life insurance companies for state insurance departments
Valuations and implementation of class action settlements

Education: Fort Hays State University
BS, Mathematics

University of Kansas
MA, Mathematics

Professional: Fellow, Society of Actuaries - 2001
Member, American Academy of Actuaries - 1999
SOA Examination Committee

Resume of: GARY L. ROSE, FSA, MAAA, CLU

Present Position: Consulting Actuary, Kansas City Office
President and Principal

Prior Positions: 1975-1979: American National Insurance Company
Galveston, Texas
Assistant Actuary

Firm Responsibilities and Experience: Financial Reporting:
GAAP, Statutory, Tax and Management Information
Asset/liability matching, projections and analysis
Search, design, evaluate and implement reinsurance agreements
Development and pricing of new insurance products
Financial projections and forecasting
Policy forms filing with State Insurance Departments
Marketing research
Strategic, corporate and operational planning
Credit insurance marketing and administration
Federal Income Tax planning and preparation
Knowledge of several computer languages
(COBOL, Fortran and Basic)
Evaluation and assistance in life insurance company
acquisitions and mergers
Design and implement administrative programs
Design and development of illustration software for new business
and in-force policies
Illustration Actuary

Education: University of Nebraska,
BA, Economics and Mathematics, minor in Actuarial Science

Professional: Fellow, Society of Actuaries - 1977
Member, American Academy of Actuaries - 1979
Chartered Life Underwriter – 1983

Resume of: GREGORY S. WILSON, FCAS, MAAA

Present Position: Consulting Actuary, Dallas Office
Vice President

Prior Positions: 1976-1994: Amica Mutual Insurance Company
Lincoln, Rhode Island
Vice President

1994-2001: PricewaterhouseCoopers, LLP
Dallas, Texas
Principal Consultant

**Firm Responsibilities
and Experience:** Review loss and loss adjusting expenses and issue Statements of
Actuarial Opinion
Evaluate loss reserves for self-insured entities
Funding analyses for governmental entities
Review rate level adequacy
Rate, rule and form filings with state insurance departments
Expert testimony
Evaluate reinsurance contracts for transfer of risk
Review retrospective rating calculations
Perform due diligence on insurance issues in acquisitions

Education: University of Rhode Island
B.S., Applied Mathematics

Professional: Fellow, Casualty Actuarial Society - 1992
Member, American Academy of Actuaries - 1989

Resume of: GLENN A. TOBLEMAN, FSA, FCAS, MAAA

Present Position: Consulting Actuary & Managing Principal, Dallas Office
Executive Vice President

Prior Positions: 1978-1982: Southland Life Insurance Company
Dallas, Texas
Assistant Actuary

Firm Responsibilities and Experience: Evaluation and assistance in life and property & casualty insurance company acquisitions and mergers
Financial projections and forecasting
Financial reporting:
GAAP, statutory, tax and management information
Development and pricing of new insurance products, specializing in universal life and interest sensitive products, both individual and group
Corporate planning
Policy form and rate increase filings with state insurance departments
Assistance in evaluating and implementing reinsurance agreements
Universal life reserve valuations on statutory, tax, and GAAP bases
Evaluation and assistance in computer software systems for insurance company administration
Expert testimony
Actuarial assistance to state insurance departments
Appointed Actuary
Illustration Actuary

Education: University of Texas
BA Mathematics, Magna Cum Laude
Member, Phi Beta Kappa

Professional: Fellow, Society of Actuaries - 1981
Fellow, Casualty Actuarial Society - 1997
Member, American Academy of Actuaries - 1981

Resume of: **ROGER K. ANNIN, FSA, MAAA**

Present Position: Consulting Actuary, Kansas City Office
Senior Vice President and Principal

Prior Positions:

1991-1994: The Miller Group
Overland Park, Kansas
Actuary & Principal

1973-1991: Woodmen Accident & Life Company
Lincoln, Nebraska
VP Corporate Planning

1972-1973: Business Men's Assurance Company
Kansas City, Missouri
Actuary

Firm Responsibilities and Experience:

Appointed Actuary
Illustration Actuary
Market research and development of marketing strategies, including agent's compensation
Design and pricing of insurance products
In-Force product management (crediting strategies, dividends, reinsurance, rate increases)
Financial reporting (GAAP, statutory, tax and management information)
Financial projections and forecasting
Asset/liability matching, cash flow testing and durational analysis
Life Settlement/Viatical appraisals and pricing
Expense management and analysis
Strategic, corporate and operational planning
Communications with rating agencies
Search, design, evaluate and implement reinsurance agreements
Policy forms filing with state insurance departments
Evaluation and assistance in life and health insurance company acquisitions

Education: University of Nebraska,
BA, Economics and Mathematics

Professional: Fellow, Society of Actuaries - 1976
Member, American Academy of Actuaries – 1977
Actuarial Chair – National Alliance of Life Companies

Resume of: CABE W. CHADICK, FSA

Present Position: Vice President & Principal
Consulting Actuary, Dallas Office

Prior Positions:

1993-1996, Pan American Life,
1997-1998: Second Vice President,
Health Operations

1996-1997: Foster Higgins,
Associate - Provider Group

1991-1993: The Travelers Companies
Actuarial Analyst

**Firm Responsibilities
and Experience:**

Development and pricing of A & H individual and group products
Individual and group A & H re-rates and profit analysis
Group Term Life pricing, profit analysis and conversion analysis
Competitive benefit and rate studies
Policy form (e.g. application, group policies & certificates, etc.)
development
Policy form and rate filings with state insurance departments
State-specific certification of compliance with small employer A &
H requirements
Financial projections and forecasting
Financial reporting: GAAP, statutory, tax and management
information
Managed care product and contract development, specializing in
provider reimbursement
Group underwriting policy and strategy development
Actuarial assistance to state insurance departments
A & H claim and contract reserves
Gross premium valuation testing for deficiency reserves
Carrier search & due diligence on behalf of MGAs
Development of non-insurance substitutes of credit insurance for
financial institutions
Expert testimony and consultation

Education: Louisiana State University
BA., Mathematics, Minor in Computer Science
Member, Phi Beta Kappa

Professional: Fellow, Society of Actuaries - 1996
Member, American Academy of Actuaries - 1995

Resume of: CHRIS DAVIS, FSA, MAAA

Present Position: Consulting Actuary, Kansas City Office
Vice President & Principal

Prior Positions

1988-1996: The Victory Life Insurance Company
Murfreesboro, Tennessee
Assistant Vice President and Chief Actuary

1983-1988: Anchor National Life Insurance Company
Phoenix, Arizona
Assistant Actuary

Firm Responsibilities and Experience:

Design and development of asset/liability management software
Knowledge of several computer languages (APL, Visual C++, FORTRAN, and Visual Basic)
Development and pricing of new insurance products
Financial Reporting: GAAP, statutory, tax and management information
Financial projections and forecasting
Policy filing with state insurance departments
Evaluation and assistance in life insurance company acquisitions and mergers
Asset/liability matching, projections and analysis
Development of interest crediting strategies

Education: University of Pittsburgh
B.S., Statistics

Professional: Fellow, Society of Actuaries - 1996
Member, American Academy of Actuaries - 1986

Resume of: **TIM DEMARS, FSA, MAAA**

Present Position: Consulting Actuary, Kansas City Office
Vice President

Firm Responsibilities and Experience: Policy forms filing with state insurance departments
Design and pricing of new insurance products
Financial reporting: GAAP, statutory, and tax
Financial projections and forecasting
Asset/liability matching, projections and analysis
Product management/interest crediting strategies
Actuarial examinations of life insurance companies for state insurance departments
Evaluation and assistance in life and health insurance company acquisitions
Appointed Actuary

Education: University of Kansas
BS Electrical Engineering and Business Administration

Professional: Fellow, Society of Actuaries - 2001
Member, American Academy of Actuaries - 2000

Resume of: JILL JENSEN, FSA, MAAA

Present Position: Consulting Actuary, Kansas City Office
Vice President

Prior Positions: 1998-2000: Kansas City Life Insurance Company
Kansas City, Missouri
Associate Actuary

1997-1998: Towers Perrin
St. Louis, Missouri
Associate

Firm Responsibilities and Experience: Policy forms filing with state insurance departments
Design and pricing of new insurance products
Life Settlement/Viatical Appraisals and Pricing
Financial reporting: GAAP, statutory, and tax
Development of experience studies and reports
Valuation of class action settlements
Financial projections and forecasting
Evaluation and assistance in life and health insurance company acquisitions

Education: University of Nebraska - Lincoln
BS Actuarial Science

Professional: Fellow, Society of Actuaries - 2001
Member, American Academy of Actuaries - 2000
Society of Actuaries Exam Committee Member - 2003

Resume of: **TERRY M. LONG, FSA, MAAA**

Present Position: Consulting Actuary, Kansas City Office
Senior Vice President and Principal

Prior Positions: 1977-1986: Business Men's Assurance Company
Kansas City, Missouri
Actuary - Individual Insurance

Firm Responsibilities and Experience: Actuarial examinations of life insurance companies for State Insurance Departments
Financial Reporting:
GAAP, Statutory, Tax and Management Information
Asset/liability matching, projections and analysis
Search, design, evaluate and implement reinsurance agreements
Development and pricing of new insurance products
Financial projections and forecasting
Valuations of class action settlements
Policy forms filing with State Insurance Departments
Development of marketing and agency compensation programs
Marketing research
Corporate planning
Evaluation and assistance in life insurance company mergers and acquisitions

Education: University of Missouri - Kansas City
B.S. Mathematics - 1977

Professional: Fellow, Society of Actuaries - 1981
Member, American Academy of Actuaries - 1982
Associate Member, Society of Financial Examiners - 1994

Resume of: **DICK L. PHILLIPS, FSA, MAAA**

Present Position: Vice President & Principal
Consulting Actuary, Dallas Office

Prior Positions: 1966-1969: Republic National Life Insurance Company, Dallas;
Actuarial Assistant

1965-1966: Southland Life Insurance Company, Dallas,
Sr. Actuarial Clerk

Firm Responsibilities and Experience: Development and pricing of new insurance products
Financial reporting: statutory and management information
Corporate planning
Financial projections and forecasting
Evaluation involving life insurance company mergers and acquisitions
Marketing research
Policy filing with state insurance departments
Evaluation of reinsurance agreements
Develop tax reserve factors

Education: University of Texas
B.A., Mathematics

Professional: Fellow, Society of Actuaries - 1972
Member, American Academy of Actuaries - 1972
Fellow, Conference of Consulting Actuaries - 1991
Enrolled Actuary under ERISA - 1976

Resume of: ANTHONY G. PROULX, FSA, MAAA

Present Position: Consulting Actuary, Kansas City Office
Vice President

Prior Positions:

1999-2000: Transamerica Occidental Life Insurance Co.
Kansas City, Missouri
Director, Financial Reporting, Long Term Care

1997-1999: Consec Companies
Carmel, Indiana
Actuarial Vice President, Long Term Care

1987-1997: Unum Life Insurance Co.
Portland, Maine
Director

**Firm Responsibilities
and Experience:**

Financial reporting: GAAP, PGAAP, statutory, tax, dividend and management information
Financial analysis
Financial projections and forecasting
Cash flow testing
Development and pricing of new insurance products
Policy forms compliance with state insurance departments
Administer reinsurance agreements
Annual statement development and preparation
Lapse studies
Disability income and long term care claim continuance studies
Long term care claim cost analysis
Implement valuation procedures and systems
Coordination of disability income products

Education: Bowdoin College
BA, Mathematics and Physics
Magna cum laude, Phi Beta Kappa

Professional: Fellow, Society of Actuaries - 1984
Member, American Academy of Actuaries - 1982

APPENDIX C
PRIOR EXPERIENCE AND REFERENCES

CLIENT Michigan Office of Financial and Insurance Services
CONTACT Robert Lamberjack
TITLE Chief Examiner
ADDRESS 611 W. Ottawa Street
CITY/STATE/ZIP Lansing, MI 48909
TELEPHONE NUMBER (517) 335-1746
CONTRACT PERIOD 1989 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Michigan office of Financial and Insurance Services' periodic examination of life and health insurance companies.

Companies and the years examined are:

American Life Insurance Company (12/31/88)
Wright Mutual Insurance Company (12/31/89 and 6/30/95)
Mutual of Detroit Insurance Company (12/31/90)
North American Life Assurance Company (12/31/90 and 12/31/92)
The Mutual Life Assurance Company of Canada (12/31/91)
Canada Life Assurance Company (12/31/91, 12/31/98)
Canada Life Insurance Company of America (12/31/91, 12/31/98)
Jackson National Life Insurance Company (12/31/92 and 12/31/93)
Jackson National Life Insurance Co. of Michigan (12/31/92 and 12/31/93)
Brooke Life Insurance Company (12/31/92 and 12/31/93)
Lutheran Fraternities of America (12/31/94)
Associated Mutual Hospital Service of Michigan (12/31/94)
Foremost Life Insurance Company (12/31/95)
Mercantile & General Reassurance Company - plc (12/31/95)
Mercantile & General Life Reassurance Company of America (12/31/95)
American Community Mutual Insurance Company (12/31/95)
Royal Maccabees Life Insurance Company (12/31/95)
Gleaner Life Insurance Society (12/31/96)
Farm Bureau Life Insurance Company of Michigan (12/31/96)
FB Annuity Company (12/31/96)
The Manufacturers Life Insurance Company (12/96)
The Manufacturers Life Insurance Company of Michigan (12/96)
Manulife Reinsurance Corporation (12/96)
Capitol Bankers Life Insurance Company (12/96)
US Health & Life Insurance Company (12/31/97)
Alexander Hamilton Life Insurance Company (12/31/97)
AH(Michigan) Life Insurance Company (12/31/97)
Liberty Union Life Insurance Company (12/31/98)

CLIENT Michigan Office of Financial and Insurance
Services (continued)

Vista Life Insurance Company (12/31/98)
U.S. Branch – Sun Life Assurance Company (12/31/98)
Care Choices HMO (12/31/99)
Total Health Care, Inc. (12/31/99)
The Auto-Owners Life Insurance Company (12/31/99)
The U.S. Business of London Life Insurance Company (12/31/99)
HealthPlus of Michigan, Inc. (12/31/99)
Household Life Insurance Company (12/31/99)
The U.S. Business of Great West Assurance Company (12/31/99)
Auto Club Life Insurance Company (12/31/99)
Crown Life Insurance Company (12/31/99)
Paramount Care of Michigan (12/31/00)
M Care, Inc. (12/31/00)
Cherokee Insurance Company (12/31/00)
Upper Peninsula Health Plan (12/31/00)
Michigan Transit Pool (12/31/00)
The Wellness Plan (12/31/01)
Michigan County Road Commission Self-Insurance Pool (12/31/01)
ProCare (12/31/01)
Molina Healthcare of Michigan, Inc. (12/31/01)
Ultimed HMO of Michigan, Inc. (12/31/01)
Grand Valley Health Plan (12/31/02)
MHA Insurance Company (12/31/02)
Associated Mutual Hospital Service of Michigan (12/31/02)
Aetna Health Inc. (12/31/03)
Blue Cross Blue Shield of Michigan (12/31/03)

CLIENT Kansas Insurance Department
CONTACT Don Gaskill, CFE
TITLE Supervisor - Financial Surveillance Division
ADDRESS 420 S.W. 9th
CITY/STATE/ZIP Topeka, KS 66612
TELEPHONE NUMBER (913) 296-7821
CONTRACT PERIOD 1994 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Kansas Insurance Department's periodic examination of life and health insurance companies.

Companies and the years examined are:

Kansas Farm Bureau Life Insurance Company (12/31/92, 12/31/96, 12/31/99)
Pyramid Life Insurance Company (12/31/94, 12/31/01)
The American Home Life Insurance Company (12/31/93, 12/31/97, 12/31/00)
Security Benefit Life Insurance Company (12/31/97, 12/31/00)
Employers Reassurance Corporation (12/31/97)
First Life America Corporation (12/31/01)
Kansas Medical Mutual Insurance Company (12/31/01)

CLIENT Wisconsin Office of the Commissioner of Insurance
CONTACT Jerry DeArmond
TITLE Policy & Claim Reserve Specialist
Bureau of Financial Analysis & Exams
ADDRESS Office of the Commissioner of Insurance
State of Wisconsin
125 South Webster Street, 2nd Floor
CITY/STATE/ZIP Madison, WI 53702
TELEPHONE NUMBER (608) 267-3558
CONTRACT PERIOD 1996 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Wisconsin Insurance Department's periodic examination of life and health insurance companies.

Companies and the years examined are:

CUNA Mutual Insurance Society (12/31/95, 12/31/00)
Members Life Insurance Company (12/31/95, 12/31/00)
Fortis Life Insurance Company (12/31/98)
Liberty Bankers Life Insurance Company (12/31/99)
Sentry Life Insurance Company (12/31/99, 12/31/2003)
North American Life Insurance Company (12/31/99, 12/31/02)
Catholic Knights Insurance Society (12/31/00)
Madison National Life Insurance Company, Inc. (12/31/02)
Equitable Reserve Association (12/31/00)
American Family Life Insurance Company (12/31/01)
Wisconsin Physicians Service Insurance Corporation (12/31/01)
The EPIC Life Insurance Company (12/31/01)

CLIENT Missouri Insurance Department
CONTACT Frederick G. Heese, CFE
TITLE Audit Manager - Kansas City
ADDRESS State Office Building, Room 512
614 East 13th Street
CITY/STATE/ZIP Kansas City, MO 64106-2829
TELEPHONE NUMBER (816) 889-2219
CONTRACT PERIOD 1994 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Missouri Insurance Department's periodic examination of life and health insurance companies.

Companies and the years examined are:

Blue Cross and Blue Shield of Kansas City (12/31/95)
Blue Cross and Blue Shield of Missouri (09/30/97)
Healthy Alliance Life Insurance Company (09/30/97, 12/31/00)
HMO Missouri, Inc., d/b/a BlueCHOICE (09/30/97)
Providian Life and Health Insurance Company (12/31/97)
Academy Life Insurance Company (12/31/97, 12/31/01)
National States Insurance Company (12/31/98, 12/31/01)
Cameron Life Insurance Company(12/31/98, 12/31/01)
Cox Health Systems Insurance Company (12/31/98, 12/31/01)
Cox Health Systems HMO (12/31/01)
Missouri Valley Life Insurance Company (12/31/98, 12/31/01)
Individual Assurance Company (12/31/98)
Lewer Life Insurance Company (12/31/98)
The RGA Reinsurance Company (12/31/99, 12/31/2002)
Fidelity Security Life Insurance Company (12/31/99)
COVA Financial Services Life Insurance Company (12/31/99)
Paragon Life Insurance Company (12/31/99, 12/31/02)
General American Life Insurance Company (12/31/99, 12/31/2002)
Family Benefit Life Insurance Company (12/31/99)
Kansas City Life Insurance Company (12/31/99)
Old American Life Insurance Company (12/31/99)
Sunset Life Insurance Company (12/31/99)
Transamerica Assurance Company (12/31/99)
United Investors Life Insurance Company (12/31/00)
ERC Life Reinsurance Corporation (12/31/00)
MetLife Investors Insurance Company (12/31/02)

CLIENT Arizona Department of Insurance
CONTACT Kathy Mae Schmidt
TITLE Examinations Audit Analyst
ADDRESS 2910 North 44th Street, Suite 210
CITY/STATE/ZIP Phoenix, Arizona 85018-7256
TELEPHONE NUMBER (602) 912-8422
CONTRACT PERIOD 1998 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Arizona Insurance Department's periodic examination of life and health and property and casualty insurance companies.

Companies and the years examined are:

First Interstate Life Insurance Company (12/31/96)
Trans City Life Insurance Company (12/31/97, 12/31/2002)
Trans City Casualty Insurance Company (12/31/2002)
Republic Western Insurance Company (12/31/97)
Oxford Life Insurance Company (12/31/97, 12/31/00)
Heritage Life Insurance Company (12/31/98)
Old Reliance Insurance Company (12/31/98)
Old West Annuity and Life Insurance Company (12/31/98)
Premier Healthcare of Arizona, Inc. (12/31/98)
United Healthcare of Arizona, Inc. (12/31/98, 12/31/01)
HealthNet of Arizona, Inc. (12/31/2000)
Conseco Health Insurance Company (12/31/00)
Aetna U.S. Healthcare, Inc. (12/31/01)
United Dental Care of Arizona, Inc. (12/31/01)
United Dental Care Insurance Company (12/31/01)
LifeCare Assurance Company (12/31/02)

CLIENT Texas Department of Insurance
CONTACT Mike Boerner
TITLE Managing Actuary
MAILING ADDRESS P. O. Box 149104
CITY/STATE/ZIP Austin, TX 78714-9104
TELEPHONE NUMBER (512) 322-5067
CONTRACT PERIOD 1990 to Present

SUMMARY OF SERVICES PERFORMED:

Work performed included peer review of company liability and reserve calculations.

Companies and the years examined are:

Pioneer Security (12/31/97)
American Amicable (12/31/97)
Union Bankers (12/31/97)
Southwestern (12/31/97)
Integon (12/31/97)
Constitution (12/31/97)
Marquette National (12/31/97)
Occidental (12/31/97)
Pacific Life & Accident (12/31/97)
Professional Insurance Corp. (12/31/97)
Pioneer American (12/31/97)
American Founders (12/31/97)
Laurel Life (12/31/97)

CLIENT Oklahoma Department of Insurance
CONTACT Mark Jaster
TITLE Deputy Chief Examiner
ADDRESS 2401 N.W. 23 Street, Suite 28
CITY/STATE/ZIP Oklahoma City, OK 73107
TELEPHONE NUMBER (405) 521-3966
CONTRACT PERIOD 1998 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Oklahoma Department of Insurance Department's examination of life, health and property and casualty insurance companies. In addition, we have reviewed the Workers' Compensation claim reserves for a small insolvent property and casualty insurer.

Companies and the years examined are:

- Union Standard Insurance Company (12/31/98)
- American Mercury Insurance Company (12/31/98)
- Oklahoma Farm Bureau (12/31/99)
- Ag Security Insurance Company (12/31/99)
- BancInsure, Inc. (12/31/00)
- Republic Casualty (12/31/00)
- General Agents Insurance Company (12/31/00, 12/31/02)
- Petrosurance Casualty (12/31/99, 12/31/00)
- Standard Life Insurance (12/31/01)
- Mega Life and Health (12/31/01)
- Triangle Insurance Company (12/31/01)
- National American Insurance Company (12/31/01)

CLIENT Utah Insurance Department
CONTACT John Kay
TITLE Assistant Chief Examiner
ADDRESS State Office Building, Room 3110
CITY/STATE/ZIP Salt Lake City, UT 84114-6901
TELEPHONE NUMBER (801) 538-3866
CONTRACT PERIOD 2001 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Utah Insurance Department's periodic examination of property and casualty companies.

Companies and the years examined are:

Bear River Mutual Insurance Company (12/31/2000)

CLIENT California Department of Insurance
CONTACT Sheldon Summers
TITLE Supervising Life Actuary
ADDRESS 300 South Spring Street, South Tower
CITY/STATE/ZIP Los Angeles, CA 90013
TELEPHONE NUMBER (213) 346-6151
CONTRACT PERIOD 2001 to Present

SUMMARY OF SERVICES PERFORMED:

Long-term care rate filings review on behalf of the California Department of Insurance.
L&E reviewed 20 LTC rate filings from many of the largest LTC writers in the country.

CLIENT Massachusetts Department of Insurance
CONTACT Kevin Beagan
TITLE Director, Health Unit of the State Rating Bureau
ADDRESS One South Station
CITY/STATE/ZIP Boston, MA 02110-2208
TELEPHONE NUMBER (617) 521-7347
CONTRACT PERIOD May 1, 2002 - July 1, 2007

SUMMARY OF SERVICES PERFORMED:

Rate reviews of individual accident and sickness filings, including LTCI and Medicare Supplement products.

Companies and products reviewed are:

American Family Life Assurance Company of Columbus ("AFLAC") - Cancer Policies & Riders
Colonial Life & Accident Insurance Company - Disability Income Riders
AEGON Insurance Group (Life Investors Insurance Company of America, Monumental Life Insurance Company, Transamerica Life Insurance Company, & Transamerica Occidental Life Insurance Company) - LTCI Policies
Trustmark Insurance Company - Cancer/Critical Illness Policy
World Insurance Company (Bankers Multiple Line Insurance Company) - Medicare Supplement Policies

CLIENT Maryland Insurance Administration
CONTACT Lester Schott
TITLE Associate Commissioner
ADDRESS 525 St. Paul Place
CITY/STATE/ZIP Baltimore, MD 21202-2272
TELEPHONE NUMBER (410) 468-2119
CONTRACT PERIOD 2002 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Maryland Insurance Administration's examination of various managed care companies as well as a life and health insurance company.

Companies and the years examined are:

AMERIGROUP (12/31/01)
Helix Family Choice, Inc. (12/31/01)
Priority Partners (12/31/01)
Maryland Care, Inc. (12/31/01)
Jai Medical Systems (12/31/01)
Union Labor Life (12/31/02)

CLIENT South Dakota Division of Insurance
CONTACT Wendell Malsam
TITLE Assistant Director - Financial
ADDRESS 445 East Capitol Avenue
CITY/STATE/ZIP Pierre, SD 57501
TELEPHONE NUMBER (605) 773-3563
CONTRACT PERIOD 1995 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the South Dakota Division of Insurance department's examination of life and health insurance companies.

Companies and the years examined are:

Midland National Life (12/31/94)

American Memorial Life Insurance Company (12/31/97, 12/31/02)

Prairie State Life Insurance Company (12/31/92)

CLIENT Oregon Department of Consumer & Business Services,
Insurance Division

CONTACT Tim Hurley

TITLE Examiner-in-Charge

ADDRESS 350 Winter Street NE, Room 440-1

CITY/STATE/ZIP Salem, OR 93701-3883

TELEPHONE NUMBER (503) 947-7222

CONTRACT PERIOD 1996 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Oregon Department of Consumer & Business Services, Insurance Division's examination of life and health companies.

Companies and the years examined are:
Pacific Heritage Assurance Company (12/31/95)

CLIENT Ohio Department of Insurance
CONTACT David S. Meyer
TITLE Assistant Director
ADDRESS 2100 Stella Court
CITY/STATE/ZIP Columbus, OH 43266-0586
TELEPHONE NUMBER (614) 644-2647
CONTRACT PERIOD 1994 to Present

SUMMARY OF SERVICES PERFORMED:

Actuarial examinations and assistance in connection with the Ohio Department of Consumer & Business Insurance's examination of life and health insurance companies.

Companies and the years examined are:

- Colonial Insurance Company (12/31/99)
- Integrity Life (12/31/99)
- Acceleration Life(12/31/98)
- Great American Life Insurance Company (12/31/97)
- Midland Life (12/31/98)
- Universal Guaranty and United Security Assurance (12/31/99)
- Nationwide Life Insurance Company (12/31/96)
- United Commercial Travelers (12/31/97)

APPENDIX D

**HISTORY, CORPORATE OBJECTIVES, PHILOSOPHY
OF LEWIS & ELLIS, INC.**

Firm Background & Operations

The firm was formed in 1968 in Dallas as Buchanan & Lewis, Inc. The firm opened an office in Kansas City in 1970, and one in Los Angeles in 1973. The corporate name was changed to Lewis & Ellis, Inc. (L&E) in 1976. The Los Angeles office was relocated to Dallas in 1996 due to retirement of the managing partner there.

In the early years, the principal endeavor was to provide professional actuarial services to the life insurance industry. In addition, the firm serviced a number of small employee benefit plans. The firm's reputation for professional competence, integrity and service provided dramatic growth in both major areas of consulting services.

The Insurance Services Division of L&E has grown to serve companies from coast-to-coast in all facets of life and health insurance operations. Since 1985 we have offered a comprehensive portfolio of PC-based and now internet-based software to generate sales illustrations for both new and in force business for client insurance companies. The Software Division has grown from a single individual to over 20 professionals working to custom design illustration software to meet the various needs of clients.

A key factor in the growth and success of L&E in insurance company consulting has been our early recognition of the need for comprehensive computer systems to provide sophisticated analysis and planning support at a reasonable cost. L&E has developed an extensive portfolio of computer software to serve our clients. This includes the available LEAPPS®, our pricing and model projection software and LE*XTRAS™, a statutory reserve generating program.

Company Objective

The objective of Lewis & Ellis, Inc. is to provide professional actuarial and management counsel to its clients on an independent and objective basis.

The types of services rendered by the firm can be classified into one of four basic areas:

- Actuarial services and management consulting for life and property and casualty insurance companies and related financial institutions.
- Actuarial services for state insurance departments which includes actuarial examinations and assistance in connection with financial examinations.
- Data processing services for life insurance companies, which includes complete policy issue and maintenance processing for life, A&H, and annuity contracts, and extensive actuarial systems which may be used in our processing center or may be purchased on a lease-purchase basis.
- Personal computer software for life insurance companies is available, which includes a complete portfolio of customized illustrative software as well as several package programs.

Philosophy

Our philosophy at L&E can be simply stated. We strive to provide our clients with innovative and cost-effective solutions to satisfy their requirements. We use our technical training and specialized knowledge to help identify client needs and analyze immediate or potential problems. Integrating creativity, imagination and other available resources, we find solutions to these needs and problems, and we communicate our findings to provide our clients with a basis for effective decision making.

The consultants at L&E operate with strict adherence to ethical and professional standards. We operate independently of any other organizations.

APPENDIX E
CERTIFICATE OF AWARDBILITY

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF CIVIL RIGHTS
CERTIFICATE OF AWARDABILITY

81178070

The Department of Civil Rights, having conducted a review of the

Lewis & Ellis, Inc.

**10561 Barkley, Suite 470
Overland Park, KS 66211**

certifies that this contractor meets the requirements of Section 209 of Public Act 453 and / or Public Act 220 of Public Acts of 1976. Unless this Certificate is revoked by the provisions outlined below, the contractor is awardable and eligible to do business with the state on transactions administered by the Michigan Department of Management and Budget, Acquisition and Infrastructure Services, and / or various other state and local governmental units.

THIS CERTIFICATE SHALL REMAIN VALID FOR ALL BIDS SUBMITTED BY THE COMPANY, TO THE MICHIGAN DEPARTMENT OF MANAGEMENT AND BUDGET, ACQUISITION AND / OR INFRASTRUCTURE SERVICES, AND / OR VARIOUS OTHER STATE AND LOCAL GOVERNMENTAL UNITS, UNTIL

03/01/2004

Unless a written request is submitted by the Contractor to the Michigan Department of Civil Rights, with a copy to the Michigan Department of Management and Budget, not more than 60 nor less than 30 calendar days before the expiration date appearing above, this Certificate will expire and be invalid.

This Certificate may be revoked by the Michigan Department of Civil Rights and / or the Michigan Department of Management and Budget upon finding of:

Violation of Public Act 453 and / or Public Act 220 of Public Acts of 1976
or

Failure to live up to any accepted written equal employment opportunity plan
or failure to make good faith effort to do so.

Issued at Detroit, Michigan, on

03/01/2004

By:

Elaine Benko Knoll
Contract Compliance Team

CR 506 (Rev. 6-02)

**APPENDIX D
CONTRACTORS PRICING**

PRICE PROPOSAL

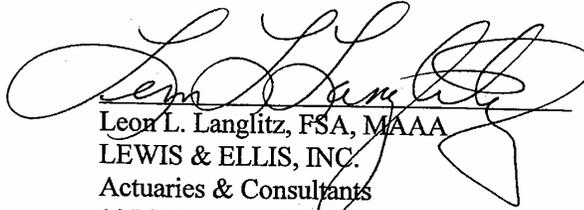
1. The rate will be firm for the period of October 1, 2004 through September 30, 2007. This rate is a composite rate for all individuals that may participate in the examination.

2.	Rate:	<u>Name of Unit</u>	<u>Dollars/Hour</u>
		Actuarial Services	\$220.00

Travel costs will be billed at state rates in effect at the time the expense is incurred.

SUMMARY

Thank you for providing us the opportunity to respond on this Proposal. If you have any questions or need clarification of any items in this proposal, please contact Leon Langlitz at (913) 491-3388. We look forward to working with the Michigan OFIS.



Leon L. Langlitz, FSA, MAAA
LEWIS & ELLIS, INC.
Actuaries & Consultants
10561 Barkley, Suite 470
Overland Park, KS 66212
LLanglitz@LewisEllis.com

August 30, 2004

GEN PROPOSAL for 2005-2007.doc