

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 7, 2007

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B520062
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (515) 273-3530
Insurance Strategies Consulting, LLC 5000 Westown Parkway, Suite 310 West Des Moines, IA 50266		Carl Harris
		VENDOR NUMBER/MAIL CODE (001)
		BUYER/CA (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Robert Lamberjack Actuarial Services for Property/Casualty – 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. 071B5200062
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (515) 273-3530
Insurance Strategies Consulting, LLC 5000 Westown Parkway, Suite 310 West Des Moines, IA 50266		Carl Harris
		VENDOR NUMBER/MAIL CODE (001)
		BUYER/CA (517) 241-1646 Greg Faremouth
Contract Compliance Inspector: Robert Lamberjack Actuarial Services for Property/Casualty – 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

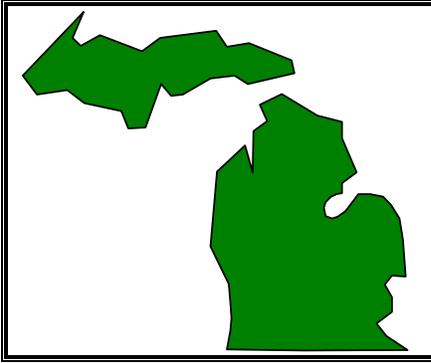
CONTRACT NO. 071B5200062
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Insurance Strategies Consulting, LLC 5000 Westown Parkway, Suite 310 West Des Moines, IA 50266	TELEPHONE (515) 273-3530 Carl Harris VENDOR NUMBER/MAIL CODE (001) BUYER/CA (517) 241-1646 Greg Faremouth
Contract Compliance Inspector: Robert Lamberjack Actuarial Services for Property/Casualty – OFIS/DLEG	
CONTRACT PERIOD: From: December 1, 2004 To: November 30, 2007	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
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;">Insurance Strategies Consulting, LLC _____ Firm Name</p> <p style="text-align: center;">_____ Authorized Agent Signature</p> <p style="text-align: center;">_____ Authorized Agent (Print or Type)</p> <p style="text-align: center;">_____ Date</p>	<p>FOR THE STATE:</p> <p style="text-align: center;">_____ Signature Greg Faremouth, CPPB, Buyer Specialist _____ Name Strategic Business Development Acquisition Services _____ Title</p> <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. 071B5200062
Actuarial Services

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

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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 notwithstanding 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.



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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: Insurance Strategies Consulting, LLC

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



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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): N/A

() 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): _____

() 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



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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

- 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.

N/A
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



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“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 its 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.



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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.


_____ (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


_____ (Initial)

3.103 DISCLOSURE OF LITIGATION

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 proceeding 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

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in excess of \$250,000 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 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,



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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,



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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.



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- D. The vendor Has _____, Has Not x 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.



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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.

 (Initial)

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

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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 , Has Not developed and has on file an entity wide affirmative action program.

3.307 LIABILITY INSURANCE

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



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“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 INSUREDS** 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 INSUREDS** 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.



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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



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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..



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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.

_____ % (Total estimated percentage of recovered material)

_____ % (Estimated percentage of post-consumer material)

_____ % (Estimated percentage of secondary waste)

Certification

I, _____ (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.

_____ N/A (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. N/A

D. Mercury Content. It is the clear intent of state agencies to avoid purchasing products that contain mercury wherever 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. N/A

() Product does not contain Mercury



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- 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 Retardents (BFR). Bidders shall disclose whether the products being offered contain toxic flame retardants. Bidders are encouraged to provide BFR-free alternatives when available. N/A

- 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

- (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



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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

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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



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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: N/A
 - () 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



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this agreement, have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

____ N/A ____ (Initial)

3.4 Vendor/Contractor Demographics
3.401 SMALL BUSINESS REPRESENTATION

The vendor represents and certifies that it IS _____, IS NOT _____ a small business concern and that all _____, NOT ALL _____ 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 N/A

Provide the following information:

_____ (Estimate # of employees)

\$ _____ (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



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Carl Harris	50%
Morris Fishman	50%

3.404 RESERVED

3.5 State Concerns

3.501 GENERAL COMPANY DEMOGRAPHICS

1. Company Name: Insurance Strategies Consulting, LLC
2. Company Address: 5000 Westown Parkway, Suite 310
West Des Moines, IA 50266
3. Principle Place of Business (zip code): 50266
4. Organization type
 - () Limited Liability Company
 - () Limited Liability partnership
 - () Corporation
 - () Partnership
 - () Health Care Provider
 - () Hospital or extended care facility
 - () Sole Proprietorship
 - () Other: _____
5. Year of establishment 2002

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.



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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

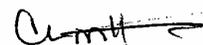
DEFINITION: To qualify as a Michigan business, vendor must have during the 12 months immediately preceding this bid deadline, or if the business is newly established, for the period the business has been in existence, it has (check all that apply):

- 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.

Carl M. Harris
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



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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: Iowa)
- 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 _____ 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 Full address	Owner/Operator of facility to be used	Percent (%) of 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



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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

 (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**.

 (Initial)



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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)



ITB No. 071I4001365

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



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does not respond with a written request for a hearing with in 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.

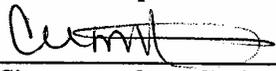


I HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF, THAT THE REPRESENTATIONS AND CERTIFICATIONS MADE HEREIN BY THE VENDOR/CONTRACTOR/SUPPLIER ARE ACCURATE AND CURRENT AS OF THE DATE INDICATED BELOW

Insurance Strategies Consulting, LLC
Name of Vendor/contractor/supplier

5000 Westown Parkway, Suite 310
West Des Moines, IA 50266
Address of supplier

(515) 273-3530 (515) 221-0327
Telephone and fax No. of supplier


Signature of supplier's authorized representative

Member
Title of Supplier representative

August 20, 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

5000 Westown Parkway
Suite 310
W. Des Moines, IA 50266
(515) 273-3530
Fax (515) 221-0327
charris@insurance-strat.com

Insurance Strategies Consulting, L.L.C.

September 14, 2004

Mr. Greg Fairmouth
Department of Management and Budget
Acquisition Services
State of Michigan
2nd Floor
Ottawa Building
P.O. Box 30026
Lansing, MI 48909

Re: ***Request for Proposal for Actuarial Services***

Dear Mr. Fairmouth:

Insurance Strategies Consulting, LLC ("Insurance Strategies") is pleased to provide our proposal in response to the Request for Proposal for Actuarial Services dated August 8, 2004. We believe that our firm has the requisite experience and qualifications to assist the State of Michigan in the examination of insurance companies. Our firm was pre-qualified for the period ending September 30, 2004.

If selected we will comply with all of the provisions of both the contract and the Request for Proposal. At this time, no one at Insurance Strategies or any of our subcontractors have any relationship with any insurance company domiciled in Michigan. If that were to change, we will notify the appropriate person at that time.

As detailed in this document, we believe that Insurance Strategies offers the type and quality of actuarial services your department requires. Our actuaries are engaged in similar work with other Insurance Departments, as well as a full range of projects including product pricing, risk analysis, actuarial appraisals, merger & acquisition work, due diligence opinions, reinsurance analysis, rating agency presentations, performance measurement, and extensive audit support.

We have assembled a team experienced in serving Insurance Departments which will be able to coordinate services for the Department, drawing on staff resources as needed for the type of work you require. We are noted for our commitment to quality and ability to customize. Included in our scope of services are actuaries in the life, health and property & casualty.

We are extremely proud of the exemplary reputation we enjoy among regulators, the financial community, our peers and our clients. These firm-wide qualities are fully

Des Moines

St. Petersburg

Chicago

C:\my_data\State of Michigan\request for quals 2004.doc

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From: Carl Harris
Date: September 14, 2004

reflected in our actuarial group, a talented and diverse group of individuals dedicated to quality service.

We have included four (4) copies of our proposal and one (1) copy of our cost proposal for your review. As per the instructions, we have enclosed the cost in a separate envelope. Also included is an electronic copy of both this letter and the proposal in Microsoft Office Suite 97 format, as per the instructions. The only thing not included on the electronic version are the documents completed in a PDF format. The proposal was created in Word in Times New Roman 12pt font.

This proposal will remain valid for a period of ninety (90) days from the September 1, 2004 due date.

We very much look forward to the opportunity to work with the Michigan Insurance Department.

Should you have any additional questions or comment, please feel free to contact:

Carl M. Harris
Insurance Consulting Strategies, LLC
5000 Westown Parkway
Suite 310
West Des Moines, IA 50266
(515) 273-3530
(515) 221-0327 fax
charris@insurance-strat.com

Sincerely,

Carl M. Harris

CMH/as

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CAPABILITIES AND QUALIFICATIONS OF ORGANIZATION

Insurance Strategies Consulting, LLC ("Insurance Strategies") is a professional actuarial consulting firm bringing an exceptional level of experience and knowledge to the operation and examination of life insurance companies. We are organized as a limited liability corporation in Iowa.

Our full name and address is as follows:

Insurance Strategies Consulting, LLC
5000 Westown Parkway
Suite 310
West Des Moines, IA 50266
(515) 273-3530
(515) 221-0327 fax

In addition to the West Des Moines office, we have offices in St. Petersburg, FL; Chicago, IL and Hartford, CT.

Insurance Strategies is an actuarial consulting firm and as such is not required to obtain business licenses to operate in other states. However, all of our actuaries are certified and credentialed to sign opinions in all states and the D.C.

Insurance Strategies has been in existence since September, 2002. For the year ending December 31, 2003, our sales were \$1.6 million. For the period January 1, 2004 through July 31, 2004 our sales were \$550,000.

In addition to actuaries of Insurance Strategies, we also utilize services of other consulting actuaries on specific subject matters. As we demonstrate in this proposal we may utilize the services of the following subcontractors:

Pinnacle Actuarial Resources, Inc.
Mr. Charles Emma
2000 South Batavia Ave.
Suite 310
Geneva, IL 60134
P&C Actuarial Review

NovaRest, Inc.
Ms. Donna Novak, ASA, MAAA
980 Eastshore Drive
Suite 100
Fox Lake, IL 60020
HMO, Blue Cross and Blue Shield Review

Insurance Strategies Consulting
Consultants To The Insurance Industry

Even though we may utilize the services of certain subcontractors, Insurance Strategies bears full responsibilities for all work performed by Insurance Strategies and any subcontractors performing work under its control.

Insurance Strategies Consulting
Consultants To The Insurance Industry

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PRIOR EXPERIENCE

Insurance Strategies' actuaries serve several Insurance Departments in the life, health and property & casualty actuarial financial examination review area. We have provided Statements of Actuarial Opinion to several Insurance Departments in connection with these examination reviews. Our actuaries are also skilled in the following life and health areas:

- Financial Reporting
- Product Development and Pricing
- Policy Form and Rate Review
- Transaction Assistance (e.g. M&A, Mutual Holding Company, and Demutualization)
- Dynamic Financial Analysis/Risk Control/Financing Techniques/Corporate Modeling
- Assessment of Statistical Data Systems
- Risk Based Capital Consulting
- Detail Loss Reserve Analysis and Forecasting
- Cash Flow Testing and Analysis
- Loss Cost/Pricing Analysis
- Expert Testimony
- Securitization Review

Our actuaries employ generally accepted actuarial principles to review an entity's reserving procedures and recorded reserves, supported by an internal system of peer review. We also provide cash flow projections and analysis of reinsurance contracts for commutation and risk transfer.

We are very experienced with companies who are set up on a strategic business unit basis, where there are multiple administrative and valuation systems. This type of approach is quite popular among the international insurance companies who have significant U.S operations or use Michigan as the point of entry to the U.S.

Given the potential complexity of some of the current products, we believe that our experience with complex investment products would be valuable on these types of assignments.

The following is a sample of some of the life, health and P&C companies we have provided examination services for, on behalf of insurance departments:

- ING Insurance Companies
 - Participated in 5 state review of all US life insurance operations.
 - Primary client was Iowa, but also performed work for Colorado, Georgia, Oklahoma and Texas.
 - Total time for exam was 11 months, ending November, 2003.
 - Our portion of the costs were approximately \$1,000,000.
 - Contact: Jim Armstrong – See reference section.

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- Principal Life Insurance Company
 - Reviewed Iowa insurance company operations.
 - Client was State of Iowa.
 - Total time for exam was 6 months, ending September, 2004.
 - Total costs for the exam were approximately \$150,000.
 - Contact: Jim Armstrong – See reference section.

- United Life Insurance Company
 - Reviewed Iowa insurance company operations.
 - Client was State of Iowa.
 - Total time for exam was 4 months, ending September, 2004.
 - Total costs for the exam were approximately \$50,000.
 - Contact: Jim Armstrong – See reference section.

- CUNA Insurance Company
 - Reviewed Iowa insurance company operations.
 - Client was State of Iowa.
 - Total time for exam was 4 months, ending November, 2003.
 - Total costs for the exam were approximately \$60,000.
 - Contact: Jim Armstrong – See reference section.

- Wellmark
 - Reviewed Iowa insurance company operations.
 - Client was State of Iowa.
 - Total time for exam was 4 months, ending November, 2003.
 - Total costs for the exam were approximately \$33,000.
 - Contact: Jim Armstrong – See reference section.

- NTL Insurance company
 - Reviewed insurance company operations.
 - Client was State of Iowa.
 - Total time for exam was 11 months, ending November, 2003.
 - Total costs for the exam were approximately \$75,000.
 - Contact: Jim Armstrong – See reference section

- Stonebridge Life Insurance Company
 - Reviewed insurance company operations.
 - Client was State of Vermont.
 - Total time for exam is expected to be 5 months, ending December, 2003.
 - Total costs for the exam is expected to be approximately \$60,000.
 - Contact: Ken McGuckin – See reference section.

- Farm Bureau of Iowa Insurance Company
 - Reviewed insurance company operations.
 - Client was State of Iowa.

- Total time for exam is expected to be 5 months, ending September, 2003.
 - Total costs for the exam is expected to be approximately \$60,000.
 - Contact: Jim Armstrong – See reference section.
- Nippon Life Insurance Company
 - Reviewed insurance company operations.
 - Client was State of Iowa.
 - Total time for exam was 2 months, ending December, 2002.
 - Total costs for the exam is expected to be approximately \$23,000.
 - Contact: Jim Armstrong – See reference section.

Other exams that we have participated in are as follows:

- AmerUs Insurance Company
- Indianapolis Life Insurance Company
- Aegon Insurance Companies
- Ohio National Life Insurance Company
- American Republic Insurance Company
- Hawkeye National Insurance Company
- Grange Mutual Insurance Company
- National Life of Vermont
- Interstate Assurance Company
- GuideOne Insurance Companies
- UNUM Company
- Paul Revere Insurance Company
- Humana
- Blue Cross/Blue Shield of Vermont
- CareFirst (Blue Cross/Blue Shield of Delaware, D.C. and Maryland)
- Grinnell Mutual
- Employers Mutual Companies
- Iowa Farm Bureau Insurance Companies
- Toyota Motor Insurance Company
- United Fire and Casualty
- IMT Insurance Company
- ARAG Insurance Company
- Iowa Mutual Insurance Company
- Chrysler Insurance Company
- Mid-State Surety
- Bowling Green Centers Insurance Corporation
- MI Municipal Risk Management Authority
- Pioneer State Mutual Insurance Company
- Wolverine Mutual Insurance Company
- MI Professional Insurance Exchange
- Acceleration National

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- Dentists Benefits Insurance Company
- ODS Health Plan

Our actuaries are proficient in all of the actuarial tools in the industry, including TAS, MoSes, PTS, and LEAPS. We have a license for the TAS system and are current on all of the updates. We are also proficient in the Windows software and utilize e-mail for communications.

References

The following individuals are provided as references.

Robert Howe, Consultant, Former Deputy Commissioner and Chief Financial Examiner, State of Iowa, Des Moines, IA
(515) 273-3531

Ken McGuckin, Deputy Commissioner and Chief Financial Examiner, State of Vermont, Montpelier, VT
(802) 828-4849

Michael Sproule, Senior Vice President and Chief Financial Officer, New York Life Insurance Company, New York, NY
(212) 576-3938

James Armstrong, Deputy Commissioner and Chief Financial Examiner, State of Iowa Des Moines, IA
(515) 281-4450

Jacqueline Hughes, Former Deputy Commissioner and Chief Counsel, State of Vermont, Montpelier, VT
(802) 828-4869

Alan Huisinga, President, Employers Modern Life Company, Des Moines, IA
(515) 280-2724

C. Larrimore Whitaker, President and Chief Executive Officer, Primesco, Decatur, AL
(256) 552-7257

Harold Duryee, Former Commissioner of Insurance, State of Ohio, Columbus, OH
(614) 443-8285

Elizabeth Costle, Former Commissioner of Insurance, State of Vermont, Montpelier, VT
(802) 828-3301

Jay Novik, FSA, Principal, Black Diamond Group, retired Chairman and CEO, Swiss Re New Markets Worldwide
(917) 806-3030

Lawrence L. Hoffman, CLU, President, Hoffman Consulting, former President, Standard Security Life
(973) 701-6788

QUALIFIED PERSONNEL/STAFFING

We would assign an *Engagement Leader* for any examination in which we are involved. Additional actuarial resources would come from senior actuaries, actuaries, and administrative staff associated with our firm, as appropriate.

The experience and background for each senior consultant that qualify him for the *Engagement Leader* role are identified in the detailed resumes included in the next section.

We believe that adequate staff resources will be available to meet any reasonable request for service placed upon us as a result of the Department's acceptance of this proposal. The senior consultants acting as *Engagement Leader* and supporting staff expect no difficulty in making themselves available, as necessary, for meetings with the Department or Company representatives.

We will endeavor to work out of our offices whenever possible, limiting travel to those visits which require them, or those specifically directed by the EIC or the Department.

Although we do not expect to utilize all of the following, we plan on drawing from the following staff for this engagement:

- Carl Harris, FSA, MAAA, FCA
- Morris Fishman, FSA, MAAA, CLU
- Doug Eckley, FSA, MAAA, PhD
- Philip Bieluch, FSA, MAAA
- Alan Burns, FSA, MAAA
- Sarah Christiansen, FSA, MAAA, PhD
- Donna Novak, ASA, MAAA, FCA
- Charles Emma, FCAS, MAAA

Carl F. Harris, FSA, MAAA, FCA

Carl is a Principal in the Des Moines office of Insurance Strategies Consulting, LLC. He has over 24 years of experience in the life insurance of the U.S.A., Canada, South America and the Caribbean and has worked for stock and mutual life insurance companies and as a consultant.

Carl has worked with clients in such areas as litigation support; product development and pricing; mutual reorganizations; demutualization & mutual insurance holding company; reinsurance strategies including financial reinsurance; corporate appraisals, mergers & acquisitions, statutory, GAAP and tax reporting; strategic planning; cash flow testing; financial modeling; financial projections; distribution and compensation systems; not-for-profit and regulatory valuation.

Carl has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

His work and professional experience give him a strong understanding of applicable laws and regulations and the processes used to review and analyze minimum statutory formula reserves and asset adequacy.

He has been a frequent speaker at actuarial and other insurance industry meetings and seminars including the Society of Actuaries, Conference of Consulting Actuaries and the Caribbean Actuarial Association. Mr. Harris has served on the Education and Examination committees of the Society of Actuaries, the NAIC Working Group on Mutual Insurance Holding Companies, the AICPA Task Force on Demutualization and the AAA Task Force on Demutualization.

Resume

- 2002 – ***Insurance Strategies Consulting, LLC*** (West Des Moines, IA)
CONSULTING ACTUARY AND PRINCIPAL - Co-founded this actuarial consulting firm in 2002 to provide actuarial and business solutions to the insurance industry. Clients include domestic and international insurance companies, regulatory bodies and marketing organizations.
- 1996 - 2002 ***Deloitte & Touche LLP*** (Des Moines, IA)
PRINCIPAL
- 1990 - 1996 ***Carl M. Harris & Associates*** (Des Moines, IA)
CONSULTING ACTUARY
- 1983 - 1990 ***The Statesman Group, Inc.*** (Des Moines, IA)
VICE PRESIDENT AND CHIEF ACTUARY

Insurance Strategies Consulting
Consultants To The Insurance Industry

1979 - 1983 *Protective Life Insurance Company* (Birmingham, AL)
ASSOCIATE ACTUARY

Insurance Strategies Consulting
Consultants To The Insurance Industry

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Morris Fishman, FSA, MAAA

Morris is a Principal in the St. Petersburg office of Insurance Strategies Consulting, LLC. He has over 30 years of experience in the life insurance of the U.S.A., Canada, South America and the Caribbean and has worked for stock and mutual life insurance companies and as a consultant.

In addition to his actuarial credentials, Morris is also a Chartered Life Underwriter (CLU, 1978); a Fellow of the Life Management Institute (FLMI, 1978); and a Chartered Financial Consultant (ChFC, 1988). He has also been a member of the Board of Directors (both as an inside and an outside director) of several corporations.

Morris has been a consulting actuary since 1982. Prior to that he held significant, responsible actuarial positions with several insurance companies.

Morris has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

He has performed valuations and signed annual statements while a consulting actuary and also as Chief Actuary of Charter National Life.

Resume

- 2002 – ***Insurance Strategies Consulting, LLC*** (Tarpon Springs, FL)
CONSULTING ACTUARY AND PRINCIPAL. Co-founded this actuarial consulting firm in 2002 to provide actuarial and business solutions to the insurance industry. Clients include domestic and international insurance companies, regulatory bodies and marketing organizations.
- 2001 to 2002 ***Hamilton Harbour Reinsurance, LTD.*** (Hamilton, Bermuda)
EXECUTIVE VICE PRESIDENT AND CHIEF UNDERWRITING OFFICER.
- 1982-2001 ***Fishman and Associates***
ASA
AON Consulting, INC., of New Jersey
Fishman and Associates clients were merged into ASA on November 1, 1999. ASA subsequently merged into AON Consulting on October 3, 2000.
SENIOR VICE PRESIDENT AND CONSULTING ACTUARY
- 1997-1998 ***Interstate Assurance Company*** (Des Moines, IA)
EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER

Insurance Strategies Consulting
Consultants To The Insurance Industry

- 1985 - 1989 ***Integrated Resources Life Companies*** (Fort Lee, NJ)
SENIOR VICE PRESIDENT, PRODUCT DEVELOPMENT AND MARKETING.
- 1979 – 1982 ***Charter National Life Insurance Company*** (St. Louis, MO)
VICE PRESIDENT AND CHIEF ACTUARY (CORPORATE DIRECTOR).
- 1977-1979 ***Life Investors Insurance Company*** (Cedar Rapids, IA)
ASSISTANT ACTUARY.
- 1974-1977. ***Kemper Life Companies*** (Long Grove, IL)
ASSISTANT ACTUARY.
- 1973-1974 ***Lincoln National Life*** (Ft. Wayne, IN)
COMPUTER PROGRAMMER.

Philip Bieluch, FSA, MAAA, FCA

In addition to his actuarial credentials, Phil is also a Chartered Life Underwriter (CLU) and a Chartered Financial Consultant (ChFC).

Phil has experience in actuarial positions in both consulting firms and insurance companies.

Phil has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion as discussed in the RFP.

He has also authored "BNA Portfolio on Insurance Products" published April, 2000.

Resume

- 2002 – ***Insurance Strategies Consulting, LLC*** (Avon, CT)
CONSULTING ACTUARY. Clients include domestic and international insurance companies, regulatory bodies and marketing organizations.
- 2001 to 2002 ***Hampton Re Limited*** (Hamilton, Bermuda)
SENIOR VICE PRESIDENT, CHIEF ACTUARY AND CORPORATE SECRETARY
- 1998-2000 ***Bieluch & Associates*** (Southborough, MA)
CONSULTING ACTUARY
- 1994-1998 ***Manulife Financial*** (Boston, MA)
VICE PRESIDENT, STRATEGIC DEVELOPMENT, U.S. OPERATIONS
- 1992-1994 ***Manulife Financial*** (Boston, MA)
ASSISTANT VICE PRESIDENT, CORPORATE INSURANCE PRODUCTS
- 1986-1992 ***Tillinghast – Towers Perrin*** (Hartford, CT)
PRINCIPAL AND CONSULTING ACTUARY
- 1982 - 1985 ***Delta Actuaries, Inc.*** (Hartford, CT)
PRESIDENT AND CONSULTING ACTUARY
- 1980 – 1981 ***Security-Connecticut Life*** (Hartford, CT)
ASSISTANT ACTUARY
- 1977-1979 ***Huggins and Company*** (Hartford, CT)
CONSULTING ACTUARY.

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Sarah Christiansen, Ph.D., FSA, MAAA

Sarah is a research actuary with specific experience in creating, developing, and maintaining mathematical models, and in designing original user friendly APL software tailored to the needs of the specific user. She has a reputation for quality work. In addition she has been a speaker at professional meetings.

Her experience includes dividend analysis, X-factor validation and financial review work for insurance regulators.

Sarah has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

For her former employer, Sarah has:

- provided primary support to the appointed actuary for the actuarial opinion and memorandum, coordinating all of the cashflow testing process, maintained all of the common internal APL modules, setting common assumptions for expenses, asset defaults and summarized and analyzed results,
- developed revisions and maintained the interest rate scenario models for cashflow testing and for setting the annuity crediting rate,
- coordinated with the IS department in developing cashflow's for all of the various asset classes,
- researched and/or developed models for cashflow's of derivatives and other asset based securities,
- provided support to other areas as needed, including internal consulting on annuity modeling,
- represented the company on a number of industry committees,
- revised all of the models from mainframe APL to user friendly PC APL complete with input forms, simplifying the work of the line actuaries,
- created representative scenario methodology, which enabled the company to test only 50 stochastic scenarios and have the reliability of 1000, and
- modeled the cashflow run-out with alternative reinvestment strategies including multiple combinations of different maturities of each asset type for the static reinvestment strategy enabling the cashflow testing model to be used for comparison of the interest rate risk associated with different investment strategies without having to actually invest funds in the specific manner.

Sarah has the following publications to her credit:

- "Representative Interest Rate Scenarios" NAAJ Vol. 2 No. 3 (1998), pp. 29-60.
- "Stability of Representative Crediting Rate Scenarios Under Monte Carlo Simulations", with Buchacker, K., Journal of Actuarial Practice, Vol. 6 (1998), pp. 113-148.

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- Workshop: “Representative Interest Rate Scenarios”, Contingencies, September/October, 1998, pp. 56-60.
- “The Markov Chain Interest Rate Generator Revisited”, J. Actuarial Practice, Vol. 2 No. 1 (1994), pp. 101-124.
- “A Practical Guide to Interest Rate Generators for C-3 Risk Analysis”, TSA XLIV (1992), pp. 101-134.
- “The Malpractice Crisis” Health Section News, April 1992, pg. 5.
- Many Articles in the Education and Research Section Newsletter.

Her strengths include a broad background in interest rate scenarios, assets and liabilities. She is capable of working with high level professionals to accomplish management and technical goals.

Resume

- 2002 – ***Insurance Strategies Consulting, LLC*** (West Des Moines, IA)
CONSULTING ACTUARY. Clients include domestic and international insurance companies, regulatory bodies and marketing organizations.
- 1985 to 2001 ***The Principal Financial Group*** (Des Moines, IA)
ASSOCIATE ACTUARY

Alan Burns, FSA, MAAA

Al has experience in actuarial positions in both consulting firms and insurance companies. His experience includes dividend analysis, demutualization feasibility study, X-factor validation, compliance with NAIC Illustration Regulation, financial review work for insurance regulators and directed life insurance mortality and lapse studies.

Al has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

For one of his former employers, Al has:

- Supervised a staff of six, which included two FSA's and an ASA.
- Had full accountability for the entire product development process. Products developed included participating whole life, paid-up insurance riders, term, universal life, flexible premium deferred annuities, and single premium intermediate annuities. Designed new marketing concepts. Referred to in the Marketing Department as "the actuary who can talk".
- Was one of the five senior officers selected for the transition team when American Mutual Life began merger proceedings in July, 1994. Was heavily involved in staffing issues. Participated extensively in the due diligence process.
- Provided actuarial support necessary to maintain and administer all company products. Revised dividend scales for existing business to provide for equitable distribution and supervised the installation into the daily cycle files.
- Directed all the experience studies performed in the Actuarial Department including expense analysis and lapse studies.
- Performed a number of financial reporting functions such as the development of the company's corporate projections. In addition, was involved in valuation.
- Assisted in corporate planning by analyzing such concepts as optimal growth.
- Analyzed the effects of changes in federal income tax law on the overall company operation and product development.
- Selected, managed and evaluated actuarial students.
- Served as the contact person for the Data Processing Department.
- Resolved a number of issues related to the installation of a GAAP system.
- Assumed the role of Valuation Actuary from October 1984 to June 1985. Developed all FIT reserves required for the compliance with TRA 84. Prepared Page 6 and Exhibit 8 of the Statutory Annual Statement.
- Served as Actuarial Consultant in the conversion of the computer system to LIFE/70.

Resume

2002 – *Insurance Strategies Consulting, LLC* (West Des Moines, IA)

Insurance Strategies Consulting
Consultants To The Insurance Industry

CONSULTING ACTUARY. Clients include domestic insurance companies, regulatory bodies and marketing organizations.

1995 to 2002 ***The Principal Financial Group*** (Des Moines, IA)

ACTUARY

1976 to 1995 ***American Mutual Life Insurance Company*** (Des Moines, IA)

ACTUARIAL VICE PRESIDENT, PRODUCT DEVELOPMENT AND MANAGEMENT

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DOUG ECKLEY, PH.D., FSA, MAAA

Doug has experience in actuarial positions in both consulting firms and insurance companies. His experience auditing, cashflow analysis, financial reporting, and mergers and acquisitions. His clients have included both domestic and international.

Doug has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

In addition to his other credentials, Doug is a Ph.D. in Economics. He has also taught actuarial science as an adjunct professor at Maryville University in St. Louis, MO. and Risk Management, Financial Institutions and Principles of Finance at Howard University in Washington, DC.

Doug is a CPA (NY only) but is not currently active. He has also spoken at various Society of Actuaries Meetings.

Doug has the following publications to his credit:

- Two published in Transactions, Society of Actuaries (1987 and 1992)
- Three discussions in Transactions, Society of Actuaries (“SOA”)
- Three articles published in The Actuary
- Co-author of two SOA monographs used on the SOA examination series Monograph written for 2nd AFIR International Colloquium (1991)
- Foreword to SOA Reports 1995-1996
- Foreword to SOA Reports 1997-1998

Resume

- 2002 – *Insurance Strategies Consulting, LLC* (Washington, DC)
CONSULTING ACTUARY. Clients include domestic and international insurance companies, regulatory bodies and marketing organizations.
- 1999 to 2002 *Deloitte & Touche LLP* (Washington, DC)
SENIOR MANAGER
- 1991 to 1999 *Doug Eckley Consulting* (Washington, DC)
CONSULTING ACTUARY
- 1982 to 1991 *Tillinghast-Towers Perrin* (St. Louis, MO)
VICE PRESIDENT AND CONSULTING ACTUARY
- 1976 to 1982 *Ernst & Young* (New York, NY)
CONSULTANT

Insurance Strategies Consulting
Consultants To The Insurance Industry

CHARLES EMMA, FCAS, MAAA

Chuck has experience in actuarial positions in both consulting firms and insurance companies. His experience auditing, cashflow analysis, financial reporting, and mergers and acquisitions.

Chuck has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

Chuck has participated as an attendee and as a faculty member of the CAS/DFA Seminar, Ratemaking Seminar, CLRS and other CAS educational seminars.

Chuck has served on various boards of the CAS and as Chair of several committees and subcommittees.

Chuck has the following publications to his credit:

- Understanding the Residential Market, Risk Management Direction (1991)
- RBC's Third Party, North American Insurance Bulletin (1994)
- RBC's Third Party, Bowne Insurance Quarterly (1994)
- Parameterizing the Public Access Model, CAS Forum (1999)
- A DFA Application Linked to Corporate Strategy, CAS Forum (Prize Winning Paper) (2000)

Resume

2003 – *Pinnacle Actuarial Resources, Inc* (Geneva, IL)
CONSULTING ACTUARY

1998 to 2003 *Miller, Herber, Lehmann & Associates, Inc.* (Geneva, IL)
CONSULTING ACTUARY

1991 to 1998 *Deloitte & Touche, LLP* (Chicago, IL)
CONSULTING ACTUARY

1989 to 1991 *The Wyatt Company* (Chicago, IL)
CONSULTING ACTUARY

1985 to 1989 *Zurich American Insurance Companies* (Chicago, IL)
ACTUARY

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DONNA NOVAK, ASA, MAAA, FCA, FLMI

Donna has over 30 years of diversified management and consulting experience with health insurance carriers and employee benefits consulting firms. Donna's experience includes consulting specializing in managed care plan and regulatory assignments.

Donna has the necessary experience and education (basic and continuing), per the Academy of Actuaries *Qualification Standards for Prescribed Statements of Actuarial Opinion*, to render a public statement of actuarial opinion.

Donna has been the primary speaker at actuarial workshops, congressional staff briefings and association conferences on many technical topics including Risk Based Capital, Insurance Market Reform, and Insurance Cost Projections.

She has managed review teams that did financial and operational analysis of Blue Cross Blue Shield Plans. Her teams were responsible for analysis, monitoring and reporting to the Blue Cross and Blue Shield Association Board on potential problems and provide progress reports on prior initiatives to improve below standard financials.

She has also had client responsibility focusing in the areas of health care cost containment, health plan benefits design, and reserving and pricing; worked with local managed care plans to support financial statement preparation, financial projections, Medicare Risk filing, Medicaid Risk filing and provider contracting; and worked with insurance departments, insurance carriers and HMOs to calculate and review claims reserves.

Donna has played a lead role in activities at the American Academy of Actuaries including:

- Vice-president of the Financial Practice Council;
- Chairman of the Medical Subgroup of the Health Risk Based Capital Work Group, which addressed capital requirements indemnity carriers, HMOs and PHOs;
- Member of committee that advised reviewed the Health Care Financing Administration's new risk-adjuster mechanism for Medicare; and
- Chairman of the work group that drafted the proposed Health Reserve Guidance Manual for the National Association of Insurance Commissioners (NAIC).

Donna's 16 years of consulting experience includes:

- Special advisor to HCFA on Medicare coverage issues.
- Provided consulting services to state regulators reviewing carrier business affiliations and mutual holding company conversions. Helped managed care clients understand state and federal regulations and their financial impact.
- Provided actuarial support and advice to state teacher's insurance trust.

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- Support filing for Medicare Risk contracts, Medicaid Risk contracts and Federal Employee Health Benefit Plan contracts
- Prepare and review actuarial reserve opinions. Provide audit support reviewing reserves of HMOs. BlueCross/BlueShield Plans and commercial carriers for two big five accounting firms. Arbitrator in health claim reserve dispute between two health insurance entities.
- Developed a corporate strategy for the Federal Employees Program of a large BlueCross/BlueShield Plan

Three years of BlueCross/BlueShield Association experience includes:

- Senior actuary and team leader responsible for actuarial monitoring of BlueCross/BlueShield Plan performance. Monitoring included strategic plan review and claim reserve level monitoring.
- Provided actuarial consulting support to BlueCross/BlueShield Plans.
- Provided advice to the NAIC on BlueCross/BlueShield specific issues such as treatment of ASC and FEB contracts in the development of Health Organization Risk-Based Capital.
- Followed Association regulatory issues in Washington D.C. and at the NAIC. Interpreted insurance regulation and carrier responsibilities under state and federal regulations.

Twelve years of commercial carrier experience includes:

- Director of Group Division Strategic Projects responsible for managing inter-department strategic projects including new product marketing, pricing, underwriting, customer service and membership services.
- Data Processing Manager responsible for actuarial support systems, statutory accounting systems.
- Coordinated cost effective implementation of all new marketing products from the data processing systems and administrative procedures perspective including production of administrative manuals. Two years of responsibility for data processing education, office automation, and the information center.

Subcontractors

See the previous section for this information.

SCOPE OF WORK AND DELIVERABLES

Insurance departments require a broad range of technical and business skills in connection with financial examinations. As detailed in this document, we believe that Insurance Strategies offers the type and quality of actuarial services your Department requires. Our actuaries are engaged in similar work with other Insurance Departments, as well as a full range of projects including product pricing, risk analysis, actuarial appraisals, merger & acquisition work, due diligence opinions, reinsurance analysis, rating agency presentations, performance measurement, and extensive audit support.

We have assembled a team experienced in serving Insurance Departments which will be able to coordinate services for you, drawing on staff resources as needed for the type of work you require. We are noted for our commitment to quality and ability to customize solutions to the needs of our clients. Included in our scope of services are actuaries who specialize in the life, health and property and casualty areas.

We are extremely proud of the exemplary reputation we enjoy among regulators, the financial community, our peers and our clients. These firm-wide qualities are fully reflected in our actuarial group, a talented and diverse group of professionals dedicated to quality service.

Working with Insurance Strategies' actuaries, you will see us undertake all assignments with enthusiasm. We roll up our sleeves, get the job done, get it done right, get it done on time and get it done on budget. We are a group of professionals who anticipate the issues so we can be proactive rather than reactive.

We believe that effective communication with our clients is the crucial ingredient to successful service. We customize our staffing and work-plans to fit your specific needs, and keep you apprised of all costs and the status of our work. We believe strongly in a "no surprises" approach to our services. Our style leads to a team that is easy to work with. You can be confident that the people on your team will always have your best interests in mind.

We have assembled teams with the right blend of skill levels for a specific project, and to control costs for the client. Our actuaries are dispersed in multiple locations in the United States, and are accustomed to working with each other in a fluid, project-based structure. Project managers are trained to marshal resources effectively in a variety of settings, and are rewarded for leveraging the actuarial skills in our organization effectively.

Insurance Strategies' senior staff consultants each have many years of experience with insurance statutes and regulations. This experience comes from prior work experience as actuaries for licensed insurance companies, experience in NAIC regulatory activities, and through prior insurance company financial review work.

In addition, each of the senior staff consultants has a strong professional standing through representation on committees and in activities of the Society of Actuaries, the American Academy of Actuaries and the Conference of Consulting Actuaries as well as frequent speakers and authors on industry issues.

Insurance Strategies Consulting
Consultants To The Insurance Industry

The following contains a range of services a consultant retained for this assignment would be expected to perform. In general, we will conform the level of services we provide to the specifications set out at the time of the engagement. As stated previously, if the use of any subcontractor is necessary, they will carry out their assignments, under the direction and control, and with the same level of integrity and expertise of Insurance Strategies.

We will follow the advice, counsel, guidance, and direction of Department staff with respect to the application of Michigan law and regulations. In particular, we would expect to follow any previously established Department standards relative to the manner in which the requested review and analysis should be conducted. Applicable Actuarial Standards of Practice would be considered and applied.

The services we can provide include the following:

- ◆ A review of the valuation support material provided by the Company for compliance with applicable Michigan valuation law and regulations.
- ◆ A review of the Actuarial Opinion and Memorandums filed in accordance with applicable professional standards. We would apply as standards for that review applicable Michigan law and regulation and appropriate Actuarial Standards of Practice.
- ◆ An opinion on whether or not the appointed actuary for the Company has complied with applicable Actuarial Standards of Practice which provide guidance on generally accepted actuarial standards of practice.
- ◆ With respect to any apparent violations by the appointed actuary of the Code of Professional Conduct discovered during our assignment, we would follow the guidance provided by Precept 10 of the Code (Courtesy and Cooperation) and Precept 13 (Violations of the Code of Professional Conduct). To the extent that these apparent violations of the Code result in a lack of compliance with laws or regulations of Michigan or standards established by the Department, we will bring these issues to the Department's attention and discuss appropriate remedies with Department staff.
- ◆ Discussion with Department personnel, in advance, of particular areas of concern or focus which have developed over the course of prior examinations either in general or in relation to the particular Company assigned for current review.
- ◆ Meetings with Department staff to report, explain, and discuss the determinations and recommendations made as a result of the review and analysis process.
- ◆ Meetings, as necessary, with Company personnel at the Company's office to gather information, get clarification, or provide feedback regarding the valuation provided to us and under review.
- ◆ Availability for hearings or litigation which involves any work product produced by us during an assignment.

In all instances, we will comply with all aspects of Article 1.1 of the RFP.

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WORK PLAN

With respect to each examination assignment, we would assign an appropriate senior consultant as *Engagement Leader* to serve as a liaison with the Department.

We would expect that the *Engagement Leader* would be assigned a specific liaison or contact within the Department or the Examination Coordinator (“EIC”). Our relationship with the Department during the course of any assignment would be coordinated through this individual or an assigned backup.

We suggest that a briefing by appropriate Department personnel regarding the specific scope and depth of the expected review and analysis precede any engagement. A determination of whether or not a Company has complied with applicable valuation standards can range from: (1) a duplication of all calculations embodied in the material they provided to the Department to; (2) a less strenuous effort aimed at uncovering only significant areas of non-compliance (if any) to some specified degree of certainty.

With respect to any specific Company assignment, we would expect our work to proceed as follows:

- ◆ Receive materials from the Department or the Company directly. We assume that these would be provided in the form provided by the Company and would contain any relevant additions created by the Department. Included in these materials would be the Company’s actuarial report. From this report, we will:
 - determine whether it is in compliance with Michigan statutes and regulations,
 - determine whether it is compliance with applicable actuarial standards, and
 - determine whether it is consistent with the reserving methods for the underlying business.
- ◆ Discuss with the Department the length of time our review could be expected to take and provide a schedule for preliminary reports (if necessary), meetings at the Company, and delivery of the final report and discussion.
- ◆ The Department will inform the Company that we have been retained to do the review and provide appropriate contacts at the Company.
- ◆ We would do an initial review of the material provided and, based on that, request additional information (if any is needed) from the Department or from the Company, as appropriate, following procedures for doing this established by the Department.
- ◆ Coordinate with the appointed examiners our specific needs for the underlying data integrity test-work and segregation of duties.
- ◆ Meet, as required, with Company personnel involved in the examination.
- ◆ Complete analysis, prepare and deliver final report.
- ◆ All work will follow all applicable actuarial standards and will be in accordance with the NAIC Examiners Handbook.

All reports and work papers will be tailored to meet the specific needs of the Department and will be fully documented, cross-referenced and contain notes and any conclusions for all of the steps performed.

At this point, due to differences in company size and makeup, it is impossible to provide an estimate of the person-hours for each task for all assignments. We would coordinate this with the EIC prior to the start of any engagement. Any deviation from the initial estimate will be approved by the EIC prior to continuation with the assignment.

The above is only a suggested approach. We would be happy to conform the proposed work plan to any reasonable standards the Department has in place, or would prefer, for this type of work.

In all instances, we will comply with all aspects of Article 1.3 of the RFP.

COMPENSATION AND PAYMENT

All rates in our proposal in response to this RFP will be firm for the duration of the Contract. No price changes will be made.

In all instances, we will comply with all aspects of Article 1.6 of the RFP.

SECURITY

Insurance Strategies, may in the course or performing duties under this proposal, visit State of Michigan facilities. We are very concerned about security and safety of its personnel. Insurance Strategies, as well as any subcontractors, will comply with all requirements of the State of Michigan with regard to any necessary background checks and the requirements of any ID badges.

AUTHORIZED EXPEDITOR

Please forward any question of requests for additional information to:

Carl M. Harris
Insurance Strategies Consulting, LLC
5000 Westown Parkway
Suite 310
West Des Moines, IA 50266
(515) 273-3530
(515) 221-0327 fax
charris@insurance-strat.com

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EQUAL OPPORTUNITY EMPLOYER

Insurance Strategies is in full compliance with all relevant Federal and State Equal Opportunity and Non-discrimination Laws, Regulations, and Executive Orders.

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ADDITIONAL INFORMATION

Attached as Exhibit A please find *State of Michigan Invitation to Bid* as required by the RFP.

Attached as Exhibit B please find *Article 3 – Certifications and Representations* as required by the RFP.

**APPENDIX D
CONTRACTORS PRICING**

5000 Westown Parkway
Suite 310
W. Des Moines, IA 50266
(515) 273-3530
Fax (515) 221-0327
charris@insurance-strat.com

Insurance Strategies Consulting, L.L.C.

September 14, 2004

Mr. Greg Fairmouth
Department of Management and Budget
Acquisition Services
State of Michigan
2nd Floor
Ottawa Building
P.O. Box 30026
Lansing, MI 48909

Re: *Request for Cost Proposal for Actuarial Services*

Dear Mr. Fairmouth:

Insurance Strategies Consulting, LLC ("Insurance Strategies") is pleased to provide our cost proposal in response to the Request for Proposal for Actuarial Services dated August 8, 2004. We believe that our firm has the requisite experience and qualifications to assist the State of Michigan in the examination of insurance companies. Our firm was pre-qualified for the period ending September 30, 2004.

We have included this document in a separate envelope from the technical proposal, as per the instructions.

We very much look forward to the opportunity to work with the Michigan Insurance Department.

Should you have any additional questions or comment, please feel free to contact:

Carl M. Harris
Insurance Consulting Strategies, LLC
5000 Westown Parkway
Suite 310
West Des Moines, IA 50266
(515) 273-3530
(515) 221-0327 fax
charris@insurance-strat.com

Sincerely,

Des Moines

St. Petersburg

Chicago

C:\vny_data\State of Michigan\cost proposal for 2004.doc

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From: Carl Harris
Date: September 14, 2004

Carl M. Harris

CMH/as

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FEES

Insurance Strategies believe that its rates are very competitive with the industry, when considered with the level of knowledge and experience.

During the period of this proposal and engagement, we are pleased to offer a rate of \$190 per hour for all services contained in this proposal, inclusive of all costs except travel and travel related costs. The only additional amounts to be charged and collected would be those in connection with any out-of-pocket expenses related to travel. Any expenses will be in accordance with those allowable by Michigan.