

Office of the Special Deputy Receiver
222 Merchandise Mart Plaza
Suite 1450
Chicago, IL 60654
312-836-9500
www.osdchi.com

**REQUEST FOR PROPOSAL
FOR POOL OF QUALIFIED
CLAIMS EVALUATION
SERVICE PROVIDERS**

Proposal deadline – November 23, 2009

November 4, 2009

BACKGROUND

Pursuant to the Illinois Insurance Code (Code), the Director of Insurance of the State of Illinois (Director), is appointed as Conservator, Rehabilitator or Liquidator of domestic insurance companies which have been determined by the state courts to be insolvent or to meet provisions or grounds for conservation, rehabilitation or liquidation as specified in the Code. The Director, as Conservator, takes possession and control of the insurance company for the purpose of determining its condition. The Conservator maintains possession and control of the company until the court vacates the seizure order, either when the Director determines not to institute proceedings against the insurance company for rehabilitation or liquidation or upon court order pursuant to conservation proceedings. As Rehabilitator, the Director conducts the business of the insurance company and implements a plan of rehabilitation, if feasible. As Liquidator, the Director marshals the assets of the insurance company and liquidates such assets as appropriate, while managing the business and affairs of the company as approved by the state courts, including the payment of court approved creditor's claims.

The Director is empowered by the Code to appoint a Special Deputy as his agent to supervise the conservation, rehabilitation or liquidation of the insurance companies. The Office of the Special Deputy Receiver (the "OSD"), an Illinois not-for-profit corporation, supports the activity of the Special Deputy acting in that capacity to manage the affairs of insurance companies placed in conservation, rehabilitation or liquidation (Estates). The activities of rehabilitation and liquidation are conducted at the OSD, located at 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654; (312) 8369500.

Introduction

In order to address the need for scalability in its staffing requirements, the OSD is requesting proposals from firms that can provide claims evaluation services ("Claims Services Providers") on an as needed basis. The purpose of this request for proposals ("RFP") is to create a pool of qualified Claims Services Providers from which the OSD can draw, during calendar year 2010, for purposes of supplementing its Claims Department staff on an as needed basis. The OSD seeks to identify three or more Claims Services Providers who will be eligible during the 2010 calendar year to facilitate, on an as needed basis, the evaluation of claims on behalf of certain of the Estates.

Scope Of Work

The purpose of your engagement would be to provide temporary claims staff, on an as needed basis, for the performance of claims evaluations (the "Claims Professionals") for certain Estates being administered by the OSD. The duration of the assignments made to the selected Claims Services Providers under their respective engagement

contracts may be either short or long term, depending upon the needs of the OSD and the Estates. The claims evaluation activities include:

1. Verifying and applying coverage.
2. Assessing liability and damages.
3. Completing entry of data into the claims management system.
4. Issuing claim notices of determination.
5. Resolving objections to claim determinations.

Mandatory Service Specifications

1. Claim exposures may include, but are not limited to, general liability, toxic tort, professional liability, product liability, property, commercial auto, construction defect, workers compensation, life and accident & health.
2. The Claims Professionals must possess:
 - a. A minimum of 8 years multi-line claims experience including a general knowledge of Commercial and Personal Lines claims handling at the primary and excess levels;
 - b. the ability to successfully evaluate, negotiate and settle complex claims in preparation for adjudication in accordance with OSD standards; and
 - c. a bachelors degree or experience commensurate with mid to senior level claims examiner.
3. The Claims Professionals will work either on premises at the OSD or the worksite of an estate being administered by the OSD.
4. After a brief training period, the Claims Professionals will be expected to meet a claims performance metric comparable to permanent OSD claims staff.
5. The Claims Professionals' work will be measured by OSD's claim management team both for production and quality.
6. The OSD will make determinations as to the number of Claims Professionals to be used based upon the needs of the Estates, from time to time, and may suspend the use the of the Claims Professionals in its sole and absolute discretion.

Timetable

<u>Event</u>	<u>Date</u>
RFP published	November 4, 2009
Deadline for written questions	November 13, 2009
Written responses posted to OSD web site	November 19, 2009
Proposal deadline	December 4 , 2009
Proposal Evaluation Completed	December 18, 2008 (Anticipated)
Notification to awardees	December 21, 2009 (Anticipated)
Finalize contract(s)	TBD

Proposals - General

Send or deliver your proposal package, consisting of one signed original and six printed copies of your proposal to:

Ellen Fickinger Claims Manager
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 1450
Chicago, IL 60654

All proposal packages must be actually received by the OSD no later than 4:00 P.M. Central Time on December 4 , 2009. Any proposal package that is incomplete, or actually received after 4:00 P.M. Central Time on December 4 , 2009 shall be disqualified from consideration for award.

Although other OSD employees will participate in this program, the Claims Department Manager will be the exclusive point of contact for questions, suggestions, and requests during the RFP phase. Send written communications to her at efickinger@osdchi.com. The OSD will disqualify Proponents who engage in prohibited communications of a material nature, as determined by the OSD.

Each responding Claims Services Provider will bear all expenses associated with preparing, providing, and presenting their response to this RFP. Claims Professionals of a winning Claims Services Provider will be required to sign and submit both an OSD security policy before they may be given access to the OSD's computer network, and a confidentiality agreement.

Proposal Guidelines

- A. Complete a copy of the "Request for Proposal-Vendor Application Form" and attach to the cover letter to your proposal;
- B. Proposals must include a statement as to your understanding of the assignment, its scope and duration.
- C. Proposals must include a statement of your hourly rates and range of any additional costs to perform job administration including out-of-pocket expenses. You may choose to include in your proposal either a blended hourly rate applicable to all claims examiners that you may provide to the OSD, on an as needed basis, or a range of rates, in which case you must set forth how the rate structure shall be applied.
- D. Proposals must include 10 resumes of claims examiners currently available for assignment to the OSD and representative of the skills and experience levels of the claims examiners your firm proposes to provide, if selected.
- E. Proposals must identify the managing staff who will be assigned to this relationship with the OSD and include a copy of each such person's resume.
- F. Proposals, and any resulting contracts, must include assurances that the hourly rates set forth in your proposal will not increase during calendar year 2010, except for changes in the scope of the project (*i.e.* increased claims difficulty or complexity, or other unforeseeable developments).
- G. Please provide a list of similar engagements completed by your firm including references and contact information.
- H. This RFP does not commit the OSD to select or enter into a contract with any firm. The OSD reserves the right to reject any and all proposals and to enter into multiple contracts.
- I. Proposals must include a statement that you will immediately report to the Special Deputy Receiver any defalcations or other irregularities you may discover in the course of your work.
- J. Provide any additional information about your firm which you feel would be relevant or helpful to OSD.
- K. All proposals must state that they remain firm for 60 days from opening.

Evaluation and Selection

The OSD intends to enter into contracts with the Claims Services Providers that, in the OSD's opinion, best meet the responsiveness and price criteria described below. However, this RFP does not commit the OSD to select or enter into a contract with any organization, and the OSD reserves the right to reject all proposals. The OSD will use a committee to review and evaluate proposals. We will make all decisions on compliance, evaluation, terms and conditions, and shall make decisions solely in the best interests of the OSD and the estates we administer.

We may request Best and Final Offers when appropriate.

Evaluation of Compliance

The OSD will determine whether the proposals comply with this RFP. Failure to meet the requirements set forth in this RFP, in whole or in part, will affect our evaluation.

Evaluation of Responsiveness

The OSD intends to use a point ranking system to aid in the evaluation process and reserves the right to use its discretion to eliminate proposals deemed unacceptable. We intend to consider and use information supplied in Statements of Qualifications, Proposals, reference contact interviews, information sharing meetings, and final presentations of Proposals.

We will separately determine how well proposals satisfy the RFP objectives in terms of responsiveness, and we will rank proposals, without consideration of price, using a point ranking system (unless otherwise specified). The OSD may re-contact references during this portion of the evaluation.

The following list describes the responsiveness evaluation system.

1. The maximum number of points for responsiveness is 110.
2. Firms who receive less than 85 responsiveness points will not be considered for price evaluation and selection.
3. Firms that receive fewer than half of the maximum points for any of criteria 1 - 9 will be rejected.
4. The following table identifies the responsiveness criteria and their relative weights (points):

	Responsiveness Criteria	Points (maximum)
1	Compliance with RFP requirements	10
2	Insurance Experience	15
3	Claims Evaluation Experience	35
4	Qualifications of Company's Examiners	40
5	References	10
	Total (maximum)	110

With respect to each of the Responsiveness Criteria, the OSD will determine whether any failure to supply information, or the quality of the information provided, will result in the downgrading or rejection of a proposal. Firms whose proposals meet minimum responsiveness requirements will be eligible for further consideration in the next phase – the evaluation of price.

Evaluation of Price

The OSD will rank proposal prices on a relative basis. We will calculate prices based upon the bidders' stated hourly rates, whether consisting of a blended rate or a range of rates, in addition to fixed price components, if any. When a proposal includes a range of rates, we will use the highest number in that range. The OSD reserves the right to disqualify proposals having prices that appear unrealistic or significantly understated for the services offered.

The maximum number of price points is 60. We will determine price points using the following formula:

$$60 \times \text{lowest proposal price} / \text{firm's proposal price} = \text{price points.}$$

Evaluation score

The maximum number of combined responsiveness and price points is 170. The maximum values of 110 and 60 points approximately represent a 60:40 ratio of responsiveness to price. The ratio may be different for actual point values as scored by the evaluation committee.

Standard Terms and Conditions

The OSD recognizes that although it is a private not-for-profit corporation organized under the laws of the State of Illinois, its activities are assigned by the Illinois Director of Insurance when acting in the capacity of statutory and court-affirmed Receiver of insurance companies. The OSD further recognizes that its representation of the

Director of Insurance, as Receiver, arises from the powers of attorney given by the Director to the Special Deputy who also fills the positions of President and Chief Executive Officer of the OSD. Accordingly, it is the policy of the OSD not to contract with any person or entity that is in violation of the laws of the State of Illinois or is barred from contracting with the Illinois Department of Insurance, under Illinois Public Act 095-0971, or otherwise. OSD Requests for Proposal and resulting contracts require purchaser compliance with state law.

All costs arising from or related to a firm's developing and submitting a proposal are the sole responsibility of the responding firm.

This RFP does not commit the OSD to select an Awardee or enter into a contract with any party. The OSD reserves the right to rescind or revoke this RFP prior to the execution of a contract with the Awardee. The OSD may in its sole discretion: reject a proposal if it is non-responsive or non-compliant with the requirements set forth in this RFP; or waive minor discrepancies in any proposal. All materials submitted in response to this RFP shall become the property of the OSD and will not be returned.

The OSD reserves the right to reject all proposals; to reject individual proposals for failure to meet any requirement; to award by item, part or portion of an item, group of items, or total; and to waive minor defects. We may seek clarification of the proposal from you at any time, and failure to respond is cause for rejection. Clarification is not an opportunity to materially change the proposal. Submission of a proposal confers on you no right to an award or to a subsequent contract. The RFP process is for the OSD's benefit only and is to provide the OSD with competitive information to assist in the selection process. All decisions on compliance, evaluation, terms and conditions will be made solely at our discretion and made to favor the OSD.

You may submit your proposal by mail, courier service, or hand-deliver. We do not allow computer, fax, or other electronic submissions. We must actually receive proposals as specified. It will not be sufficient to show that you mailed or commenced delivery before the due date and time. All times are State of Illinois local times.

The content of a proposal submitted by a firm is subject to verification. Misleading or inaccurate responses will result in disqualification.

Proposals become the property of the OSD and these and late submissions will not be returned. Your proposal will not be confidential, unless you request in your proposal that we treat certain information as proprietary. We will not honor requests to treat entire proposals as confidential or proprietary. You must show the specific legal grounds that support an assertion that specified material in your RFP is proprietary. Regardless, we will disclose the successful firm's name and the price, and in presenting a petition for approval of the award by the Circuit Court of Cook County, Illinois, the OSD and the Director, as Receiver, reserves the right to disclose the names of all firms that submitted a proposal, and copies of all such proposals. If you request confidential treatment, you must submit an additional copy of your

proposal with proprietary information deleted. This copy must tell the general nature of the material removed and shall retain as much of the proposal as possible. You agree the OSD may copy the proposal to facilitate evaluation and any necessary court approval. You warrant that such copying will not violate the rights of any third party.

Firms must be prepared for the OSD to accept the proposal as submitted, but contract negotiations may be necessary or desirable, at the OSD's sole option. If negotiations do not result in an acceptable agreement, the OSD may reject the proposal or revoke the award and may begin negotiations with another firm. Final contract terms must be approved or signed by the appropriately authorized OSD official(s) and approved by the Circuit Court of Cook County, as required by statute.

We will post a notice to the OSD Web site, www.osdchi.com, identifying the apparent awardees. The notice extends the 60-day proposal firm time until we sign a contract, including the obtaining of any required court approval(s), or determine not to sign a contract.

If you are an awardee, you shall not commence, and will not be paid for any billable work prior to the date all parties execute the contract, unless approved in writing in advance by the OSD's Chief Executive Officer and either the Purchasing Party or Procurement Officer.

This RFP and the resulting contracts are to be governed by the laws of the State of Illinois. Changes in applicable laws and rules may affect the award process or the resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP will be brought in the Circuit Court of Cook County, in Illinois. We do not allow binding arbitration.

Any contract entered into between the OSD and an Awardee under this RFP shall provide that, throughout the term of the agreement, the Awardee shall maintain workers' compensation insurance on all its employees and General Commercial Liability-occurrence insurance in the minimum amounts of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate. All such insurance shall be maintained with reputable insurance companies duly licensed to conduct business in the State of Illinois. Prior to the commencement of work, the Awardee shall provide the OSD with certificates of insurance evidencing that it is maintaining workers' compensation insurance and comprehensive liability insurance.

All fees paid under the contract negotiated with the firm awarded the contract are subject to review pursuant to the provisions of Section 202 of the Illinois Insurance

Code, 215 ILCS 5/202. In the event that any fees paid to your firm for services are subsequently disallowed by one or more of the courts supervising the estates administered by the OSD, your firm agrees to promptly reimburse the Receivership Estate(s) from which those fees were paid.

Inquiries

Please submit all questions concerning this RFP to the OSD's Claims Manager at efickinger@osdchi.com.

APPENDIX A

Office of the Special Deputy Receiver

REQUEST FOR PROPOSAL VENDOR APPLICATION FORM

Legal Contractual Name of Corporation:

Contact Person for Agreement:

Corporate Mailing Address: City, State and Zip Code:

E-Mail Address: _____

Phone: _____ Fax: _____

Contact Person for Proposals:

Title: _____

E-Mail Address: _____

Business Telephone: _____

Business Fax: _____

Names & Titles of Corporate Board Members (Also list Names & Titles of persons
With written authorization/resolution to sign contracts)

Names	Title	Phone
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Federal Tax Identification Number: _____