

**Alabama Department of Insurance  
REQUEST FOR PROPOSAL  
for  
Professional Market Conduct Examination Services  
for all types of insurers**

**PROPOSALS MUST BE RECEIVED BY  
3:00 P.M. CENTRAL TIME ON JUNE 8, 2012**

**THIS REQUEST SHOULD BE CAREFULLY REVIEWED.  
FAILURE OF A PROPOSAL TO CONFORM TO THIS  
REQUEST MAY CAUSE REJECTION OF THE PROPOSAL**

**Part 1. Solicitation; Description of Services; Qualifications.**

**1.1. Solicitation of proposals.** The Alabama Department of Insurance (DOI), a department of the state government of Alabama, solicits proposals from qualified Respondents to enter into a contract with DOI to furnish the Services described in this Request for Proposal (RFP) during the period beginning on October 1, 2012, and ending on September 30, 2013. If selected, the Respondent shall execute a contract with DOI in the form of Exhibit "A". The final contract will include a maximum dollar amount determined by the DOI to be the maximum amount that can be invoiced to DOI. Contracts may be awarded to multiple qualified Respondents as a result of this RFP.

**1.2. Description of Services.** The following Services shall be provided under a contract awarded as a result of this RFP on an as-requested or as-needed basis:

**1.2.1.** On behalf of and as directed by the DOI, the contractor will conduct market conduct examinations of insurers in accordance with the Market Regulation Manual of the National Association of Insurance Commissioners (NAIC), the NAIC's Accounting Practices and Procedures Manual, and DOI regulations and instructions; will evaluate the compliance of insurers with the Alabama Insurance Trade Practices Law and agent/producer licensing statutes by reviewing the insurer's claims handling, payment practices and agent/producer licensing compliance; will provide a written report of findings to be incorporated in the report of examination of the insurer; will review policy form and rate filings; will conduct examinations of surplus line brokers; will testify concerning the contractor's examination work as needed in administrative hearings and court proceedings; and will provide such other services within the scope of the described services as may be determined by the DOI.

**1.2.2.** The DOI expects the examinations will relate to selected insurers covering three to five year periods ending December 31, 2011, and December 31, 2012.

**1.2.3.** A copy of documentation relative to the task assigned such as producer licensing information, complaints, specific issues and market analysis will be provided at the date of assignment.

**1.2.4.** An examination may be limited to only evaluating the compliance of insurers with the Alabama Insurance Trade Practices Law and agent/producer licensing statutes by reviewing the insurer's claims handling, payment practices and agent/producer licensing compliance.

**1.2.5.** An examination may be limited to the review of policy form and rate filings.

**1.2.6.** An examination may be limited to the review of books and records of surplus line brokers or other insurance producers.

**1.2.7.** As necessary in the context of a particular examination, the contractor will be required to coordinate the activity of all NAIC zone examiners.

**1.2.8.** For each examination, the contractor will prepare an examination report in accordance with the NAIC's Market Regulation Manual, the NAIC's Accounting Practices and Procedures Manual, and directions of the DOI.

**1.2.9.** The contractor shall use TeamMate®, a Wolters Kluwer proprietary software system designated by the DOI for workpaper preparation. At its expense, the contractor must have or acquire a license to use the system. The contractor must enter into, or have previously entered into, a confidentiality agreement with the DOI (Exhibit "B" attached) confirming the manner in which the contractor will use the TeamMate® software system.

**1.3. Qualifications.** Only experienced insurance examination firms will be considered for a contract award. Persons or firms that are unable to demonstrate the described qualifications should not submit a response to this RFP. The Respondent must have the following qualifications:

**1.3.1.** A minimum of one Certified Insurance Examiner (CIE) on staff with five (5) or more years of market conduct examination experience who shall perform or supervise the performance of the Services by the contractor. Consideration will be given for staff with the Accredited Insurance Examiner (AIE) designation.

**1.3.2.** Demonstrated knowledge and experience in using ACL and TeamMate® software and the ability to prepare and maintain work papers utilizing TeamMate® over the course of an examination. The successful respondent must use the version of TeamMate® currently in use or otherwise required by the DOI at the time of the examination.

**1.3.3.** Demonstrated knowledge in performing an EDP audit of an insurance company, including familiarity with the Information Systems Questionnaire (ISQ) in the Financial Examiners Handbook.

**1.3.4.** Demonstrated experience in providing documentation of examination procedures, etc., that complies with NAIC accreditation requirements.

**1.3.5.** Demonstrated experience in providing expert witness testimony in administrative or court hearings.

**1.3.6.** Demonstrated knowledge, through experience, of Alabama insurance markets, insurance laws, and insurance regulations.

**1.3.7.** Demonstrated communication skills and ability to work with both industry and regulatory personnel to achieve appropriate and adequate insurance industry regulation in Alabama.

**1.3.8.** Demonstrated qualifications and capacity to perform the work in the timeframes established by the DOI.

**1.3.9.** The contractor's employees providing services required by the contract shall have the qualifications, experience, training, and certifications commensurate with the particular services being performed.

**1.3.10.** Persons signing reports of examination on behalf of the contractor must meet the qualifications provided in the NAIC's Market Regulation Manual, the NAIC's Accounting Practices and Procedures Manual, Alabama Insurance Regulations 97 and 103, and Ala. Code §§ 27-2-10(c) and 27-2-13(a).

## **Part 2. Proposal Content.**

**2.1. Responsiveness.** The proposal and must be responsive to all requirements set forth in this RFP and prepared in the form described in Part 3. A proposal determined by DOI to be non-responsive shall be rejected and shall not be considered for a contract award.

**2.2 Unacceptable terms or conditions.** A proposal containing terms, conditions, or qualifications deemed unacceptable to the DOI may be rejected as non-responsive. Without limiting the generality of the preceding sentence, (i) pricing in accordance with the following Sections 2.3.7 and 2.3.8 shall be firm pricing for the duration of the awarded contract, and (ii) subcontracting or assignment of the contract or of performance of specific aspects of the Services is not permitted.

**2.3. Required content.** To be responsive, a proposal must include the following:

**2.3.1. Identification.** The proposal must contain: the Respondent's correct name; mailing address; physical address if different from the mailing address; telephone number(s); facsimile number(s); electronic mail address(es); Federal Employer Identification Number if Respondent is a business entity, or Social Security Number if Respondent is an individual or sole proprietorship.

**2.3.2. Contact Persons.** The proposal shall contain the names, titles, telephone and facsimile numbers, and electronic mail addresses of not less than two (2) individuals designated as the Respondent's contact persons for purposes of the proposal. Each designated individual must be authorized to respond to questions from DOI.

**2.3.3. Authority to transact business.** If the Respondent is a non-Alabama business entity, the proposal shall affirmatively state that the Respondent has qualified or registered, as appropriate, through the Alabama Secretary of State to transact business in Alabama as of the proposal date.

**2.3.4 Agreement to contract.** The proposal shall include an unconditional agreement to enter into a contract with the DOI in the form of Exhibit "A", which will be modified to include the services, pricing and expense reimbursement terms and as may be necessary for the DOI's compliance with State and Federal laws, within the time specified in the notice of award if Respondent is notified of a contract award.

**2.3.5. Qualifications.** The proposal must specifically detail the names, qualifications, education, training, experience and certifications of any employee who will or may provide services under any contract resulting from this RFP. Respondent must warrant that each employee, including replacement employees, if any, possess or will possess as of the time of performance under the contract the qualifications, education, training, experience and certifications necessary to perform the services under the contract.

**2.3.6. TeamMate® license and experience.** The proposal must include a copy of the Respondent's current TeamMate® license; a list of those jobs or projects on which Respondent has used TeamMate® identifying the contracting entity, a description of the job or project, and include names, telephone and facsimile numbers, and electronic mail addresses of contact persons at each named entity; and a written certification to the effect that all employees or other personnel utilizing TeamMate® software have used said software within the six (6) months preceding the proposal date. The proposal must include a signed TeamMate® confidentiality agreement which is Exhibit "B".

**2.3.7. Pricing – personnel rates.** The proposal must include a completed pricing form in the format described in Section 2.3.8. which specifies the hourly rates of Respondent's personnel and identifies the individuals who will be performing services under a contract awarded as a result of this RFP. Prices subject to change will not be

considered. All individuals identified must be employees of Respondent. Personnel rate pricing must exclude “travel time.”

**2.3.8. Pricing – format.** Please present a fee schedule as follows, listing names, function to be performed, professional designation, (example: CFA) and hourly rates of each employee of each staff person who will provide services under the contract:

Employee Classification	Per Hour Charge
Examiner .....	\$
Accredited Examiner .....	\$
Certified Examiner .....	\$
Computer Audit Specialist .....	\$
Supervising Examiner .....	\$
Actuarial Examiner .....	\$

Individual(s) who will provide services:	Employee Classification	Professional Certification(s), if applicable (CIE, AIE, etc.)	Hourly rate

**2.3.9. Pricing – expenses.** If awarded a contract, the Respondent shall bear all costs and expenses for performance except expenses incurred for authorized travel shall be reimbursed. The DOI shall reimburse a contractor only for travel expenses if approved in writing by the Department in advance. The proposal shall specify whether Respondent shall be paid for expenses incurred for authorized travel on an actual cost basis or a per diem basis. Actual cost basis cannot include multipliers, carrying or processing charges, or other amounts in excess of actual costs. To the extent Respondent proposes to charge on a per diem basis in lieu of reimbursement for actual costs, the expense methodology must conform to the per diem rates for intrastate and interstate travel in the latest version of the standard CONUS rates as published in table form from time to time by the National Association of Insurance Commissioners (NAIC) as part of the NAIC’s *Classifications, Minimum Qualifications and Suggested Compensation for Zone Examiners*. Per diem reimbursement may not include “travel time.”

**2.3.10. References.** The proposal must provide a list of all states, agencies or other entities for which Respondent has provided services similar to those requested in this RFP within the four (4) years preceding the proposal date. The proposal must include names, telephone and facsimile numbers, and electronic mail addresses of contact persons at each named entity.

**2.3.11. Cancellations.** The proposal must provide a list of all contracts that Respondent executed or accepted for examination services within the two (2) years preceding the proposal date and that were canceled or terminated by any state agency or other entity prior to completion. If applicable, the proposal must include a detailed explanation for each such cancellation or termination and the final resolution of the matter. The proposal must include the names, telephone and facsimile numbers, and

electronic mail address of each such agency's or entity's contact individual with knowledge of the cancellation and the reasons for the cancellation.

**2.3.12 Administrative action; litigation.** The proposal must specify whether during the three (3) years preceding the proposal date, the Respondent, including any parent or subsidiary business entity and/or office location, has been involved in any administrative proceeding or litigation with any federal, state, or governmental entity. If applicable, the proposal must set forth the style and case number of the proceeding, the jurisdiction in which the proceeding is or was pending, a description of the issues, and a description of the resolution or current status if still pending as of the proposal date.

**2.3.13. Conflicts or Potential Conflicts of Interest.** The proposal must identify any conflicts or potential conflicts of interest of Respondent or Respondent's employees who will or may provide services under any contract resulting from this RFP. The proposal must acknowledge that Respondent possesses the necessary independence in the provision of Services under the contract notwithstanding any disclosed existing or potential conflicts of interest.

**2.3.14. Financial disclosure.** The proposal must include a properly completed and executed disclosure statement required pursuant by Ala. Code §§ 41-16-80 et seq. (2001). The disclosure statement form and instructions are accessible on the website of the Attorney General of Alabama at: <http://www.ago.state.al.us/Page-Vendor-Disclosure-Statement-Information-and-Instructions>

**2.3.15. Warranties.** The proposal shall include the following:

**2.3.15.1.** Respondent warrants that neither Respondent nor any person or entity that will participate financially in the contract has received compensation from DOI for participation in preparation of the RFP and any resulting contract.

**2.3.15.2.** Respondent warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or employee in connection with this RFP and any resulting contract.

**2.3.15.3.** Respondent warrants that it is not currently delinquent in the payment of any taxes owed the State of Alabama.

**2.3.15.4.** Respondent warrants that neither Respondent nor anyone acting for Respondent has directly or indirectly communicated Respondent's proposal or the contents thereof to any competitor or any other person engaged in the type of business described in this RFP, has colluded or conspired with any other respondent in devising proposals in response to this RFP, or has otherwise violated the antitrust laws of Alabama or the Federal antitrust laws in connection with the Respondent's proposal.

**2.3.16. Other information.** The proposal may contain such information not specifically required by this RFP as the Respondent may elect to submit for the DOI's consideration.

### **Part 3. Proposal Format.**

**3.1. Legibility and organization.** The proposal must be typed or printed by means of word processing software. It should clearly state the RFP to which the response is directed. The proposal shall identify the content requirements in Section 2.3 above by subsection number. To the extent a particular subsection in Section 2.3 is not applicable, that subsection should be identified with a notation to the effect that it is not applicable.



By hand or commercial courier: RSA Tower Suite 502  
201 Monroe Street  
Montgomery, AL 36104

Please Note: All deliveries by the United States Postal Service are made to an off-site, central state government mail facility. Forms of USPS expedited delivery may not be expedited.

**4.3. Time for submission.** To be considered, a proposal must be received by the DOI and time-stamped **before 3:00 p.m. Central Time on June 8, 2012**. Identified proposals received after the deadline will be returned unopened. Proposals submitted after the deadline will not be considered under any circumstances.

**4.4. Alterations or withdrawals.** A proposal cannot be altered or amended after it has been delivered to the DOI. A proposal may be withdrawn before the deadline specified in Section 4.3, but may not be withdrawn after the deadline.

**4.5. Facsimile or electronic response.** A proposal submitted by telephonic facsimile or electronic means will be rejected as non-responsive.

#### **Part 5. Other Terms.**

**5.1. Anticipated Timetable.** DOI currently anticipates that the selection of a qualified firm and execution of the contract will proceed according to the following approximate timetable. DOI reserves the right, in its sole discretion, to revise all deadlines related to this RFP and to post notice of these revisions on the DOI website ([www.aldoi.gov](http://www.aldoi.gov)).

Issuance of Request for Proposals	May 11, 2012
Deadline for Written Questions	May 25, 2012
Answers to Written Questions Posted on DOI Website	June 1, 2012
Deadline for Proposal Responses	June 8, 2012
Contracts executed	July 16, 2012

**5.2. Contact Persons.** Other than questions about the RFP addressed in Section 5.3, all requests for other information concerning this RFP prior to opening must be directed **in writing** to Reyn Norman, General Counsel, Alabama Department of Insurance, Post Office Box 303351, Montgomery, Alabama 36130-3351, or by facsimile at (334) 240-7581, or by e-mail to [Reyn.Norman@insurance.alabama.gov](mailto:Reyn.Norman@insurance.alabama.gov). Prior to contract award, the Respondent or Respondent's agent shall not contact other DOI employees regarding this RFP. Following the award, DOI will designate a contract administrator to whom requests for information concerning the RFP or awarded contract should be directed.

**5.3. Written Questions; DOI's Response.** By the date indicated above in Section 5.1, Respondents must submit any questions about the RFP **in writing** to Reyn Norman, General Counsel, by mail, facsimile, or e-mail as provided in Section 5.2. DOI will respond to these written questions in two ways: (1) DOI will fax or e-mail its response to all potential respondents that submit a fax or e-mail request for such a response; and (2) DOI will post its response on the DOI website as an amendment to the RFP posting. DOI will not mail any responses. DOI will make every reasonable effort to post, e-mail and fax responses by close of business on the date indicated above in Section 5.1 to written questions received by the deadline indicated above.

**5.4. Evaluation Criteria; Evaluation Committee.** Proposals will be evaluated by DOI's Evaluation Committee according to the criteria set out in the table below:

<b>Criteria for DOI Evaluation of Proposal Responses:</b>	
(1) <i>Experience &amp; Qualifications:</i> Specialized expertise, capabilities, experience and technical competence of the specific individuals who are anticipated to perform the services described in this RFP. Adequate resources to perform the services. References should be clear as to the type of work performed. Clearly defined proposed project management techniques. Demonstrated ability and history in handling special project constraints. Quality, reliability and ability to provide the quality services detailed in this RFP.	55 points
(2) <i>Cost:</i> Proposed costs, reasonableness of costs, hourly rates and costs assigned to personnel.	30 points
(3) <i>Knowledge of Alabama Insurance Market:</i> Demonstrates understanding of specific characteristics of the Alabama insurance market as exhibited in prior work performed for the DOI. An applicant with no Alabama DOI prior experience but with significant experience with Alabama insurers and with other state insurance regulators will receive credit in this category.	5 points
(4) <i>Demonstrated knowledge of TeamMate® software.</i> Respondent must include references from projects where software was used and include a signed statement that all personnel have used TeamMate® software within the last six months.	5 points
(5) <i>Clarity of response:</i> Clarity and content of respondent’s proposal, including their understanding of the nature of the solicitation, their work plan, and their communication skills.	5 points
<b>TOTAL:</b>	<b>100 points</b>

**5.5. Contract.** Each Respondent whose proposal is deemed acceptable by DOI shall be notified of an award and shall to execute and return a final contract within the time period specified in the notice. The contract, when fully executed, shall be the entire agreement between the DOI and contracting Respondent.

**5.6. Rejection of proposals.** The DOI may reject all proposals and not award a contract based on this RFP if, in the DOI’s judgment, a contract award will not serve the best interests of DOI and the State of Alabama. DOI may issue another RFP for the services as described in this RFP or similar services at any time.

**5.7. Waiver of minor deviations.** In its sole discretion, the DOI may waive minor deviations from the requirements expressed in this RFP.

**5.8. Public Record.** All proposals in response to this RFP become the property of DOI. Except as to portions of a proposal designated as containing “trade secrets” as provided in Section 3.3, which designation has been accepted by the DOI, all proposals and any resulting contract(s) are public records and subject to review by the public upon request.

**5.9. Proposal preparation costs.** The DOI shall not pay or reimburse Respondent for the cost or expense of preparing and submitting a proposal.