

**REQUEST FOR PROPOSAL
FOR
CLAIMS EVALUATION SERVICES**

Office of the Special Deputy Receiver

November 10, 2008

REQUEST FOR PROPOSAL (“RFP”)

Claims Evaluation Services

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 fails 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. 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) 836-9500.

The OSD invites your firm to submit a proposal to provide **Claims Evaluation Services** for the OSD and certain insurance companies under the Director's control and supervised by the OSD.

SCHEDULE OF EVENTS

This request for proposal will be governed by the following schedule:

Release of RFP	November 10, 2008
Deadline for Written Questions	November 17, 2008

Responses to Questions	November 24, 2008
Proposals are Due	December 1, 2008
Proposal Evaluation Completed	December 15, 2008
Notification of Service Approval	December 16, 2008

SCOPE OF WORK

The purpose of your engagement would be to perform claims evaluations for certain estate(s) being administered by the OSD. 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

- A. The claims evaluation team (the team) will work on premises at OSD and will utilize the OSD's claims management system.
- B. After a brief training period, the team will be expected to meet a claims performance metric comparable to permanent OSD claims staff.
- C. The team's work will be measured by OSD's claim management team both for production and quality.
- D. The total cost of the project is not to exceed \$750,000 and will not extend past December 31, 2009, without prior written permission of the OSD. The OSD may suspend the project at any time in its absolute discretion.
- E. Claim exposures include, but are not limited to, general liability, commercial auto, construction defect, environmental impairment, lead-paint, toxic tort, professional liability, business owner's liability and product liability.

PROPOSAL FORMAT GUIDELINES

Interested firms are to provide the OSD with a thorough proposal using the following guidelines:

- A. Proposals, in writing, must be submitted by December 1, 2008 to:

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

- B. Proposal must include resumes of the claims evaluators and managing staff who will be assigned to this job.
- C. Proposals must include a statement as to your understanding of the assignment, its scope and duration.
- D. Proposals must include a statement of your hourly rates and range of any additional costs to perform job administration including out-of-pocket expenses. We understand that any administrative costs identified in your proposal are only estimates, and your billings will be based on actual hours. Please consider this a formal notice that these estimates are not to be exceeded unless there is prior approval from this office.
- E. Proposals must also include assurance that the firm's hourly rates will not increase over the next 2 years except for changes in the scope of the project (i.e. increased claims difficulty or other unforeseeable developments).
- F. Please provide a list of similar engagements completed by your firm including references and contact information.
- G. This RFP does not commit OSD to select or enter into a contract with any firm. OSD reserves the right to reject any and all proposals and to enter into multiple contracts at the low price bid.
- H. 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. Also state that you will not extend your services beyond the date agreed to in the proposal, without the prior approval of the Claims Manager, Ellen Fickinger.
- I. Provide any additional information about your firm which you feel would be relevant or helpful to OSD.

- J. The information contained herein shall be used for the sole purpose of responding to this RFP. Dissemination of OSD information beyond the pool of qualified bidders is considered inappropriate.
- K. No late proposals will be considered.

Proponents may submit questions up until 5:00 p.m., EST, on November 17, 2008, by e-mail to Claims Manager Ellen Fickinger at efickinger@osdchi.com.

Except as provided in this RFP and as otherwise necessary for the conduct of business operations previously established with the OSD, Proponents may not communicate with OSD personnel who are involved in the review, evaluation or selection of a Proponent. The OSD will disqualify Proponents who engage in prohibited communications of a material nature, as determined by the OSD.

The following proposal sections are to be included in the bidder's response:

Vendor Application Form and Cover Letter

Complete Appendix A, "Request for Proposal-Vendor Application Form" and attach this form to the cover letter. An individual authorized to bind the vendor must sign the letter. The letter must stipulate that the proposal price will be valid for a period of at least 180 days.

Qualifications

We would require the team to have:

1. 8 to 10 years multi-line claims experience including a general knowledge of Commercial and Personal Lines claims handling at the primary and excess levels.
2. The ability to successfully evaluate, negotiate and settle complex claims in preparation for adjudication in accordance with OSD standards.
3. A Bachelors Degree or experience commensurate with mid to senior level claims examiner.

PROCESS FOR SUBMITTING PROPOSALS

- **Content of Proposal**

The proposal must be submitted using the format as indicated in the proposal format guidelines.

- **Preparation of Proposal**

Each proposal shall be prepared simply and economically, avoiding the use of elaborate promotional material beyond those sufficient to provide a complete, accurate and reliable presentation.

- **Number of Proposals**

Submit five (5) copies of your proposal in sufficient detail to allow for thorough evaluation and comparative analysis.

- **Submission of Proposals**

Complete written proposals must be submitted to:

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

and received no later than 3:00 p.m. (C.S.T.) on December 1, 2008. Proposals will not be accepted after this deadline. Faxed or e-mailed proposals will not be accepted.

- **Inquiries**

Questions about this RFP must be directed to:

Ellen Fickinger
Claims Manager
312-836-9718
EFickinger@osdchi.com

CONDITIONS FOR PROPOSAL ACCEPTANCE

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

EVALUATION AND AWARD

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. The OSD will use an evaluation committee to review and evaluated proposals.

A. Evaluation of Compliance

The OSD will determine whether the offer complied with this RFP. We must reject your offer if it is submitted after December 1, 2008. Failure to meet other requirements will affect our evaluation and may result in rejection.

B. Evaluation of Responsiveness

A point ranking system or other evaluation methods are tools the OSD often, but not always, uses to aid it in the evaluation process. The OSD reserves the right to use its discretion to eliminate offers that are deemed unacceptable.

We will determine how well offers satisfy the "Scope of Work" section of the RFP in terms of "responsiveness" to the requirements. We will rank offers, without consideration of price, from best to least qualified using a point ranking system (unless otherwise specified) as an aid in conducting the evaluation. References will be considered in this portion of the evaluation.

We will determine whether any failure to supply information, or the quality of information, will result in rejection or downgrading the offer. Prospective vendors who do not rank sufficiently high need not be considered for price evaluation and award. The prospective vendor whose offer meets compliance requirements will be eligible for award consideration. The point evaluation system is described below:

1. The total number of points for "responsiveness" is 110.
2. Vendors who do not receive 85 of the total "responsiveness" points will not be considered for price evaluation and award.
3. The elements of responsiveness that will be evaluated and their relative weights are:

Element	Weight
Compliance	10
Insurance Experience	15
Claims Evaluation Experience	35
Well Qualified & Experienced Team	40
References	10

C. Evaluation of Price

The hourly rate will be a weighted element. The total number of points for the hourly rate is 60. We will determine hourly rate points using the following formula:

$$\text{Maximum hourly rate points} \times \frac{\text{lowest hourly rate}}{\text{offeror's hourly rate}} = \text{hourly rate points.}$$

The hourly rate points will be calculated using the highest range of hours from your proposal.

The maximum number of points is 170 for responsiveness and hourly rate.

D. Alternative Evaluation

If three or fewer offers are received, the offers may be evaluated using simple comparative analysis of the elements of responsiveness (and price where applicable) instead of any announced method of evaluation (such as points).

E. Approval

Please be advised that any engagement will be subject to approval by the Director of Insurance and the supervising court of each estate.

STANDARD TERMS AND CONDITIONS

- Cost for Preparing Proposal

The cost for developing the proposal is the sole responsibility of the bidder. All proposals submitted become the property of the OSD.

- Insurance Requirements

The OSD requires that licensees, lessees, and vendors have an *approved* Certificate of Insurance

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: _____

APPENDIX A