Technical Proposal for Professional Auditing Services to

West Virginia Offices of the Insurance Commissioner RFP INS12015

May 30, 2012

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May 30, 2012

Date



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WV PURCHASING
DIVISION



TECHNICAL PROPOSAL

May 30, 2012

Purchasing Division 2019 Washington Street, East P.O. Box 50130 Charleston, WV 25305-0130

RE: RFP INS12015

Dear Sir or Madam,

We are pleased to submit this proposal to serve as independent auditors to the West Virginia Offices of the Insurance Commissioner (OIC). This document highlights many benefits that Dixon Hughes Goodman (DHG) would provide to your organization, most notably:

- Solid Government and Insurance Industry Experience DHG has purposefully chosen
 to specialize in selected areas of expertise, maintaining professional staff with high levels of
 experience, to serve clients best in select industries. The government and insurance
 practices are two of the Firm's specialized industry segments. DHG has extensive
 experience conducting audits under the Governmental Audit Standards issued by the
 Comptroller General of the United States. In addition to myself, the independent quality
 review partner, Matt Church, also has experience with auditing workers' compensation and
 governmental insurance funds.
- The Right Team DHG has the technical skills, industry knowledge, and practical experience required not only to deliver first-class audit services, but also to be alert in identifying opportunities that will allow OIC to reduce costs and operate more efficiently.
- Local Firm Responsiveness Backed by National Caliber Resources DHG provides
 you with the advantages of both a national firm and a local firm through a successful
 combination of industry and subject matter knowledge, coupled with a wide range of
 services and accessibility throughout the year.

In choosing DHG, we firmly believe you will be satisfied with the services you will receive, and we pledge the resources of the Firm to that end. We appreciate the opportunity to prepare this proposal for you.

Sincerely,

Norman C. Mosrie, CPA, CHFP, FHFMA

Partner-in-Charge of Assurance



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Confidential: The use of this document is solely for internal purposes by the management of the West Virginia Offices of the Insurance Commissioner and should not be distributed to third parties or used for any other purposes.





Provide a response regarding the following: Firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

Please see DHG's responses to the RFP requests below.

2.3.1 Staff Qualifications

We take pride in being proactive and responsive to the ever-changing regulatory and economic environment, and we have assembled an audit team that encompasses the capabilities and experience necessary for the OIC engagement.

We have a dedicated group of individuals focused on providing the highest quality professional services at a reasonable cost. These experienced team members will work closely with functional subject matter professionals focused on resolving highly technical issues. This team will bring an understanding of risks and provide practical insight and experience to OIC.

Our philosophy is to have significant partner and manager involvement on our engagements. Further, your core team will include professionals who provide OIC with insight into emerging developments or industry issues. DHG's engagement strategy is to provide quality performance with the minimum number of individuals needed to perform the work while maintaining a high-level of engagement team continuity. This strategy ensures that each team member becomes highly knowledgeable of OIC and maintains the comprehensive overview needed to address specific priorities with minimal disruption.

Leadership Involvement

DHG firmly believes in personal attention, so the primary link to your organization is the Proposed Lead Engagement Partner, Norman Mosrie. As noted in the resumes at Appendix A, our government and insurance industry leaders are available to assist the core audit team address any unique matters that may arise during the course of the engagement.

Staff Assignment Process

We will assign experienced government and insurance staff to the engagement to ensure that our services are delivered in an efficient and effective manner with minimal disruption to your daily business and operational priorities. Any changes to the proposed client service team will be communicated in writing prior to the changes and will be subject to the approval of OIC. Furthermore, all proposed assigned personnel are in compliance with the AICPA and *Government Auditing Standards* CPE requirements, as applicable. The engagement will primarily be staffed by professionals from our Charleston, WV office, supplemented with





Dixon Hughes Goodman is a registered vendor in the State of West Virginia and is qualified to practice as Certified Public Accountants in good standing with the West Virginia Board of Accountancy.

professionals from our High Point, NC office, who are also licensed to practice as certified public accountants in West Virginia.

Our clients believe that DHG offers local-firm accessibility and responsiveness backed by national-firm credentials and subject matter talent. This unique combination provides timely, cost-effective, value-added services to meet your needs. The primary objective of DHG is to provide efficient, quality service and sound financial advice to our clients. We offer experience and personal attention to anticipate the needs of your organization and assist in planning for the future.

Professional Development

Continuing professional development is extremely important to our Firm. Because public accounting is an ever-changing profession, we have an obligation to ourselves, to our clients and to the profession to keep abreast of new developments. Our approach is a combination of on-the-job training and formal training.

DHG has developed standards and procedures and has allocated resources for maintaining and increasing the technical proficiency of our professionals. Compliance with Firm policies helps assure compliance with the requirements of the AICPA and various state boards. In addition, Firm policy requires compliance with the continuing education requirements of *Government Auditing Standards* issued by the United States General Accounting Office (GAS) and the Government Accountability Office (GAO). All of the staff assigned to the OIC engagement comply with the AICPA and GAS continuing professional education requirements.

The audit team is in compliance with Continuing Professional Education (CPE) requirements issued jointly by AICPA and NASBA. Our people attend general accounting and assurance, independence, ethics, and risk management courses. All staff are required to attend Firm provided training applicable to their service line and level. Our insurance and governmental groups attend courses offered by DHG such as the Annual Update for P&C and Life Insurance Companies and Yellow Book courses. Our people also attend NAIC meetings, national and local IASA events and other events and CPE courses.

Proposed Client Service Team

Full profiles and copies of applicable certifications of the proposed OIC team members are included as *Appendix A*. Actuarial consulting services will be provided by FTI Consulting, Inc. (FTI). See page 10 for additional information on FTI.





Good Standing

DHG is a registered vendor in the State of West Virginia and is qualified to practice as Certified Public Accountants in good standing with the West Virginia Board of Accountancy.

2.3.2 Firm Experience

Firm Facts:

Largest CPA firm based in the Southern U.S.

14th largest in the U.S.

250+ partners and principals

1,700+ professionals in 11 states (including two offices in West Virginia) and D.C.

Vendor Qualifications

Headquartered in Charlotte, North Carolina, DHG is the largest CPA firm based in the Southern U.S., ranking among the nation's top 15 in size. We combine deep industry experience, comprehensive tax, accounting and advisory services and a strong commitment to personal service. We have more than 1,700 professionals located in 30 offices in eleven states and D.C. and 250 Partners and Principals who direct these resources to your best advantage. In West Virginia, we have approximately 60 professionals, which include 7 partners.

Moreover, DHG's public company practice ranks among the nation's top 15 in serving public companies, with 62 SEC/public audit clients. We are registered with the Public Company Accounting Oversight Board, and the Firm's Professional Standards and Quality Control Group is based in North Carolina.

To serve our clients best, DHG has eight focus industries: Insurance, Not-for-Profit/Government, Healthcare, Financial Institutions, Construction/Real Estate, Dealerships, Government Contracting, Manufacturing and Distribution. We devote significant effort and resources to each industry, keeping ourselves and our clients abreast of new and evolving technical pronouncements, industry trends and federal, state and local laws.

Accounting Today's special issue of the 2012 Top 100 Firms ranked DHG:

- No. 1 as Pacesetters in growth (revenue over \$100 million)
- No. 1 as the Top Firm in the Southeast
- No. 13 overall, an increase of 7 from 2011

Our comprehensive solutions are delivered by dedicated industry teams committed to providing the highest quality professional services in a timely, proactive manner and at a reasonable cost.





Dixon Hughes Goodman's Commitment to Client Satisfaction

Providing exceptional client service is a cornerstone of our success and integral to our Firm's core values. To uphold this quality of service, we meet with our clients on a regular, proactive schedule to understand their needs and assess our performance in meeting our clients' expectations. This communication process ensures a more efficient and effective response to the opportunities and challenges our clients face.

As Lead Engagement Partner, one of **Norman Mosrie's** key responsibilities will be to ensure the client service team understands and appreciates OIC's culture, values, objectives and operating philosophy, so you receive the highest quality and timely service with information presented in practical and understandable terms.

The proposed Client Service Team will consist of 3 to 4 professionals completing the field work and 6 to 7 that will be involved in the engagement on an as-needed basis.

Additionally, **Rick Slater**, Regional Managing Partner, will ensure you receive exceptional client service and you are satisfied with all team members, the service delivery and all other engagement components.

Further, we will conduct audit wrap-up interviews as a critical component of the client service process to assess our performance and your overall satisfaction.

Commitment to West Virginia

We understand the importance of having a local presence in West Virginia, and working to ensure the economic success and vitality of the State is a priority. Most important is having a local, highly credentialed audit team serving OIC. Therefore, majority of the work performed on this engagement will be from our Charleston, West Virginia office.

Additionally, our professionals in WV serve in leadership roles that help to shape the economic, political, and philanthropic landscape in the State, including the following:

- Clay Center for Arts & Sciences
- Discover The Real West Virginia
- Energy Village
- Governor's Tax Modernization Task Force
- Marshall University
- Marshall University Foundation, Inc.





- Marshall University Lewis College of Business
- Putnam County Development Authority
- St. Francis Hospital
- United Way of West Virginia
- Vision Shared, Inc.
- West Virginia Board of Accountancy
- West Virginia Business Roundtable
- West Virginia Certified Development Authority
- West Virginia Chamber of Commerce
- West Virginia Economic Development Authority
- West Virginia Enterprise Advancement Corporation
- West Virginia Industrial Council
- West Virginia Junior League for Women
- West Virginia Pension Bond Advisory Commission
- West Virginia Pete Dye Classic Golf Tournament
- West Virginia Project IGNITE
- West Virginia Susan G. Komen Race for the Cure
- West Virginia University
- West Virginia University Hospitals
- YMCA of West Virginia
- West Virginia Roundtable
- West Virginia Symphony Orchestra

Commitment to Governmental Entities

With constant demands facing governmental entities today stemming from mounting financial pressures, government compliance, adoption of GASB pronouncements and overall increases in the cost of operating a governmental system, it is even more important to align with a team of professionals who thoroughly understand the governmental sector.

For more than 40 years, our professionals have served as trusted advisors to governments entities. As one of the region's largest providers of services for governmental units, we currently serve more than 175 governments. DHG has followed the standards of GASB financial accounting and reporting for our state and local governmental clients since 1984 (when GASB was founded), leading to numerous successful implementations of GASB requirements.

Government Services Facts:

Dixon Hughes Goodman currently serves more than 175 governments and has performed a significant number of A-133 audits for a variety of governmental clients.

Our governmental team has hands-on experience in all facets and levels of government.





GFOA Certificate of Achievement

DHG also routinely assists governmental units in the successful attainment or retention of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. Norman Mosrie, your engagement partner, is a GFOA special review committee member, who assists the GFOA in evaluating submissions for the certificate of achievement. As a result, our professionals understand the complexities and unique reporting issues facing governments today and are prepared to consult with OIC management on accounting and financial reporting matters.

A Highly Credentialed Team of Professionals Dedicated to Governments

Our commitment to the governmental sector is demonstrated by the professionals we have brought together to form our Firm's Governmental Services Team. We have a Government/Not-For-Profit Services leadership team of 23 with an average of more than 20 years of experience. In addition to this partner group, we employ more than 40 professionals dedicated to serving this sector. By performing numerous governmental audits, in accordance with *Generally Accepted Government Auditing Standards*, audits under the Single Audit Act of 1996 and in accordance with OMB Circular A-133, and successful implementations of GASB and FASB pronouncements, our governmental team has hands-on experience in all facets and levels of local government. With a team that understands the complexities of governmental operations, we are able to provide effective and innovative resolutions to problems that will enable the Fund to operate more efficiently and help meet your financial objectives.

Moreover, the Firm has a dedicated director of our Governmental Service Practice, Mitchell Crisp, who has overall responsibility for governmental clients for Dixon Hughes Goodman. He has been a partner with the Firm since 1976 and has been directly involved with services to governmental clients for his entire career.

Association Involvement

To further our commitment to governments, we spend our time and energy learning all we can about the issues and challenges facing your industry. We actively support and are involved in numerous local, regional and national associations and organizations, and we take pride in advising association leaders in how to help their members. Our involvement in these groups includes activities such as serving on boards, speaking and exhibiting at trade shows, writing articles for industry publications and





sponsoring special events. Several of the organizations we are actively involved with include:

- Association for Government Accountants
- Association of School Business Officials—Special Review Committee
- Government Finance Officers Association—Special Review Committee
- National Association of Local Government Auditors
- Southeastern Association of School Business Officials

Insurance Services Group of Dixon Hughes Goodman

The Insurance Services Group of DHG provides audit, tax, and consulting services to insurers and other risk management entities. Our leadership team of 10 includes 230 collective years of experience with over 30 years of serving the insurance industry, and includes more than 60 professionals dedicated to serving the insurance industry. We have over 100 insurance clients across the United States and serve as external auditors for more than 25 insurance companies ranging from small companies, to companies with premiums greater than \$500 million. Our consulting and advisory clients range in size from single-state, to Top 10 global insurance providers. The January 2010 issue of *A.M. Best* listed Dixon Hughes among "Top 20" Insurance Auditors.

We have proven our ability to assist our clients with strategic planning and operations, adding value with experience, insight, leading-edge deliverables and a hands-on, roll-up-the-sleeves attitude toward service.

The DHG Insurance Services Group provides the following services:

- External and internal audit services
- Accounting and financial reporting consultation
- Merger and acquisition transaction planning and due diligence
- Federal, state and local tax compliance services, including premium taxes
- Internal control testing
- Information technology audit and consultation
- Regulatory compliance audits
- Risk assessments
- Corporate governance consultation
- Strategic planning facilitation
- Reinsurance analysis
- Yellow-book consulting

This robust experience translates into an efficient, well-informed audit and advisory team that understands your industry and business model. Further, we can provide valuable insights related to changes on the horizon due to

Insurance Services Facts:

Leadership team with decades of insurance industry experience

30 years of serving the insurance industry

60+ dedicated insurance professionals

Serve 100+ insurance companies

Clients range in size from single state to Top 10 global insurance providers

Currently serve as external auditors for 25+ insurance companies ranging from small companies, to companies with premiums greater than \$500 million

Our consulting and advisory clients range in size from single state, to Top 10 global insurance providers





our breadth of industry coverage. You are our target market segment, not a secondary market or a training ground for inexperienced employees. Working with insurance companies like yours on a regular basis, we know your industry and have a team of professionals that understands how insurance companies operate and what makes them unique.

A representative sample of our insurance clients includes the following:

- The NC Health Insurance Risk Pool, Inc.
- BrickStreet Mutual Insurance Company
- West Virginia Department of Insurance
- Investors Title Company
- American Life Insurance Company
- Colorado Department of Insurance
- Georgia Department of Insurance
- Kemper Corporation
- Lincoln Financial Group
- SCOR Reinsurance Company
- Star Casualty Insurance Company
- United Automobile Insurance Company
- West Virginia Physicians Mutual Insurance Company
- Metropolitan Life Insurance Company

Experience Providing Services to Property & Casualty Insurance Industry Clients

Our goal and commitment is to provide clients with deep experience, hands-on style and with a best-in-class client service team consisting of personnel with knowledge from within their respective insurance discipline.

With this responsive service approach in mind, the Dixon Hughes Goodman Insurance Services Group currently serves more than 100 insurance companies. We perform audit of U.S. GAAP and Statutory-Basis Financial Statements of more than 25 property and casualty companies (including 5 workers' compensation audits), several life insurance companies and a public title company.

In addition to audits under U.S. GAAS, U.S. GAAP, and Statutory-Basis financial statements, we are well versed in the requirements for "yellow-book" preparation. While we realize yellow-book preparation is not part of the proposal, we are available to answer questions relating to it.

Regulatory Experience

Understanding the insurance industry is one thing; actively participating and communicating regulatory developments to our clients is another and what sets our team apart. DHG attends all National Association of





Insurance Commissioners (NAIC) meetings. We then send a newsletter with significant developments from the meeting to our clients, and engagement partners reach out to specific clients about key issues they may be facing. This level of service allows our clients to be aware of and prepared for changes in the regulatory environment. Our commitment to OIC would include providing continued updates on happenings in the insurance industry.

Our Regulatory Insurance Services professionals and contractors have performed regulatory examination related work on behalf of more than 35 State Departments of Insurance, including the State of West Virginia, over their careers. Their skills, direct industry knowledge and decades of insurance services experience are germane to your business goals and objectives.

Our participation in regulatory and market conduct exams allows us to provide your team feedback on regulatory initiatives and areas of focus. In many cases, we have worked with certain states on liquidation or rehabilitation initiatives and have trusted relationships with regulators as a result.

Commitment to Your Industry

The dedicated professionals of the Insurance Services Group serve not only our clients, but the industry as well. In addition to participation in the American Institute of Certified Public Accountants (AICPA) and state societies of certified public accountants, professionals within the Insurance Services Group are active in the programs of the National Association of Insurance Commissioners (NAIC), Insurance Accounting and Systems Association (IASA), Physician Insurers Association of America (PIAA), and the National Association of Mutual Insurance Companies (NAMIC). We will share this valuable insight with OIC, keeping you well informed of the changing regulatory and insurance environments.







Representative Actuarial Services & Engagements

- ✓ Board of Director Reports and Disclosures
- √ Captive Feasibility Studies
- ✓ Ceded Reinsurance Assessments
- ✓ Claims Liability and Damage Analysis
- ✓ Commutations and Policy Buyouts
- ✓ Compliance Services
- ✓ Contract Disputes and Analysis
- ✓ Design and Benchmarking of Internal Actuarial Departments
- ✓ Financing and Capital Formation
- ✓ Finite Risk Transfer In Reinsurance
- ✓ Liability Reserve Analysis
- ✓ Litigation Support and Expert Testimony
- ✓ Market Conduct Related to Proper Premiums
- ✓ Market Segmentation and Analysis
- ✓ Mergers and Acquisitions Support
- ✓ Part VII Transfers
- ✓ Pricing Studies and Rate Filings
- ✓ Profitability and Strategic Reviews
- ✓ Regulatory Reporting, Pricing & Disputes
- ✓ Reinsurance Arbitration and Litigation Support
- ✓ Reinsurance Recoveries
- ✓ Reinsurance Risk Transfer Testing
- ✓ Risk Assessment and Management
- ✓ Solvency II Consulting and Preparedness
- ✓ Solvent Schemes of Arrangement
- ✓ Statement of Actuarial Opinion
- ✓ Technology Strategy, Optimization and Management
- ✓ Underwriting Audits

Actuarial Support

In order to provide first class actuarial support to our audit team, we have successfully utilized actuaries from FTI Consulting, Inc.'s (FTI) Global Insurance Services Group on other insurance engagements. We plan to utilize this same process on OIC by having the experienced FTI actuaries review the claims reserve information provided by Pinnacle Actuarial Services, Inc. (PAS), OIC's consulting actuaries. In addition to providing audit support, FTI has also served as consulting actuaries to numerous insurance companies providing independent actuarial reserve opinions and claims estimates.

The actuarial consulting services offered by FTI help solve the many complex and challenging problems facing a diverse base of insurance industry clients, including insurers, reinsurers, captives, risk retention groups, brokers, banks, regulators, investors, and corporations. They help clients by delivering the specialized expertise, experience, and technical and leadership skills of credentialed professionals to help resolve disputes, measure and manage risk, improve operations, optimize opportunities, and increase shareholder value.

The DHG and FTI professionals who will serve OIC were selected by us to match the business strategies and activities of OIC.

Meeting the Challenges

Clearly, the risks faced by clients today are more complex and dynamic than in the past. The main challenge is to be prepared—to anticipate and avoid negative events if possible, and to mitigate and quickly recover from any consequences. At the same time, clients must take advantage of opportunity, which also requires a high degree of preparedness.

FTI helps clients meet these challenges through a portfolio of services designed to uncover root cause issues, and develop solutions that enhance performance and provide lasting value. FTI actuaries are skilled at assessing strategic, financial, and operational risk across the enterprise, providing clients with insightful gap/impact analyses and solutions spanning several broad categories, including markets, underwriting and reserving, claims, valuations, capital management, reporting, governance, and legal/regulatory.

Following are some examples of services provided by FTI:

FTI has worked for the last 7 years for an association of counties' risk management pool in North Carolina (they have a Property & Liability Pool as well as a Workers' Compensation Pool). FTI has performed





- reserve analyses, pricing analyses, and underwriting/market support. Between the two pools, they have over \$100 million in assets.
- Additionally, FTI has worked for the last 6 years with the State of North Carolina in helping to prepare for negotiations with their broker for the states' Auto Liability Retro Program.
- FTI has also been involved in several jobs with the New Jersey Department of Insurance (NJDOI) and North Carolina Department of Insurance (NCDOI). Jobs have included:
 - Reserve review and loss portfolio analysis for company in liquidation for the NCDOI
 - NJDOI reserve review associated with the Department of Insurance financial examination of insurers
 - Hired by the NCDOI to perform reserve analysis supporting the orderly liquidation of a multi-line insurer
 - Served as expert witness for the NCDOI related to reserve work supporting reserve commutations
- FTI performed expert reviews of various proposed insurance programs on behalf of the Federal Crop Insurance Corporation in accordance with the Agricultural Risk Protection Act of 2000.
- FTI has served as actuary for the North Carolina Insurance Underwriting Association (Beach Plan) and North Carolina Joint Underwriting Association (FAIR Plan). These are insurance mechanisms established by the North Carolina Legislature to insure properties in high risk and residual market areas (although not a facility of the North Carolina State government, its operations are subject to review by the North Carolina Commissioner of Insurance and all property and casualty insurance companies that do business in North Carolina participate in funding the Plans and sharing any losses or profits). The assets of the combined plans exceed \$970 million.
- FTI has worked on numerous self-insured clients and insurers with exposure in property and liability lines (i.e., Workers' Compensation, Auto, HO, Commercial Property, CMP, etc.).

Workers' Compensation

- Provide actuarial services required for the Pennsylvania Coal Mine Compensation Rating Bureau Annual Rate Filing. We estimate future costs separately for Traumatic, State Occupational Disease and Federal Occupational Disease for ten classes of business.
- Assisted a growing Workers' Compensation writer with strategic planning regarding expansion. In addition to performing rate





- development work and product filing, we managed the filing process for admission to various states.
- Serve as fiduciary and provide actuarial services for the Workers Compensation and General Liability pools of an association of counties with over \$40 million in premium.
- Reviewed complex Workers' Compensation reinsurance arrangements from the point of view of risk transfer analysis.
- Provided expert testimony in connection with Workers' Compensation disputes involving injuries, reinsurance, and coverage issues.
- Advised a Workers' Compensation company on technical issues concerning captive cells in an off-shore reinsurer, including receivables and funds held questions.
- Calculated loss reserves and provided analysis and Statements of Actuarial Opinion for a Workers' Compensation self-insurance program for a large shipbuilder until it was acquired. We performed a joint review for the acquirer.
- Performed annual reviews for a Workers' Compensation selfinsurance program for a large supermarket. After the company ceased operations, we assisted state regulators and the surety bonder in closing the books in an orderly manner.
- Assisted a mono-line Workers' Compensation company with resolution of complex reserve questions, performed loss reserve analysis, and provided the Statement of Actuarial Opinion.
- Developed loss reserves for Workers' Compensation self-insurance and captive layers for a large petroleum tank truck transporter.
- Provided comprehensive actuarial services for an association writer of Workers' Compensation, including class analysis, rate indications, rate filings, reserve analysis, and Annual Statement work.
- Assisted a self-insured trust with Workers' Compensation technical issues and related health insurance issues.
- Reviewed reserves and provided a Statement of Actuarial Opinion for a self-funded plan of a large corporation involving Workers' Compensation and health lines.





Underwriting and Reserving

Underwriting and market analysis are closely interdependent, often requiring iterations of risk and opportunity analysis involving product features, pricing, profitability, reserving, and regulatory requirements. In addition to technical expertise, effective underwriting requires deep understanding of the business, its objectives, and its customers.

FTI's actuaries fully understand the critical role that underwriting plays as a major factor in success of the business. FTI has a long history of helping clients achieve high priority underwriting objectives, including regulatory matters, analysis and development of pricing and reserving, and profitability, sensitivity and experience models. In addition to helping clients meet their statutory and regulatory compliance requirements, our actuaries help improve financial performance through their expert analysis of current and future liabilities and other risks affecting reserves.

Governance

Corporate governance today is more than just managing the boardroom. Successful governance requires proactive and credible involvement in the financial and operational drivers of the business, with heavy reliance on processes, controls and actionable information.

FTI's actuaries understand these business imperatives. FTI is experienced at assessing and remediating governance risk, improving the integrity of decision-making information, especially that information flowing from various models such as those in use for capital management, pricing, reserving, and other financial functions.

Commitment to Quality Control

The Firm's last completed peer review, conducted in 2011, resulted in the issuance of an unqualified opinion that the system of quality control for the accounting and auditing practice met the objectives of quality control standards established by the AICPA and was in compliance during the year under review. Our quality control review included a review of specific government engagements. Additionally, DHG is a member of the AICPA government audit quality center, which helps us to stay current on the latest developments impacting the quality of governmental audits. Further, our most recent Public Company Accounting Oversight Board (PCAOB) Report included no comments, exemplifying our excellence in assurance and commitment to quality control. Copies of these reports can be found at *Appendices B* and *C*.

DHG has not had any negative Federal or State desk reviews or field reviews of its audits during the past three years.





Insurance Coverage

Our Firm meets or exceeds all insurance requirements including Workers' Compensation, general liability, and professional liability. DHG currently maintains primary coverage of \$10,000,000 in professional liability insurance and would be happy to provide OIC with Certificates of Insurance at your request. We are not aware of any legal action that would jeopardize the Firm's long-term viability.





2.3 Similar Engagements & References: Proven Experience Serving Insurance Companies Similar in Size and Complexity to OIC

DHG has served insurance companies for decades and the industry is one of the Firm's major industry groups. We serve as external auditors to insurance companies ranging from small companies to companies with net premiums exceeding \$500 million and assets exceeding \$1.0 billion. Additionally, our consulting and advisory clients range in size from single state to Top 10 global insurance providers. The following is a list of DHG similar engagements with insurance entities, state workers' compensation funds, and property and casualty providers within the last five years:

Entity	Scope of Work	Date	Contact Information	Partner/Principal in Charge	Total Hours	Office Location
WV Offices of the Insurance Commissioner	Regulatory Reviews Comprehensive Market Conduct Examinations	2009–2012	Mark Hooker, Chief Market Conduct Examiner mark.hooker@wvinsurance.gov 304-558-6279, x1176	Tom McIntyre/ Roger P. Stewart	Varies by engagement	Charleston, WV
Canal Insurance Company	Financial Statement Audit and Workers' Compensation Audit	2010-present	Doug McDaniel, VP Finance c.douglas.mcdaniel@canal-ins.com 864.250.9258	Matt Church	950+	High Point, NC
Georgia Hospital-Insurance Association Workers' Compensation Self- Insurance Fund	Workers' Compensation Audit	2005-2011	Katie Bouvier, Assistant VP and Controller c/o Allied Claims Administration, Inc. bouvierk@mcneary.com 770.818.1505	Jeff Hackman	950+	Atlanta, GA
BrickStreet Mutual Insurance Company	Financial Statement Audit 401(k) Audit	2006-present	Chris Howat, CFO chris.howat@brickstreet.com 304.941.1014	Matt Church/ Michael Wright	900+	Charleston, WV and High Point, NC
Carolinas Roofing and Sheet Metal Contractors Self- Insurers Fund	GAAP and Statutory Financial Statement Audit	2000-present	Alan Austin, Executive Director aaustin@mtvistacapital.com 864.423.2347	Michael Wright	400+	High Point, NC
North Carolina Hospital Enterprises Workers' Compensation Fund, Inc.	Statutory Financial Statement Audit	2008-present	Jannette Mullis, VP of Finance c/o McNeary, Inc. MullisJ@mcneary.com 704.367.7142	Michael Wright	400+	High Point, NC
North Carolina Health Insurance Risk Pool, dba Inclusive Health	Financial Statement Audit	2010-present	Michael Keough, Executive Director Michael.keough@inclusivehealth.org 919.783.5766	Matt Church	300+	High Point, NC



2.3.3 Approach and Audit Work Plan

Our Understanding of the Engagement

The DHG audit is complete, thorough and valuable. Our audit will consider OIC's entire operations, including processes and controls, in order to deliver a comprehensive audit, focused on the key risk areas that may threaten the accuracy of the financial statements, as well as your business objectives. Through our methodology, we gain an extensive understanding of your business by integrating industry focused audit professionals with functional subject matter professionals to identify risks at all levels of your business.

In today's environment, we realize the importance of working closely with management and the Board of Directors/Audit Committee in interpreting and implementing emerging regulatory guidance. We are equipped to provide proactive communications to both your Board of Directors/Audit Committee and your financial officers to the extent allowed by our professional standards.

Our overall audit methodology is outlined below:

DIXON H	UGHES GOODMAN AUDIT METHODOL	LOGY				
	Ongoing Communications					
Board of Direct	tive Management					
Information Technology Business Segment Leaders						
I. Risk-Based Auditing	Finance and Operations II. Testing	III. Reporting				
Understand the Company's strategies, critical success factors, key processes, key business activities	Test internal controls for operating effectiveness	At a minimum, meet with management at the conclusion of interim fieldwork and at audit close				
Identify business and operational risks	Consider mitigating internal controls	Form annual audit opinion				
Document internal controls relating to key risks	Analytical reviews	Management letter				
Assess audit plan and execution	Design and execute substantive tests in light of internal control reliance and other factors	Special letters and other reporting				
Build audit plan and prepare document request list	Plan remaining audit procedures	Present audit results and report to the Board of Directors				
Communicate assessment and observations	Address non-routine transactions and accounting estimates throughout the year					
Key Eler	nents of the Dixon Hughes Goodman	Audit				
	Onsite presence					
Experienced profession	Experienced professionals that specialize in your industry and specific lines of business					
· ·	Significant Partner involvement					
Ongoing communication to avoid surprises						
	Accessibility and responsiveness					
Focus on business risk	s: how such risks impact entity and how such	risks are managed				
Tai	ored vs. "one size fits all" service philosophy					





Risk-Based Audit Approach and Effective Delivery Model

Audit approach does matter, and it is important to engage a firm that will work closely with you to bring a sharp focus on risks, how they might impact the audits and how they are being managed. Our service philosophy is based on focused planning, frequent communication, establishing and meeting agreed-upon deadlines to avoid surprises, and our multi-phased approach is tailored to the needs of each organization. Our hallmark is effective execution from experienced resources that are accessible and responsive throughout the year.

The scope of our audit will include those procedures we consider necessary to render our opinion on OIC's financial statements. We will meet with the Insurance Commissioner, Assistant Commissioner, and others as appropriate, early in the planning process to minimize the impact on normal work routines of OIC personnel.

As the Proposed Lead Engagement Partner, **Norman Mosrie**, will play an active role in overseeing the engagement. Norman will ensure that the engagement team has the right individuals with the appropriate experience and expertise to perform the engagement. Norman will also ensure that the audit is completed within the proposed timeline. Please see page 26 for the proposed timeline of services.

The scope of our audit will include those procedures we consider necessary to render our opinion on OIC's financial statements. We will meet with the CFO, controller, and others as appropriate, early in the planning process to minimize the impact on normal work routines of OIC personnel.

In the planning phase of our audit, we will obtain an understanding of OIC and its environment, including internal control. We will also obtain an understanding of the systems used such as WVFIMS and other in-house systems. During the planning phase we will perform risk evaluation procedures, walkthroughs of internal controls, and various other procedures to obtain an understanding of the entity. We will use our understanding of the entity, along with our review of the financial statement, to determine the laws and regulations that will be subject to testwork. Our understanding will then be used to develop our preliminary audit strategy. Our audit will be designed with a focus on significant areas of the audits as determined from our risk assessment procedures, which for OIC we expect to be: cash and cash equivalents, receivables, investments and related investments earnings, estimated liability for unpaid claims and claims adjustment expense, net asset classifications, unrestricted net asset deficiency, fees and assessments, statutory





allocations, assessments and employer surcharges, premiums, claims and claims adjustment expense, and general and administrative expenses. Additional audit procedures will be designed for other areas not deemed significant. Our audit procedures will also be designed to ensure compliance with GASB pronouncements and Chapter 23 of the West Virginia Code.

As part of planning, we will prepare a detailed client assistance package that should be completed prior to our arrival for interim and year-end testing. During the planning process, we will ask for assistance updating narratives, identifying unusual trends through analytics, and notifying us of any changes in key controls. We will need your assistance at interim and year-end with confirmation preparation, access to multiple data files, and preparation of the financial statements and related footnotes. Additionally, during the planning process, we will work through a detailed list of deliverables from you and the expected timing of when we will need this information, which will be provided well in advance of onsite visits.

Planned Procedures

Following is a discussion of sample planned procedures in some of the significant audit areas:

- Cash and cash equivalents will be tested through confirmation and testing of bank reconciliations prepared by OIC personnel.
- We will confirm the existence of the investments with the West Virginia Investment Board (IMB) and Board of Treasury Investments (BTI). We will schedule meetings with personnel of both offices to walkthrough and test internal controls over investments, as deemed necessary. Given the wide variety of investments, investments procedures will be tailored to test valuation and existence of significant investments and related investment income. Our audit procedures may utilize the IDEA software and valuation software such as EstateVal and Bloomberg Valuation Services. Valuation software will assist us to value "hard to value" assets and liabilities such as bonds, options, swaps, CMOs, over the counter securities, auction rate securities, and others. We will also use the valuation software to obtain industry and economic information, and obtain public company information. We will also test the reasonableness of investment earnings based on the information provided by the IMB and BTI. Furthermore, we understand that the IMB and BTI will provide the OIC management with the information necessary to complete the required footnote disclosures.





- Receivables and related revenues—Receivables related to statutory allocations and premium surcharges as part of the deficit funding will primarily be tested through obtaining an understanding of the relevant State Code Sections and through a combination of confirmation of the amounts receivable and related revenues with the related State agency, and/or sampling of cash receipts. We will also evaluate the adequacy of the allowance for doubtful accounts, with emphasis on amounts due from employers in default, giving consideration to subsequent receipts and repayment agreements.
- Related to the actuarial estimate of the workers' compensation and Access WV unpaid claims and claims adjustment expense liabilities and related claims expense, we understand that you will provide us with a report from Pinnacle Resources, your consulting actuary, supporting your recorded reserve for unpaid claims and claims adjustment expense, including a provision for the contingency related to self-insured employers. As previously discussed, FTI actuaries will be utilized to evaluate the reasonableness of this reserve estimate. We will consult with OIC's actuarial analyst and the FTI actuaries to determine the key underlying data utilized in the reserve estimation process and design appropriate testing procedures. Our paid claims testwork will involve significant testwork (i.e. internal control and/or substantive) with the claims processors to determine the appropriateness of claims paid. After we obtain an understanding of the claims process, we will use IDEA to perform various claims procedures including testing of claims lag triangle information and reconciliation of total claims paid by lines of business to general ledger reported amounts. We will also utilize various analytic procedures to test claims and related reserves including loss ratios, combined ratio, number of days claims in reserves, average dollar paid per type of claim, etc. FTI and DHG have a strong working relationship based on past engagement history. The Proposed Lead Engagement Partner, Norman Mosrie, will actively manage the relationship between FTI, DHG, and OIC.

We will review the most recently available Statement on Standards for Attestation engagement No. 16 (SSAE 16) reports from your third party claims administrators and will evaluate the efficiency and effectiveness of user controls. Based upon responses provided in Addendum 2 to the RFP, we understand that Sedgwick CMS and Wells Fargo process a vast majority of claims for the OIC. We understand that you will provide SSAE 16 reports for the claims processors and have assumed that they cover a sufficient period under the audit, so that we can test and rely on these reports in





relation to our claims testwork. We understand that a SSAE 16 is unavailable for American Mining, but that the amount of claims that they handle is immaterial.

- The other postemployment benefit obligation (OPEB) will be tested based on a review of the unpaid balances of the invoices received from PEIA.
- Net Assets classification (i.e. restricted, unrestricted, invested in capital assets, net of related debt) will be tested and we will also obtain an understanding of the State and management's unrestricted deficit funding plan and consider the sufficiency of the related footnote disclosure.
- General and administration expenses may be tested through a combination of cash disbursement control testing and analytic procedures.
- We will apply limited procedures to the supplementary information accompanying the financial statements consisting principally of inquiries of management. However, we will not audit or express an opinion on such information. The other financial information included with the basic financial statements will be tested in relation to the basic financial statements taken as a whole.

Communication with Management and Board of Directors

In addition to meeting with management and the board of directors to present our audit results at the end of the audit, our professionals will advise and assist OIC in achieving its financial objectives throughout the year to the extent allowed by professional standards. Whether you need a sounding board for acting on an idea, discussion of insurance company operations best practices, advice on corporate governance issues or advice on any number of endeavors, our professionals are here for you. We also will keep you up to date on evolving accounting and insurance industry matters and how they will impact OIC.

For example, we will keep management and the board of directors informed of new accounting pronouncements as standards and communications emanate from the government accounting standards board. We provide quarterly newsletter updates as a service to all of our insurance clients. We anticipate meeting with OIC's management periodically throughout the year to discuss any technical, client service or other issues that may arise, including holding a kickoff meeting with management prior to commencing of the audit.





For instance, in relation to OIC, we have noted two GASB developments that may impact future periods. GASB 61, "The Financial Reporting Entity is effective for periods beginning after June 15, 2012 and amends the financial accountability concept. This Statement assesses if a financial burden or benefit relationships exists and explains the reporting requirements, if so. GASB 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, is effective for periods beginning after December 15, 2011. GASB 62 states that going forward, governmental entities will rely on GASB standards. If GASB does not have a standard that addresses a specific issue then FASB codification may be used as an example and guide, but the FASB codification is not deemed authoritative.

Resolution of Technical Matters

Our professional services approach is designed to provide for the early identification of potential problems or accounting/disclosures issues, which helps to provide for the early resolution of such matters. The design of our audit approach and our continual communication process leads to earlier identification of issues in an engagement. Our engagement team would resolve such issues with senior management, the Audit Committee, and our Professional Standards Group as appropriate under the circumstances. Professional standards as promulgated by the AICPA and the Government Accountability Office (GAO) will be followed in such communications and resolutions.

Use of Technology

Various forms of technology will be utilized throughout the course of the audit to improve the efficiency and effectiveness of our audit procedures. DHG uses a client portal that enables you to upload documents to a secure website to prevent the use of emailing files with sensitive information or files that are too large to email. If we are selected as the auditor for OIC, we would use this client portal or other means of secure data transmission that you request for client assistance schedules so that the audit process would be efficient and secure.

Our proposed team includes dedicated IT audit professionals who have helped companies adapt information technology risk management capabilities in times of significant expansion and other regulatory change. In addition to providing core team audit support, they will provide insights based on our experience that will benefit IT management in the areas of business continuity, security issues, systems integration risks, and IT internal controls. In addition to the typical IT assessment of controls, the





use of Computer Assisted Audit Techniques (CAATs) is embedded in the DHG audit methodology. We plan on using IDEA data analysis software to assist in analyzing large volumes of data (i.e. claims).

We will use the data analysis software IDEA, which synthesizes large amounts of data into summaries that can be used to address identified risks. The main uses for IDEA are to determine completeness of populations, aid in the sample selection process, and to identify unusual items in populations. We will probably use IDEA for a variety of tests throughout the audit, which may include general ledger account balance roll-forward completeness testing, journal entry testing, comparing employee names to vendor listing, and subsequent receipt test work related to premiums. We also utilize a paperless audit environment to promote better data analysis, more efficient audit procedures, and faster turnaround time for the financial and other deliverables.

Hours

Below lists the staff level and number of hours assigned to each segment of the engagement, with the proposed time required to complete the audit:

	STAFF LEVEL							
Segment	Partner/ Director	Sr. Manager	Manager	Sr. Associate	Associate	Admin	Actuary	Segment Totals
Planning	6	2	14	30	17	5	10	84
Internal Control & Interim Work	0	0	10	40	50	0	0	100
Year-end Fieldwork	10	13	24	105	198	5	55	410
Supervision & Review	30	0	30	30	0	O	0	90
Financial Reporting & Communications	24	0	12	25	5	25	0	91
Totals by level:	70	15	90	230	270	35	65	775

Client Acceptance

Upon being selected as your independent auditors, we will need to complete our normal acceptance and due diligence procedures. Our engagement is contingent upon satisfactory completion of this client acceptance process.





Sample Report Formats

Sample reports and letter are attached to this proposal as Appendix D.

2.4.1 Opinion

DHG will conduct our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Based on the results of our audit, we will express an opinion on the fair presentation of OIC's financial statements in conformity with accounting principles generally accepted in the United States of America. We will apply certain limited procedures to the supplementary information accompanying the financial statements. However, we will not audit the supplementary information and will not express an opinion on it.

DHG will render an Other Financial Information (OFI) in relation to opinion on the other financial information accompanying the financial statements, except for the budgetary comparison schedules.

2.4.2 CAFR

DHG will assist management with the preparation of the supporting schedules required by the Department of Administration for the preparation of the State's Comprehensive Annual Financial Report (CAFR).

2.4.3 GASB

DHG will apply limited procedures to the required supplementary information required by the Governmental Accounting Standards Board (GASB) as required by professional standards, which will consist primarily of inquires of management regarding the methods of measurement and presentation of such supplementary information. However, we will not audit and will not express an opinion on this information.

2.4.4 Technical Assistance

DHG will provide technical assistance to OIC accounting staff in the preparation of financial statements, reports, and documents necessary for compliance with the Comprehensive Annual Financial Report (CAFR) of the State of West Virginia and the requirements of the West Virginia Financial Accounting and Reporting Section of the Department of





Administration. The audit and technical assistance will be performed in accordance with the provisions stated below:

2.4.4.1 Independence

Dixon Hughes Goodman (DHG) recognizes that confidentiality, independence, integrity and objectivity are essential elements of our practice, and we have established policies and procedures that provide reasonable assurance that independence is maintained. The policies and procedures adopted by the Firm supplement the American Institute of Public Accounting's (AICPA) Code of Professional Conduct, the rules and regulations of applicable state boards and any other regulatory agency under which we practice, and those required by Government Auditing Standards. DHG acknowledges that in some instances the independence rules of certain regulatory agencies are more restrictive than those of the AICPA. It is the policy of our Firm and a professional requirement that professional personnel performing engagements subject to such rules, be familiar and comply with the rules of those agencies.

2.4.4.2 Personnel Changes

Continuity and quality of the service team over time provides the greatest benefit to your organization and we commit this will be assured over the entire term of the engagement. The more familiar we are with OIC, the better we are able to serve you and the more efficient and profitable we can help OIC become. Any changes to the proposed client service team will be communicated in writing prior to the changes and will be subject to the approval of OIC.

2.4.4.3 Reports

We will design our audit to render and opinion on the OIC's basic financial statements are presented fairly in accordance with accounting principles generally accepted in the United States. As previously discussed under section 2.4.1 Opinion section of this RFP, we will also include an in relation to opinion on other financial information.

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of OIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. This will include communication of any noted significant deficiencies or material weaknesses in internal control.





A management letter will be issued separately. This letter will provide recommendations for improving the internal controls or enhancing the operations of OIC.

An audit results report containing required communications, such as outlined below will be presented to management and to OIC's Board of Directors:

- DHG's responsibility under Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments and unrecorded differences
- Other information in documents containing audited financial statements
- Disagreements with management on financial accounting and reporting matters
- Management consultation with other accountants
- Significant disclosures not made
- Material errors, irregularities and illegal acts
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

We understand that you would like our audit complete and our report of independent auditors issued on the basic financial statements on or before October 12, 2012.

2.4.4.4 Working Paper Retention and Access

All working papers and reports will be retained by DHG for a minimum of three years, unless DHG is notified in writing by the OIC of the need to extend the retention period. DHG will make working papers available, upon request, to the OIC.

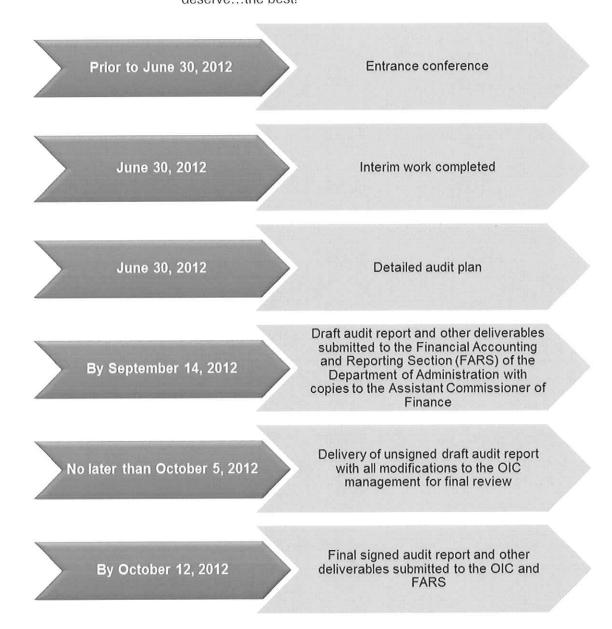
Should DHG be the successful auditing firm, we will respond to the reasonable inquiries by the OIC or its successor auditing firms and allow its successor auditing firms to review working papers relating to the matters of continuing account significance.





2.4.4.5 Schedule

Below, please find a proposed timeline of services included in this proposal. Upon appointment as your auditors, we will meet with you to finalize a mutually agreeable timeline to meet your delivery expectations. We are committed to seeing that you receive the type of service that you deserve...the best!







In addition to the entrance conference, monthly progress conferences with DHG's partners and managers will be held to summarize results of the preliminary review and identify key internal controls of other matters to be tested. An exit conference with audit managers will be conducted to summarize the results of the fieldwork and to review significant findings. We will provide management with a detailed client assistance package prior to the commencement of interim and year-end fieldwork. At the conclusion of our audit, we will provide the OIC with and electronic and up to 50 bond copies of the audited financial statements.

2.4.4.6 Financial Accounting and Assistance

DHG understands that the Financial Accounting staff and responsible management personnel of the OIC will be prepare the draft financial statements and will be available during the audit to assist DHG by providing information, documentation, and explanations. DHG will also coordinate confirmations will OIC management.

2.4.4.7 Work Area, Telephone, Photocopying and Fax Machines

DHG understands that the OIC will provide DHG staff with reasonable workspace, desks and chairs as well as access to telephone lines, photocopying facilities and fax machines as appropriate.

2.4.5 Description of the OIC

The West Virginia Offices of the Insurance Commissioner serves the state in many capacities. The OIC is charged with the regulation and oversight of the privatized workers' compensation insurance market. The OIC is also responsible for providing administrative oversight of current and former state run workers' compensation funds and administration of various active proprietary funds.

The governmental funds and proprietary funds of the OIC have been established to control and manage money in accordance with Chapter 23 of the WV. The establishment of these funds has allowed for clear understanding of how certain taxes, fees, assessments, and grants are being utilized and to ensure the money is being properly used. The governmental funds, which include the basic services of the OIC, show how cash and other assets can be easily converted into cash flow and to show the balances left at year-end. Since the governmental funds do not provide a long-term view, reconciliation to the government-wide financial statements is completed. Proprietary fund information represents the short-term and long-term information for services in which the OIC charges customers a fee or in which the OIC receives special revenue.





The proprietary funds represent enterprise funds and account for activities that are operated similarly to a private-sector business and represent a majority of the OIC's asset, liabilities, income, and expenses. Furthermore, the Workers' Compensation Fund represents a large majority of the proprietary fund activity and consists of four funds.

A majority of the OIC's assets are considered cash and cash equivalents. A significant portion of the cash and cash equivalents are invested by either the West Virginia Investment Management Board (IMB) or the Board of Treasury Investments (BTI), both of which pool the funds of various state agencies for investment purposes. The most significant liability of the OIC is the estimated liability for unpaid claims and claims adjustment expense. This estimate, which represents the net cost of all unpaid claims and claims adjustments expenses, is developed with the assistance of an outside actuary and is deemed to believe an appropriate estimate. The OIC's revenue consists of statutory allocation proceeds from severance tax proceeds, personal income tax proceeds, WV Lottery proceeds, and investment income from the investments with IMB and BTI. A significant portion of expenses relate to claims and claims adjustment expenses.

See the audit approach plan section beginning on page 17, which demonstrates our review and understanding of the OIC and the funds to be audited.





Attachment B: Mandatory Specification Checklist

Please see DHG's responses to the RFP requests below.

2.5.1 Compliance

Dixon Hughes Goodman LLP is in compliance with all applicable rules and regulations of the WV Board of Accountancy. Annual registration requirements have been met. Furthermore, Dixon Hughes Goodman LLP is authorized to perform attest services within the state of WV.

2.5.2 GAAS Requirements

Dixon Hughes Goodman LLP will perform the audit in accordance with generally accepted auditing standards as set forth by the AICPA.

2.5.3 Report Preparation

Dixon Hughes Goodman LLP will provide electronic and up to 50 bound copies of the OIC's audited financial statements.

I certify that the proposal submitted meets or exceeds all the mandatory specifications of this Request for Proposal. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

Dixon Hughes Goodman LLP	
(Company)	
Vorma Monie	
(Representative Name, Title)	
304.343.0168	
(Contact Phone/Fax Number)	
May 30, 2012	
(Date)	





Appendix A: Proposed Client Service Team and Certifications

The primary objective of DHG is to provide efficient, quality service and sound financial advice to our clients. We offer experience and personal attention to anticipate the needs of your organization and assist in planning for the future. Our proposed team has experience with both insurance, including workers' compensation, as well governmental and GASB matters.

Full profiles of the proposed OIC team members are on the following pages, as well as copies of any applicable certifications.





Richard L. Slater, CPA



Managing Partner, West Virginia

Role on Engagement Team: Lead Firm Client Relationship Partner To Ensure Client Satisfaction

707 Virginia Street East Suite 1700 Charleston, WV 25301

304.414.2605 direct

Rick.Slater@dhgllp.com

Industry Experience

Rick Slater is a corporate tax consultant and Managing Partner of Dixon Hughes Goodman. Rick spent 14 years with an international accounting firm and has over 22 years of tax and business consulting experience. He has served in strategic advisory capacities for numerous clients involved in mergers and acquisitions, capital structuring, tax restructuring plans, business incentives and grants, public/private development plans, and state and local taxation. He has also worked with many companies in entity selection, raising capital, and research and development spending in the area of health sciences and state taxation.

Rick is generally thought of as one of the preeminent tax advisors in the market. His work on state and local taxation issues encompasses a myriad of West Virginia and other states' income and franchise-based assessments. He is also involved in many leadership capacities related to economic and tax policies affecting the State of West Virginia. Rick is the Partner-in-Charge of Recruiting for the Firm and was recently appointed to DHGs Strategic Planning Committee. He is an elected member of the Firm's Executive Committee, serving a term through June 2014.

Continuing Professional Education

In compliance with AICPA requirements

Honors & Appointments

- Gubernatorial appointment as a Commissioner of the West Virginia Industrial Council
- Gubernatorial appointment to the WV Economic Development Authority
- Gubernatorial appointment to the WV Pension Bond Advisory Commission
- 2011 Marshall University Distinguished Alumni Award Honoree
- 2010 "Who's Who in West Virginia Business" Honoree
- 2009 Business Professional of the Year by Marshall University Beta Alpha Psi Honor Society
- 20 Most Influential Business Leaders in the State by West Virginia Executive magazine

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- West Virginia Society of Certified Public Accountants
- West Virginia Roundtable Board of Directors
- Marshall University Foundation, Inc. Board of Trustee
- Marshall University Lewis College of Business, Immediate Past Chairman
- West Virginia Roundtable, Vice Chairman

- Putnam County Development Authority (PCDA), Chairman
- West Virginia University, Accounting Advisory Board
- West Virginia Symphony Orchestra, Board of Directors
- Marshall University Lewis College of Business Immediate Past Chairman
- Vision Shared, Inc., Board of Trustees
- Rotary International Immediate Past President

Education

Bachelor of Science, Accounting, magna cum laude, Marshall University

Certifications

CPA: Certified Public Accountant





Richard L. Slater, CPA



State of West Virginia West Virginia Board of Accountancy 106 Capitol Street, Suite 100 Charleston, WV 25301 (304) 558-3557

The person indicated below is licensed as a Certified Public Accountant for the period beginning July 1, 2012 through June 30, 2013

WV003076 RICHARD L. SLATER DIXON HUGHES GOODMAN LLP **CHARLESTON WV 25326-1747**

Ja Fuly Board President

A Student Executive Director

West Virginia Board of Accountancy 165 Capitul Street, Suite 169 Charleston, WV 25391 (304) 558-3557

The person indicated below is licensed as a

Certified Public Accountant for the period beginning
July 1, 2012 through June 30, 2013

WY003076 RICHARD L. SLATER DIXON RUGHES GOODMAN LLP FO BOX 1747 CHARLESTON WY 25326-1747





Norman C. Mosrie, CPA, CHFP, FHFMA



Partner

Role on Engagement: Client Satisfaction and Partner in Charge

707 Virginia Street East Suite 1700 Charleston, WV 25301

304.414.3913 direct

Norman.Mosrie@dhgllp.com

Industry Experience

Norman Mosrie serves as Partner-in-Charge of Assurance for the West Virginia region focusing in the areas of healthcare, government, insurance, and not-for-profit entities. A certified healthcare financial professional, Norman was previously a partner with Ernst & Young, where he worked for 24 years. Norman's significant insurance experience includes serving companies in the health and property and casualty insurance sectors, including having served the OIC, West Virginia Public Employees Insurance Agency and the West Virginia Board of Risk and Insurance Management. He has also completed the following Chartered Property Casualty Underwriter (CPCU) exams: CPCU 5 Insurance Company Operations and CPCU 8 Accounting and Finance. His insurance experience includes not only involvement with technical accounting and auditing matters related to insurance entities such as auditing the liabilities for unpaid claims and claims adjustment expenses, but also operational, and internal control reviews of third party claims administration. Norman's historical experience includes providing audit and advisory services to the legacy West Virginia Workers Compensation fund, so he is familiar with the Workers' Compensation Old Fund and its activities.

Norman has been involved with providing a wide variety of audit and business advisory services to clients, including having served as the coordinating partner on the State of West Virginia's Single Audit for many years, as well as various other governmental financial statement audits. He has significant experience performing audits in accordance with Government Auditing Standards and OMB Circular A-133.

A GFOA special review committee member, Norman has also assisted clients like the State of WV in filing for and maintaining the GFOA Certificate of Achievement for Excellence in Financial Reporting, and has developed and led government and A-133 training programs at the local, area, and national levels.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of CPAs Council Member, Healthcare Expert Panel Member
- West Virginia Society of CPAs Past President and Board of Directors
- Charleston Chapter of WVSCPAs Past President
- Marshall University Lewis College of Business President and Board Member
- Marshall University Alumni Association Past Board Member
- Government Finance Officers Association Special Review Committee Member
- Healthcare Financial Management Association Past Board Member
- Fund for the Arts Board of Directors
- Rotary Club Past President, Paul Harris Fellow
- Financial Accounting Standards Board Not-for-Profit Financial Statement Project resource group member

Education

Bachelor of Business Administration (Accounting), summa cum laude, Marshall University

Certifications

- CPA: Certified Public Accountant
- CHFP: Certified Healthcare Financial Professional
- FHFMA: Fellow of Healthcare Financial Management Association





Norman C. Mosrie, CPA, CHFP, FHFMA



State of West Virginia West Virginia Board of Accountancy 106 Capitol Street, Suite 100 Charleston, WV 25301 (304) 558-3557

The person indicated below is licensed as a Certified Public Accountant for the period beginning July 1, 2011 through June 30, 2012

WV002158 NORMAN C. MOSRIE DIXON HUGHES GOODMAN LLP P O BOX 1747 CHARLESTON WV 25328 1747

Charold B Queis (7A. President Jo An Walter, Executive Director





Matthew V. Church, CPA



Partner

Role on Engagement: Concurring and Quality Control Partner

1829 Eastchester Drive High Point, NC 27265

336.822.4481 direct

Matt.Church@dhgllp.com

Industry Experience

Matt Church is a partner in the Firm's Insurance Services Group and has significant experience with all lines of business within the industry. His experience includes the management and planning of risk based audits of insurance companies. These audits are performed under both auditing standards general accepted in the United States of America and Governmental Auditing Standards and include audits under the statutory accounting principles and accounting principles generally accepted in the United States of America.

Prior to his 100% commitment to the insurance industry, Matt split his time 50/50 between insurance and the Government and Not-For-Profit niche. This prior experience has helped Matt in his transition to lead partner on the North Carolina state health insurance risk pool, which is part of the North Carolina CAFR and subject to review by the North Carolina State Auditor.

During non-traditional "busy season", Matt assists clients with a variety of consulting services. These services include Sarbanes-Oxley 404 and Model Audit Rule implementation, due diligence and litigation support projects.

Matt routinely attends NAIC meetings, national and local IASA events and other industry events.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- North Carolina Association of Certified Public Accountants

Education

Bachelor of Science in Accounting, Concord College

Certifications

CPA: Certified Public Accountant





Matthew V. Church, CPA

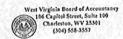


State of West Virginia
West Virginia Board of Accountancy
106 Capitol Street, Suite 100
Charleston, WV 25301
(304) 558-3557

The person indicated below is licensed as a Certified Public Accountant for the period beginning July 1, 2010 through June 30, 2011

WV004286 MATTHEW VAUGHAN CHURCH DIXON HUGHES PLLC PO BOX 2646 HIGH POINT NC 27261

James M. Sturgeon, Jr. () A Meetal House M. Sturgeon, Jr. CPR, President Jo Ann Walker, Executive Director



The person indicated below is
flicensed as a

Certified Public Accountant
for the period beginning
July 1, 2010 through June 30, 2011

WV004285 MATTHEW YAUGHAN CHURCH DIXON HUGHES PLLC PO BOX 1646 HIGH POINT NC 27261

James M. Sturgeon, Jr.
James M. Sturgeon, Jr., CFA, President





Jonathan G. Roberts, CPA



Partner

Role on Engagement: National Insurance Technical Resource to Engagement Team

1829 Eastchester Drive High Point, NC 27265

336.822.4482 direct

John.Roberts@dhgllp.com

Industry Experience

John Roberts serves as the Partner-In-Charge of the Insurance Services Group. He has more than 15 years of public accounting experience, and during his career, John has concentrated in the insurance industry. He teaches classes on all aspects of insurance accounting and financial reporting including derivatives, reinsurance and actuarial. Prior to joining Dixon Hughes Goodman, John worked for Ernst & Young for six years, where he served large, public insurance companies and served a rotation in the Firm's national office.

John provides his clients assistance with merger and acquisition services, consulting, financial projections, and business plan assistance. Additionally, he provides traditional accounting and auditing services such as audits, reviews, compilations, budgets, forecasts, projections and monthly financial statement preparation.

As the leader of the Insurance Services Group, John has responsibility not only for the quality of our audit practice, but also for the satisfaction of our client base. This unique role assures his audit clients that they will receive a high-quality, thorough audit that is planned well and executed efficiently with a personal, hands-on, responsive approach.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- North Carolina Association of Certified Public Accountants
- National Association of Insurance Commissioners
- Frequent speaker at IASA and NAIC events
- Tocqueville Society Donor to United Way

Honors / Awards

Highest Academic Average - M.A.C. class at UNC - Chapel Hill - 1996

Education

- Master of Accounting, University of North Carolina Chapel Hill
- Bachelor of Science in Business Administration, University of North Carolina Chapel Hill

Certifications

CPA: Certified Public Accountant





Jonathan G. Roberts, CPA



Olivio to wording that Jonathan Glenn Roberts . having satisfied this Board regarding the qualifications to practice as a Certified Public Accountant and having complied with the requirements prescribed by law, is hereby licensed as a

CERTIFIED PUBLIC ACCOUNTANTS

Given under and by virtue of the provisions of an Act of the General Assembly of North Carolina, Session of 1925, Chapter 261 as amended.

Issued, this 17th day of March 19 98 No. 25778 Yours A Clark & Swith L. Cop Swall Munder

Property of Breed of CPA Exeminers





Mitchell Crisp, CPA



Partner

Role on Engagement: National Government Technical Resource to Engagement Team

500 Ridgefield Court Ashville, NC 28806

828.586.6200 direct

Mitch.Crisp@dhgllp.com

Industry Experience

Mitch Crisp is Partner-in-Charge of the Firm's Governmental Services. He has been a Partner with the Firm since 1976, providing audit service to our local governmental clients, boards of education, other nonprofit organizations and construction clients. Mitch is also active in accounting and auditing practice quality control standards serving as a team captain and member on numerous peer review engagements. Mitch serves as the Firm's liaison member with the AICPA Government Audit Quality Center. In his role, Mitch is very knowledgeable on many unique government accounting and auditing matters.

He has held positions with the Jackson County Chamber of Commerce, The Development Foundation of Southwestern Community College, The Healing House, Inc., and the North Carolina West District of Optimist International in recent years.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- North Carolina Association of Certified Public Accountants
- Western Carolina University Department of Accountancy, Board of Advisors
- Sylva United Methodist Church, Finance Committee Chairman

Education

Bachelors of Science, Business Administration (Accounting), magna cum laude, Western Carolina University

Certifications

CPA: Certified Public Accountant





Mitchell Crisp, CPA

Licensee Search

Licensee Search Details:

First Name Middle Name Nickname Last Name Suffix

Mitchell Ray Mitch Crisp

Certificate Number License Status
Date Original Certification
Expiration Date
Active
01/23/1976
06/30/2012

Active

Address City/State/Zip

18 Colonial Square, Sylva, NC 28779-5147 DIXON HUGHES GOODMAN LLP

(828) 586-6416@ Telephone Number

CPE Carry Forward

20.0

If you have any questions, please contact the Board.







Director

Role on Engagement: Industry Insight/Assistance With Claims and Premium Audit Procedures

707 Virginia Street East Suite 1700 Charleston, WV 25301

304.414.2624 direct

Tom.McIntyre@dhgllp.com

Industry Experience

Given current conditions in the financial and insurance markets, experience matters now more than ever. With 30 years in the insurance industry, Thomas McIntyre brings considerable insight to our insurance examination clients. In addition to acting as the examiner-in-charge (EIC) for federal government market conduct health examinations completed since 2003, his background includes multiple examinations for life and annuity, property and casualty, and health insurers for state governments. Tom has also performed premium audits and provided risk analysis for commercial risks. He has been the EIC of all CMS "federal" examinations performed since 2002. EIC of health, and property and casualty, and other various types of regulatory examinations for several state insurance departments, including but not limited to, Alaska, Georgia, Indiana, Maine, Michigan, Montana, Ohio, Texas and West Virginia.

Tom began his career as a Premium Auditor with Federated Mutual Insurance Company in Owatonna, MN. He then moved on to Aetna Life & Casualty in Harford, CT in the capacity of Premium Audit Manager. Beginning in 1995 and for the next five years, Tom acted in a consulting capacity for large commercial insurance carriers providing services related to risk management and premium auditing. Since 2000, Tom has functioned as Examiner-in-Charge (EIC) on Market Conduct Examinations and participated in Financial Examinations for Huff, Thomas and Company based in Kansas City, MO.

Tom is currently the Director of Regulatory Insurances Services, Dixon-Hughes Goodman LLP. His experience includes the following areas:

- EIC for market conduct examinations for state governments, including budgets
- EIC for market conduct examinations for the federal government, including budgets and contract proposal
- Participated in conduct examinations
- Participated in financial examinations
- Risk management consulting for large commercial risks
- Delegated audits for staff
- Performed premium audits
- Managed small business underwriting unit (liability policies for small contractors)

Continuing Professional Education

In compliance with AICPA government regulations

Continued on next page





Professional & Civic Organizations

- IRES: Insurance Regulatory Examiners Society
- AICP: Association of Insurance Compliance Professionals
- AICPCU: American Institute for Chartered Property Casualty Underwriters

Education

Bachelor of Science, Accounting, with a minor in Business Administration, Central Michigan University

Certifications

- CIE: Certified Insurance Examiner, Insurance Regulatory Examiners Society (IRES)
- MCM: Market Conduct Management, IRES
- CCP: Certified Compliance Professional, AICP
- CPCU: Chartered Property Casualty Underwriter
- FLMI: Fellow, Life Management Institute, Life Office Management Association (LOMA)
- AIRC: Associate in Insurance Regulatory Compliance, LOMA
- APA: Associate in Premium Auditing, AICPCU
- ARA: Associate in Reinsurance, LOMA
- ACS: Associate in Customer Service, LOMA
- CWCP: Certified Workers' Compensation Professional
- CICSR: Certified Insurance Customer Service Representative





Personal Information		Email Addr	655	
gar Username	audtors	9₽ _{Office}	Office. form mointy re@dingto comP	
Password	•	Home		
Full Name	Thomas D Mointyre			
Diploma Name	Thomas D McIntyre	Phone Numbers		
Nekname		9#Office	352- 478- 5902	P
Date of Birth	08 - 1955	Home	352-	
Gender	Male	Home	2358	
AICPCU ID	999632347	Mobile	Ċ	
		Fax	352- 475- 2378	
Professional Informat	non			
Programs Complete	d			
	Program			
	Chartered Property Cas	ualty Underwriter (CPCU)		
	Associate to Premium A	uditra (APA)		

COURSE HISTORY 017332917E · Thomas McIntyre				
	OURSE LIST		Control Control Control	
Course	Program Nems	P	11-09-2005	
ACS 100	Foundations of Customer Service		11-01-2004	
AIRC 410	Regulatory Compliance Companies, Producers, and Operati	ons P	11-01-2004	
AIRC 429	Regulatory Compliance Insurance and Annuity Products	11.50	05-12-2006	
ARA 440	Reinsurance Administration	P		
LOMA 280	Principles of Insurance	٩	11-05-2001	
LOWA 200	Insurance Company Operations	P.	02-07-2002	
LONA 301	Insurance Administration	P	05-12-2004	
LOMA 310	Legal Aspects of Life and Health Insurance (U.S.)	P	05-15-2003	
LOMA 320	Insurance Marketing	£.	05-10-2002	
LOMA 330	Management Principles and Practices	Pi		
LOMA 340	Information Management in Insurance Companies.	P	05-07-2002	
LOMA 351	Fynancial Services Environment	P	05-12-2004	
LOWA 351	Accounting and Financial Reporting in Life Insurance Compa	inles P	05-15-2003	
LOMA 371	Risk Management and Product Design for Insurance Compa	nies P	11-07-2003	
Course	To view details on a given course, click on the appropriate co	mer Service	e Helj	
Course Course ID: A	Name: Foundations of Custo	mer Service		
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Tom McIntyre
Designations: CIE, MCM, CICSR
CICSR Date: 04/14/11
CIE Date: 06/13/02
MCM Date: 03/19/08
Credits submitted: 31
Submitted credits will appear once they are processed by the IRES office.
Please inquire with the office with any questions.

Exam Language: English	Exam Type: Paper
Exam Lecation: 13084	Enrollment: Enrolled by Admin. \$300.00 paid by Credit Card
TOP OF PAGE	
Course Name: Rein	surance Administration
Course to: ARA 440 Performance	e Report Grade Report
Education Provider: LOMA	Leiter Grade: P
Exam Date: 05-12-2006	Final Score 55
Exam Language: English	Exam Type: Paper
Stam Location: 13064	Enrollment: Enrolled by Admin. \$280.00 paid by Credit Card
TOP OF PAGE	
ourse Name: Prin	ciples of Insurance
Performan	ce Report Grade Report
Education Provider: LOMA	Letter Grade: P
Exam Date: 11-05-2001	Final Score: 99
Exam Language: English	Exam Type: Paper
Exam Location: 11776	Enrollment: Enrolled by Admin. \$150.00 paid by Check
TOP OF PAGE	
Course Name: Insu	rance Company Operations
Course ID: LOMA 280 Performan	ce Report Grade Report
Education Provider: LOMA	Letter Grade: P
Exam Date: 02-07-2002	Final Score: 92
Exam Language: English	Exam Type: Prometro
Exam Location:	Enrollment: Enrolled by Student \$215.00 paid by Credit Card
TOP OF PAGE	
Course Name: Insu	rance Administration
Performan	ce Report Grade Report
Education Provider: LOMA	Letter Grade: P
Exam Date: 05-12-2004	Final Score: 92
Exam Language: English	Exam Type: Paper
Exam Location: 13064	Enrollment: Enrolled by Admin. \$138.00 paid by Credit Card
TOP OF PAGE	The second constitution of the second constituti
Course Name: Lega (U.S.)	il Aspects of Life and Health Insuranc
Course D LOWA No Performor	ce Report Grade Report
Education Provider: LOMA	Letter Grade: P
Exam Date: 05-15-2003	Final Score: 91
Exam Language: English	Exam Type: Paper
Exam Location: 13084	Enrollment: Enrolled by Admin: \$130.00 paid by Check
TOP OF PAGE	524 25 m 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Course Name: Insu	rance Marketing
Course 10: LOWA 320 Performa	nce Report Grade Report
Education Provider: LOMA	Letter Grade: P





Exam Type: Paper Enrollment: Enrolled by Admin: \$150.00 paid by Credit Card Exam Language: English Exam Location: 13084 TOPOFFACE Course Name: Management Principles and Practices Course ID: LOMA 330 Grade Report Education Provider: LOMA Exam Date: 02-26-2002 Exam Date: 92-26-2002 Exam Language: English Exam Location: Exam Type: Special Enrollment: Enrolled by Admin. IOPOLPAGE
Course Name: Information Management in Insurance
Companies Course ID: LOMA 340 Performance Report Grade Report Course ID-LOMA NO
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Exam Language: Englah
Exam Special Speci TOPOFFACE Course Name: Financial Services Environment Course 10: LOMA 351 Performance Report Grade Report Course in Course 351
Exam Date: 65-12-2004
Exam Language: English
Exam Language: English
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Exam Encation: 13084
Exam Encation: 13086
Exam Language: English
Exam Langua <u>TOPOPPAGE</u> Course Name: Accounting and Financial Reporting in Life Insurance Companies Course 10: LOMA 351 Performance Report Grade Report Course ID: LOMA 361 - Letter Grade: P
Education Previder: LOMA Letter Grade: P
Exam Date: 0-15-2003 Fasal Score: 92
Exam Language: English Exam Type: Paper
Exam Losation: 13084 Enrollment: Enrolled by Admin \$130.00 paid by Check
TOP OF PAGE Course Name: Risk Management and Product Design for Insurance Companies Course 10. LCMA 371 Performance Report Grade Report Education Provider: LOMA Exam Date: 11-07-2003 Letter Grade: P Exam Language: English Exam Location: 13084 Exam Type: Paper Enrallment: Enrolled by Admin. \$130.00 paid by Credit Card TOP OF PAGE





Jessica Lindsay, CPA



Manager

Role on Engagement: Engagement coordination, Supervision of Staff and Execution of Procedures in Significant Areas

707 Virginia Street, East Suite 1700, Chase Tower Charleston, WV 25301

304.414.2668 direct

Jessie.Lindsay@dhgllp.com

Industry Experience

Jessie Lindsay is a Manager in the Firm's Assurance Group where she provides audit, review and compilation services to a variety of clients including a large property and casualty insurance company, a manufacturing company, and a heavy equipment dealership.

Jessie routinely assists clients with the preparation of GAAP and statutory-basis financial statements. She is a key member of the audit team for the BrickStreet Mutual Insurance Company, one of the largest property and casualty insurance company in West Virginia. Thus, she is familiar with workers' compensation insurance accounting and financial reporting matters including claims reserves, premiums, reinsurance, and investments.

She is also a member of the Firm's employee benefit plan audit group where she provides audit services for 401k, pension, and health and welfare plans. Since joining the Firm in 2007, Jessie has been actively involved in recruiting efforts among various universities throughout West Virginia.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- West Virginia Society of CPAs
- United Way, Fundraiser and Community Services Committee member
- Daymark, Board of Directors
- Junior League of Charleston

Education

Bachelor of Science, Accounting, West Virginia University, summa cum laude

Certifications

CPA: Certified Public Accountant





Jessica Lindsay, CPA



State of West Virginia
West Virginia Board of Accountancy
106 Capitol Street, Suite 100
Charleston, WV 25301
(304) 558-3557

The person indicated below is licensed as a Certified Public Accountant for the period beginning July 1, 2012 through June 30, 2013

WV004768 JESSICA LEE WARNICK 837 OVERBROOK RD CHARLESTON WV 25314

Lee Fiels

Q. A. Studer Executive Director West Virginia Board of Accountancy 106 Capitol Street, Suite 100 Charleston, WV 25301 (304) 558-3557

> The person indicated below is licensed as a Certified Public Accountant for the period beginning July 1, 2012 through June 30, 2013

WV004768 JESSICA LEE WARNICK 831 OYERBROOK RD CHARLESTON WV 25314

Fix Fish, Board President Q. G. Weeder





Wayne Martin, CPA



Manager

Role on Engagement: Supervision of Staff and Execution of Procedures in Significant Areas

1829 Eastchester Drive High Point, NC 27265

336.822.4427 direct

Wayne.Martin@dhgllp.com

Industry Experience

Wayne Martin is a manager with the Insurance Services Group. Wayne's primary focus has been managing statutory and GAAP audits for insurance companies. Wayne has experience with assisting insurance companies prepare their quarterly and annual statutory filings. Wayne also manages the audit of a publically traded title insurance company, and has significant experience in Sarbanes-Oxley 404 testing, PCAOB integrated audits, and SEC reporting. He also manages the audit for a not-for-profit health insurance risk pool. Wayne has worked on consulting projects for large life insurance companies. These projects included assisting with the preparation of the company reporting systems and processes for a securitization project, preparing statutory financial statements, and preparing statements for SSAP 97 investment type entities.

Prior to joining the Insurance Services Group, Wayne worked in the Governmental and Not-For-Profit niche. Wayne performed audits of various municipalities, including cities, towns, counties, and various other governmental-type entities. This prior experience has helped Wayne in his role as the manager on the North Carolina health insurance risk pool, which is part of the North Carolina CAFR and subject to review by the North Carolina State Auditor. So, Wayne is experienced in governmental and GASB matters.

On an annual basis, Wayne attends various tradeshows, seminars, and continuing education courses related to the insurance industry and SEC reporting.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- National Association of Black Accountants
- North Carolina Association of Certified Public Accountants

Education

Bachelor of Science, Accounting, North Carolina Agricultural and Technical State University

Certifications

CPA: Certified Public Accountant





Wayne Martin, CPA



Wayne alexander Martin , having satisfied this Board regarding the qualifications to practice as a Certified Public Accountant and having complied with the requirements prescribed by law, is hereby licensed as a

BERTHFIED PUBLIC ACCOUNTANT.

Given under and by virtue of the provisions of an Act of the General Assembly of North Carolina, Session of 1925, Chapter 261 as amended.

Maurica 10 Clock 9. Invited Some South of the Road Months

Issued, this 19th day of April, 2004 No. 30808





Clarence "Neal" Dorman, CPA, CFE CISA, CIA



Senior Manager

Role on Engagement: Information Systems Review of IT Controls

1829 Eastchester Drive High Point, NC 27265

336.822.4497 direct

Neal.Dorman@dhgllp.com

Industry Experience

Neal Dorman is a certified information systems auditor and will assist the financial audit team with understanding and assessing the adequacy of information systems internal controls over financial reporting. Neal performs and/or reviews the IT control procedures on most of our insurance client audits, including BrickStreet in West Virginia. Through inquiry and testing procedures, his team determines if system controls are in place and can be relied upon to allow additional reliance to be placed on system data. This is the foundation for a more effective and efficient audit.

Neal utilizes data extraction and analysis software to perform computer assisted audit techniques for many of his engagements. Whether part of a financial audit or a separate engagement, his ability to analyze large amounts of data quickly has proven to be efficient and effective. Data extracted from the client's system may be tested and analyzed electronically providing 100% coverage for key audit objectives.

Neal is a Certified Fraud Examiner and has worked on several forensic accounting and fraud engagements, including fraud investigation, consulting, and receivership engagements for our insurance clients.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- Institute of Internal Auditors
- Information Systems Audit and Control Association
- Association of Certified Fraud Examiners
- Greensboro Urban Ministry, Board Member
- Boy Scout Troop 101, Troop Committee Member

Education

Bachelor of Science in Accounting, University of North Carolina Greensboro

Certifications

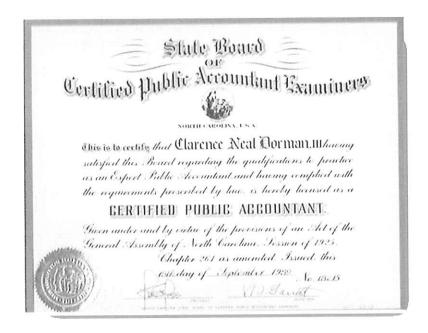
- CPA: Certified Public Accountant
- CFE: Certified Fraud Examiner
- CISA: Certified Information Systems Auditor
- CIA: Certified Internal Auditor





Clarence "Neal" Dorman, CPA, CFE CISA, CIA









Matthew N. Howell, CPA



Senior Associate

Role on Engagement: Execution of Procedures and Supervision of Staff

1829 Eastchester Drive High Point, NC 27265

336.822.4486 direct

Matthew. Howell @dhgllp.com

Industry Experience

Matt Howell joined the Insurance Services Group in the High Point office in 2007. Since joining the Firm, Matt's primary focus has been with the planning, execution, and conclusion of risk-based audits for a variety of clients, including non-profit state health insurance pools, property & casualty insurance, life insurance, and warranty insurance companies. He has experience in GASB audits, statutory audits and examinations, and quarterly/annual filings with the state regulatory agencies. As the senior on the North Carolina health insurance risk pool, which is part of the North Carolina CAFR and subject to review by the North Carolina State Auditor, he is experienced in governmental and GASB matters. Matt's consulting experience includes, but is not limited to, drafting of audited financial statements, investment accounting for clients, and general ledger/system conversions.

Continuing Professional Education

In compliance with AICPA and government auditing standards yellow book requirements

Professional & Civic Organizations

- American Institute of Certified Public Accountants
- North Carolina Association of Certified Public Accountants

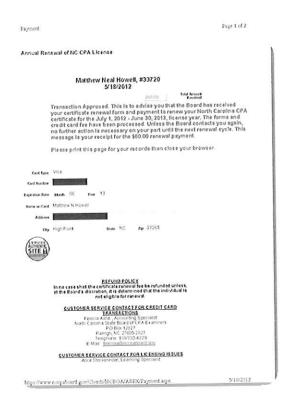
Education

- Bachelor of Science in Business Administration, suma cum laude, High Point University
- Master of Accounting, University of North Carolina at Greensboro





Matthew N. Howell, CPA









Zachery M. Ziegler, ACAS, MAAA, MA



Actuary

Role on Engagement: Review of Estimated Unpaid Claims and Claims Adjustment Liability

FTI Consulting 4505 Country Club Road, Suite 200 Winston-Salem, NC 27104

336.768.8217

zachery.ziegler@fticonsulting.com

Industry Experience

Zachery (Zac) Ziegler is a director in the FTI Global Insurance Services practice. He is an Associate of the Casualty Actuarial Society and a member of the American Academy of Actuaries. Consistent with services provided on other insurance engagements, Zac will team with Larry Williams and Owen Gleeson in providing actuarial support to the DHG core audit team to facilitate the review of the claims reserve estimate information provided by Pinnacle Actuarial Services, Inc. (PAS), OIC's consulting actuaries. Along with the other involved FTI actuaries, he will also provide feedback on any industry insights that might be helpful to OIC management gleaned from the PAS risk funding study.

Prior to joining FTI Consulting, Zac was a property casualty consulting actuary with MBA Actuaries assisting with actuarial services in the areas of loss reserving, rate relativity analysis and filings, statistical modeling, market assessment, and self-insurance plans. In the health arena, Zac assists in areas spanning multiple employer welfare arrangements, small group, and health savings accounts.

Zac joined MBA Actuaries in 2004. During his time working as a consultant, Mr. Ziegler has worked extensively on reserve reviews. He has worked to create predictive models, using database and statistical software to help the company better understand the uncertainty in their reserve estimates and the margins they may or may not be carrying in their reserves. All of his work involved significant statistical expertise as well as project management skills to reach the end goal of effectively communicating to the executive staff the company's current financial position, as well as the risk inherent in the lines of insurance they write. He has also worked on traditional actuarial pricing analyses, working with claims and underwriting to develop an underwriting strategy.

Zac 's key clients over the last 5 years have been:

- Actuary for an association of counties' risk management pool in North Carolina (Property & Liability and Workers' Compensation); performed reserve analyses, pricing analyses, and underwriting/market support; assets of the pools exceed \$100 million.
- Actuary for insurance mechanisms established by the North Carolina Legislature to insure properties in high risk and residual market areas; its operations are subject to review by the North Carolina Commissioner of Insurance and all property and casualty insurance companies that do business in North Carolina participate in funding the plans and sharing any losses or profits; assets of the plans exceed \$970 million.
- Appointed Actuary for a major writer of property casualty lines in North Carolina; assets of the company exceed \$1.0 billion.

Professional & Civic Organizations

American Academy of Actuaries

Education

- M.A. in Mathematics, Wake Forest University
- Bachelor of Science in Mathematics, Wake Forest University

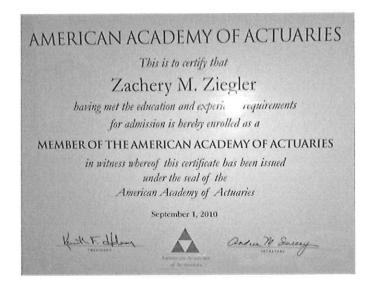
Certifications

ACAS: Associate of the Casualty Actuarial Society

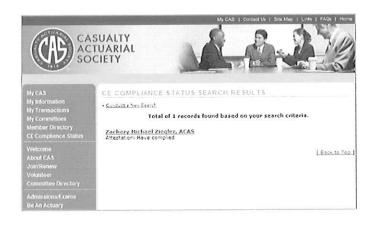


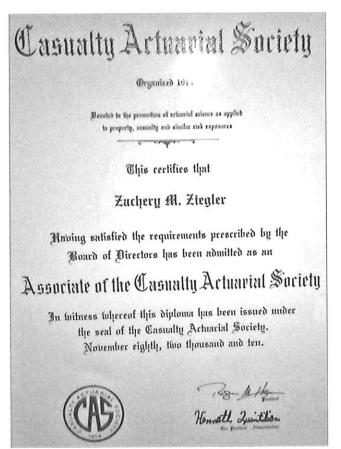


Zachery M. Ziegler, ACAS, MAAA, MA











Lawrence Williams, ACAS, MAAA, MBA



Actuary

Role on Engagement: Review of Estimated Unpaid Claims and Claims Adjustment Liability

FTI Consulting 36 Midvale Road, Suite 1-G Mountain Lakes, NJ 07046

973.335.6448

lawrence.williams@fticonsulting.com

Industry Experience

Lawrence Williams is a director in the FTI Global Insurance Services practice. Consistent with services provided on other insurance engagements, Larry will team with Zac Ziegler and Owen Gleeson in providing actuarial support to the DHG core audit team to facilitate the review of the claims reserve estimate information provided by Pinnacle Actuarial Services, Inc. (PAS), OIC's consulting actuaries. Along with the other involved FTI actuaries, he will also provide feedback on any industry insights that might be helpful to OIC management gleaned from the PAS risk funding study.

Prior to joining FTI Consulting, Larry was a property casualty consulting actuary with MBA Actuaries in the Mountain Lakes office, where he focused on litigation support; malpractice insurance; regulatory examinations; captives and self-insurance; mortgage insurance; and crop insurance.

Prior to joining MBA Actuaries, Larry was with Marsh & McClennan through the acquisition of Johnson & Higgins. In his role with Marsh, Larry was responsible for pricing; loss portfolios; large deductible programs and retrospectively-rated programs; placement of malpractice insurance for hospitals and other health-care providers; negotiating letters of credit, and assisting brokerage clients with captive formations.

Prior to Marsh, Larry was a member of the New Jersey Insurance Department, where he helped draft rate regulations supporting the implementation of the private passenger automobile insurance reform act. He regularly participated in financial examinations of insurers domiciled in New Jersey, and dealt with liquidations and rehabilitations of insurers and capital requirements for insurer formations. In addition, Larry provided expert witness testimony in private passenger rate hearings.

Prior to the New Jersey Insurance Department, Larry was a consulting actuary with Tillinghast, where his responsibilities included reserve reviews for insurers, reinsurers, captives, and self-insurers, as well as mergers and acquisition analysis, and insurer liquidations.

Larry began his actuarial career at Aetna Life and Casualty, where he performed a variety of assignments, including personal lines pricing; commercial package policy and general liability ratemaking; workers' compensation pricing with retro and dividend plans; rate of return analysis; and reserving for professional liability, general liability, and commercial auto liability.

Professional & Civic Organizations

- American Academy of Actuaries
- Casualty Actuarial Society, Associate

Education

- M.B.A. in Finance, University of Houston
- Bachelor of Arts in Mathematics, Hampton University

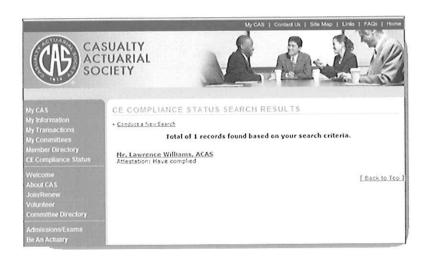
Certifications

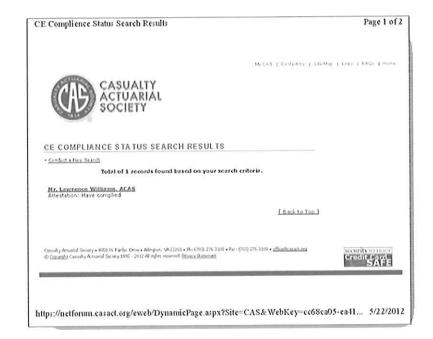
ACAS: Associate of the Casualty Actuarial Society





Lawrence Williams, ACAS, MAAA, MBA









Owen M. Gleeson, FCAS, MAAA, PhD



Actuary

Role on Engagement: Review of Estimated Unpaid Claims and Claims Adjustment Liability

FTI Consulting 36 Midvale Road, Suite 1-G Mountain Lakes, NJ 07046

973.335.6448

owen.gleeson@fticonsulting.com

Industry Experience

Owen Gleeson is a senior director in the FTI Consulting Forensic and Litigation Consulting, Global Insurance Services practice, and is based in Mountain Lakes, New Jersey.

Prior to FTI Consulting, Mr. Gleeson was a consulting actuary with MBA Actuaries in the Mountain Lakes office. Prior to joining MBA Actuaries, Mr. Gleeson was a principal with Financial Analysis and Control Systems, a company he cofounded in 1984 to provide a model of property/casualty companies operating under the Tax Reform Act of 1986, as well as providing actuarial consulting services to selected clients. During this period he served as chief actuary of TIG Reinsurance Company.

Prior to cofounding FACS, Mr. Gleeson was with the Financial Reinsurance Underwriters subsidiary of General Reinsurance, where his responsibilities included design of financial reinsurance treaties, analysis of commutations, and evaluation of the impact of the Tax Reform Act of 1986 on General Reinsurance and P&C companies.

Prior to GenRe, Mr. Gleeson was with United States Fidelity and Guaranty, where he progressed from actuarial assistant to founding the financial planning department. His experience within USF&G included developing methods for reserving for allocated loss adjustment expenses and IBNR, working on Workers' Compensation Reinsurance Bureau matters, reserving for individual serious workers' compensation claims, issuance of pro-forma financial statements illustrating the impact of corporate strategies, maintaining the company budget system, tax impact analysis of various strategies, maintaining and refining corporate models, and advising on probable future cash flows.

Prior to earning his PhD, Mr. Gleeson taught mathematics at various colleges and universities, including his last teaching position at Parks College of Aeronautical Technology where he held the position of Assistant Professor in the General Sciences Department.

Mr. Gleeson's primary responsibilities at MBA Actuaries have been the servicing of the Coal Mine Compensation Bureau of Pennsylvania with respect to the annual rate filing and the servicing of Midlands Management for which he calculates ELPPF's for a wide variety of states. In addition, he has assisted on projects for the USDA and provided assistance on a number of Litigation Support assignments.

Mr. Gleeson has given many speeches on a variety of topics including reserving for losses and for loss adjustment expenses, financial modeling, tax planning under the Tax Reform Act of 1986 and other subjects.

He served as an actuarial consultant in two significant lawsuits - Utah Medical vs. the IRS and PIC-Wisconsin vs. the IRS.

Professional & Civic Organizations

- American Academy of Actuaries
- Casualty Actuarial Society, Fellow

Education

- B.A., St. Louis University
- M.S., Mathematics, St. Louis University
- PhD, St. Louis University

Certifications

FCAS: Fellow of the Casualty Actuarial Society





Owen M. Gleeson, FCAS, MAAA, PhD

CE Complience Status Search Results

Page 1 of 2

My CAS | Contact Us | Ste Map | Links | FAQs | Home



CE COMPLIANCE STATUS SEARCH RESULTS

Conduct a New Search

Total of 1 records found based on your search criteria.

Mr. Owen M. Gleeson, FCAS Attestation: Have complied

[Back to Top]

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https://netforum.casact.org/eweb/DynamicPage.aspx?Site=CAS&WebKey=cc68ca05-ea41... 5/24/2012





Appendix B: DHG Peer Review Report



System Review Report

To the Partners of Dixon Hughes Goodman LLP And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Dixon Hughes Goodman LLP (the firm) applicable to non-SEC issuers in effect for the year ended February 28, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards, audits of employee benefit plans and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Dixon Hughes Goodman LLP in effect for the year ended February 28, 2011, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Dixon Hughes Goodman LLP has received a rating of pass.

Postlithusite: Netterille Beston Rouge, Louisiana October 6, 2011

8550 United Plaza Blvd, Suite 1001 · Baton Rouge, LA 70809 · Tel: 225 922 4600 · Fox: 225.922.4611





Appendix B: DHG Peer Review Report



AICPA Peer Review Program Administered by the National Peer Review Committee

December 9, 2011

Charles E Sams Jr, CPA Dixon Hughes Goodman LLP 1829 Eastchester Dr High Point, NC 27265

Dear Mr. Sams:

It is my pleasure to notify you that on December 8, 2011 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is August 31, 2014. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles Chair—NPRC

npre a aicpa.org919 402-4502

Bitte Jo Charles

ce: Candace Wright, CPA

Firm Number: 10017108 Review Number: 319553

American institute of Certified Public Accountants
220 Leigh Farm Road, Durham, NC 27707 • (319:402-4500 • fax (919):402-4505 • mink accpacing

America Counts on CPAs







1666 K Street, N W Washington, DC 20066 Telephone (202) 207-9100 Facsimile (202) 862-8433 www.pcaobus.org

Inspection of
Dixon Hughes PLLC
(Headquartered in High Point, North Carolina)

Issued by the

Public Company Accounting Oversight Board

December 21, 2009







Notes Concerning this Report

- Portions of this report may describe deficiencies or potential deficiencies in the systems,
 policies, procedures, practices, or conduct of the firm that is the subject of this report.
 The express inclusion of certain deficiencies and potential deficiencies, however, should
 not be construed to support any negative inference that any other aspect of the firm's
 systems, policies, procedures, practices, or conduct is approved or condoned by the
 Board or judged by the Board to comply with laws, rules, and professional standards.
- 2. Any references in this report to violations or potential violations of law, rules, or professional standards should be understood in the supervisory context in which this report was prepared. Any such references are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability. Similarly, any description herein of a firm's cooperation in addressing issues constructively should not be construed, and is not construed by the Board, as an admission, for purposes of potential legal liability, of any violation.
- 3 Board inspections encompass, among other things, whether the firm has failed to identify departures from U.S. Generally Accepted Accounting Principles ("GAAP") or Securities and Exchange Commission ("SEC" or "Commission") disclosure requirements in its audits of financial statements. This report's descriptions of any such auditing failures necessarily involve descriptions of the related GAAP or disclosure departures. The Board, however, has no authority to prescribe the form or content of an issuer's financial statements. That authority, and the authority to make binding determinations concerning an issuer's compliance with GAAP or Commission disclosure requirements, rests with the Commission. Any description, in this report, of perceived departures from GAAP or Commission disclosure requirements should not be understood as an indication that the Commission has considered or made any determination regarding these issues unless otherwise expressly stated.







INSPECTION OF DIXON HUGHES PLLC

The Public Company Accounting Oversight Board ("PCAOB" or "the Board") has conducted an inspection of the registered public accounting firm Dixon Hughes PLLC ("the Firm"). The Board is issuing this report of that inspection in accordance with the requirements of the Sarbanes-Oxley Act of 2002 ("the Act").

The Act restricts the Board from publicly disclosing portions of an inspection report that discuss certain types of deficiencies or certain other nonpublic information. "Because the inspection did not identify instances of such deficiencies, and because the report does not otherwise disclose protected information, the Board is making the entire report available to the public



The Board has elsewhere described in detail its approach to making inspection-related information publicly available consistent with legal restrictions. See Statement Concerning the Issuance of Inspection Reports, PCAOB Release No. 104-2004-001 (August 26, 2004)



Inspection of Dixon Hughes PLLC December 21, 2009 Page 2

PART I

INSPECTION PROCEDURES AND CERTAIN OBSERVATIONS

Members of the Board's inspection staff ("the inspection team") conducted primary procedures for the inspection from August 17, 2009 to August 27, 2009. These procedures were tailored to the nature of the Firm, certain aspects of which the inspection team understood at the outset of the inspection to be as follows.

Number of offices

242

Ownership structure

Professional limited liability

company

Number of partners

162

Number of professional staff³⁷

757

Number of issuer audit clients[#] 4



The Firm's offices are located in Birmingham, Alabama; Jacksonville and Orlando, Florida, Atlanta, Georgia, Asheville, Charlotte, Durham, Greensboro, Greenville, Hendersonville, High Point, Raleigh, Southern Pines, and Winston Salem, North Carolina, Charleston, Greenville, Spartanburg, and Summerville, South Carolina, Brentwood and Memphis, Tennessee, Hurst, Texas; and Charleston and Morgantown, West Virginia

[&]quot;Professional staff" includes all personnel of the Firm, except partners or shareholders and administrative support personnel. The number of partners and professional staff is provided here as an indication of the size of the Firm, and does not necessarily represent the number of the Firm's professionals who participate in audits of Issuers or are "associated persons" (as defined in the Act) of the Firm.

The number of issuer audit clients shown here is based on the Firm's selfreporting and the inspection team's review of certain information for inspection planning purposes. It does not reflect any Board determination concerning which, or how many, of the Firm's audit clients are "issuers" as defined in the Act. In some circumstances, a Board inspection may include a review of a firm's audit of financial statements of an





Inspection of Dixon Hughes PLLC December 21, 2009 Page 3

Board inspections are designed to identify and address weaknesses and deficiencies related to how a firm conducts audits. To achieve that goal, Board inspections include reviews of certain aspects of selected audits performed by the firm and reviews of other matters related to the firm's quality control system.

In the course of reviewing aspects of selected audits, an inspection may identify ways in which a particular audit is deficient, including failures by the firm to identify, or to address appropriately, respects in which an issuer's financial statements do not present fairly the financial position, results of operations, or cash flows of the issuer in conformity with GAAP. It is not the purpose of an inspection, however, to review all of a firm's audits or to identify every respect in which a reviewed audit is deficient Accordingly, a Board inspection report should not be understood to provide any assurance that the firm's audits, or its issuer clients' financial statements, are free of any deficiencies not specifically described in an inspection report

A. Review of Audit Engagements

The inspection procedures included a review of aspects of the Firm's auditing of financial statements of eight issuers. The scope of this review was determined according to the Board's criteria, and the Firm was not allowed an opportunity to limit or influence the scope. This review did not Identify any audit performance issues that, in the inspection team's view, resulted in the Firm falling to obtain sufficient competent evidential mafter to support its opinion on the issuer's financial statements.

issuer that ceased to be an audit client before the inspection, and any such former clients are not included in the number shown here

- This focus necessarily carries through to reports on inspections and accordingly. Board inspection reports are not intended to serve as balanced report cards or overall rating tools.
- When it comes to the Board's attention that an issuer's financial statements appear not to present fairly, in a material respect, the financial position, results of operations, or cash flows of the issuer in conformity with GAAP, the Board's practice is to report that information to the SEC, which has jurisdiction to determine proper accounting in issuers' financial statements.







Inspection of Dixon Hughes PLLC December 21, 2009 Page 4

B Review of Quality Control System

In addition to evaluating the quality of the audit work performed on specific audits, the inspection included review of certain of the Firm's, practices, policies, and procedures related to audit quality. This review addressed practices, policies, and procedures concerning audit performance, training, compliance with independence standards, client acceptance and retention, and the establishment of policies and procedures. The inspection team did not identify anything that it considered to be a quality control defect that warrants discussion in a Board inspection report.

END OF PART I







Inspection of Dixon Hughes PLLC December 21, 2009 Page 5

PART II

RESPONSE OF THE FIRM TO DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Firm provided a written response to a draft of this report. Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the Firm's response, minus any portion granted confidential treatment, is attached hereto and made part of this final inspection report.







October 5, 2009

Mr. George Discent Division of Registration and Inspections Public Company Accounting Overlight Board 16/4 K Street, N.W. Washington, DC. 20006

Res Response to the Public Company Accounting Oversight Board (PCAOB) Draft Report (Report) on the 2009 Inspection of Drant Rogber PLLC (Dixon Hughes)

Dear Mr. Discress

We see pleased to provide our response to the PCAOO's draft report on the 2009 expection of Dovin Highest dated September 25, 2009. Decon Highest is committed to the highest quality audits. We existing morther the pystess and processes for our audit practice, recluding quality control, and under changes at methodologies, policies and procedures when we identify improvements that could enhance audit quality.

We appreciate the construction dialogue we have bud with the PCAOB impurious halff in consection with the inspection process, which we betwee with further exist we in identifying apportunities to improve our purformance. Our I am looks forward to confining to work with the PCAOB or emitters of interest every public company additing practice.

Respectfully submitted

Dyon Fligher PLLC

Dissa Hughes PLLC





Appendix D: Sample Report Formats

SAMPLE

INDEPENDENT AUDITORS' REPORT

West Virginia Offices of the Insurance Commissioner Charleston, WV

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Offices of the Insurance Commissioner as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the West Virginia Offices of the Insurance Commissioner, as listed in the table of contents. These financial statements are the responsibility of the West Virginia Offices of the Insurance Commissioner's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the West Virginia Offices of the Insurance Commissioner's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the West Virginia Offices of the Insurance Commissioner are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, business-type activities, and each major fund of the State of West Virginia that is attributable to the transactions of the West Virginia Offices of the Insurance Commissioner. They do not purport to, and do not, present fairly the financial position of the State of West Virginia as of June 30, 2012, and the changes in its financial position and its cash flows, where applicable, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the West Virginia Offices of the Insurance Commissioner at June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity





with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages ___ to ___, the unaudited supplemental claims information on pages __ to ___, and the budgetary comparison information on pages X be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

[DATE] Charleston, West Virginia





SAMPLE

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

West Virginia Offices of the Insurance Commissioner Charleston, WV

We have audited and reported separately herein on the basic financial statements and required supplementary information of the West Virginia Offices of the Insurance Commissioner of and for the year ended June 30, 2012. Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the West Virginia Offices of the Insurance Commissioner taken as a whole. The information on pages x through x are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The Workers' Compensation information on pages x through x has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The budgetary comparison schedules on pages x through x have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

[DATE] Charleston, West Virginia





SAMPLE

MANAGEMENT REPRESENTATION LETTER

[DATE]

Dixon Hughes Goodman LLP P.O. Box 1747 Charleston, WV 25326

We are providing this letter in connection with your audit of the basic financial statements of the West Virginia Offices of the Insurance Commissioner as of and for the year ended June 30, 2012, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in financial position, and cash flows of West Virginia Offices of the Insurance Commissioner in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

- The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
- 2. We have identified for you all of all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standard that are:
 - a. Component units
 - b. Other organizations for which the nature and significance of their relationship with the Insurance Commissioner are such that exclusion would cause the reporting entity's financial statements to be misleading of incomplete.
 - c. Jointly governed organizations in which we participated.
- The West Virginia Offices of the Insurance Commissioner is an agency of the State of the West Virginia and, accordingly, is included as part of the primary government in the State's Comprehensive Annual Financial Report.





- 4. We are another organization for which the nature and significance of our relationship with The State of West Virginia are such that exclusion of our financial information would cause that primary government's reporting entity's financial statements to be misleading or incomplete, as these terms are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
- 5. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
- 6. We have properly classified all funds and activities.
- 7. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria. We have determined the following fund to be major for public interest reasons: AccessWV. We believe that the judgmentally determined major fund is particularly important to the financial statement users.
- 8. We are responsible for compliance with laws and regulations, contracts and grant agreements applicable to West Virginia Offices of the Insurance Commissioner including adopting, approving, and amending budgets.
- 9. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
- 10. We have made available to you all
 - a. Financial records and related data of all funds and activities, includes those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
 - Minutes of the meetings of government or oversight bodies, including committees thereof
 or summaries of actions of recent meetings for which minutes have not yet been
 prepared.
 - c. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
 - 1) Statutory, regulatory or contractual provisions or requirements.
 - 2) Financial reporting practices that could have a material effect on the financial statements.
- 11. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 12. We know of no violations of State or Federal statutory or regulatory provisions, grant or other contractual provisions, or of provisions of local ordinances.
- There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.





- 14. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 15. We have no knowledge of any fraud or suspected fraud affecting the company involving
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
- 16. We have no knowledge of any allegations of fraud or suspected fraud affecting West Virginia Offices of the Insurance Commissioner received in communications from employees, former employees, regulators, or others.
- 17. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
- 19. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including those with the primary government having accountability for West Virginia Offices of the Insurance Commissioner as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
 - b. Guarantees, whether written or oral, under which the Government is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - d. Line of credit or similar arrangements.
 - e. Agreements to repurchase assets previously sold.
 - f. Security agreements in effect under the Uniform Commercial Code.
 - g. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - h. The fair value of investments.





- Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
- j. Any liabilities which are subordinated in any way to any other actual or possible liabilities.
- k. All leases and material amounts of rental obligations under long-term leases.
- I. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the Risks and Uncertainties Topic of the PASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
- m. Authorized but unissued bonds and/or notes.
- n. Risk financing activities.
- o. Derivative financial instruments.
- p. Assets and liabilities measured at fair value.
- q. The effect on the financial statements of GASB Statements or other pronouncements which have been issued, but which we have not yet adopted.
- Special and extraordinary items.
- s. Deposits and investment securities category of custodial credit risk.
- t. Impairment of capital assets.
- u. Related party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
- v. Guarantees, whether written or oral, under which the company is contingently liable
- w. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
- 21. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made.
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.





- c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2012 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2013.
- d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through June 30, 2012.
- e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- f. For any material loss to be sustained as a result of purchase commitments.
- g. For environmental cleanup obligations.

22. There are no:

- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- b. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
- c. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
- d. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingences Topic of the PASB Accounting Standards Codification and/or GASB Statement No.10.
- 23. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Contingences Topic of the FASB Accounting Standards Codification and/or GASB Statement No.10.
- 24. If applicable, the estimated contingent liability for self-insured employers disclosed in the notes to the financial statements is fairly stated at June 30, 2012. This amount has not been included in the estimated liabilities for unpaid claims and claim adjustment expenses because the likelihood of future self-insurer defaults has not and cannot be reasonably estimated. There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingences Topic of the FASB Accounting Standards Codification.





- 25. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
- 26. Net asset components and fund balance reserves and designations are properly classified and, if applicable, approved.
- 27. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 28. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 29. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
- 30. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, if any, have been properly recorded or disclosed in the financial statements.
- 31. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
- 32. Participation in public entity risk pools have been properly reported and disclosed in the financial statements.
- 33. Investments West Virginia Offices of the Insurance Commissioner's investments are made into the West Virginia Consolidated Investment Pool that is managed by the Investment Management Board (IMB) and the Board of Treasury Investments (BTI), the management of which are not under West Virginia Offices of the Insurance Commissioner's control. Investments are reported by the IMB or BTI at fair value and are accounted for by West Virginia Offices of the Insurance Commissioner accordingly, with changes in the fair value included in investment income. The earnings from these pooled investments are distributed to investment pool participants based on their pro rata participation in the pools. To our knowledge, none of the West Virginia Offices of the Insurance Commissioner's investments have permanently declined in value to an amount less than the carrying value in the financial statements.
- 34. Liability for Unpaid Claims and Claim Adjustment Expenses The unpaid claims and claims adjustment expense liability represents the estimated ultimate net cost of all reported and unreported claims and claim adjustment expenses incurred through June 30, 2012. Such estimates are based on case-basis estimates of losses reported prior to June 30, 2012, the unpaid claims and claim adjustment expenses factors inherent in West Virginia Offices of the Insurance Commissioner's reported loss experience to date, analysis of the West Virginia Offices of the Insurance Commissioner's operations, and statistical data, and gives effect to





estimates of trends in claims severity and frequency. The estimated liability for unpaid claims and claim adjustment expenses has been discounted for GAAP reporting purposes at a ___% interest rate at June 30, 2012, which we believe is reasonable. Such liability is reasonable and adequate to discharge West Virginia Offices of the Insurance Commissioner's obligations for claims incurred but unpaid as of June 30, 2012. Reserves are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. The liability for unpaid claims and claim adjustment expenses was based on the best data available to us; however, because actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, these estimates are subject to a significant degree of variability. These estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. Although the estimates of the liability for unpaid claims and claims adjustment expenses are reasonable in the circumstances, it is possible that West Virginia Offices of the Insurance Commissioner's actual incurred claims and claim adjustment expenses will not conform to the assumptions inherent in the determination of the liability; accordingly, the ultimate settlement of claims and the related claim adjustment expenses may vary significantly from the estimates included in West Virginia Offices of the Insurance Commissioner's financial statements. Also, we believe that the footnotes adequately describe this uncertainty.

- 35. Due to the inherent variability in the liability for unpaid claims and claim adjustment expenses, we plan to record this liability consistently from year to year.
- 36. West Virginia Offices of the Insurance Commissioner utilizes consulting actuaries to assist with certain components of the actuarial estimation process. All significant matters of judgment utilized in the actuarial estimation process by our consulting actuaries are determined or approved by management or our in-house actuary, if applicable, and we are in a position to make informed judgment on the results of their work. West Virginia Offices of the Insurance Commissioner agrees with the actuarial methods and assumptions used by the consulting actuary and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to West Virginia Offices of the Insurance Commissioner's consulting actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence of objectivity of the West Virginia Offices of the Insurance Commissioner's consulting actuary.
- 37. Required supplementary information is properly measured and presented. The supplementary information on Claims Development Information and Reconciliation of Claims Liability by Type has been prepared and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its Statement No. 30.
- 38. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.





- 39. Management's discussion and analysis (MD&A) is based on facts, decisions, or conditions currently known to management and does not contain forecasts or other prospective information.
- 40. We are responsible for:
 - a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Insurance Commissioner.
 - b. Establishing and maintaining effective internal control over financial reporting.
- 41. We have identified and disclosed to you:
 - a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
 - b. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
- 42. Management has evaluated whether or not a premium deficiency exists at the balance sheet date. We do not believe that such a deficiency exists.
- 43. We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 44. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 45. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 46. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 47. The financial statements properly classify all funds and activities.
- 48. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 49. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 50. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
- 51. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you





any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

- 52. With respect to the management discussion and analysis, the unaudited supplemental claims information, and the budgetary comparison schedule (collectively supplementary information):
 - a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 53. As part of your audit, you assisted with preparation of the financial statements. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related.
- 54. We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. Except as disclosed in Note ____ to the financial statements, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Sincerely,





Appendix E: Purchasing Affidavit

RFQ No. INS12015

STATE OF WEST VIRGINIA Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

'Debtor' means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. 'Political subdivision' means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law, or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

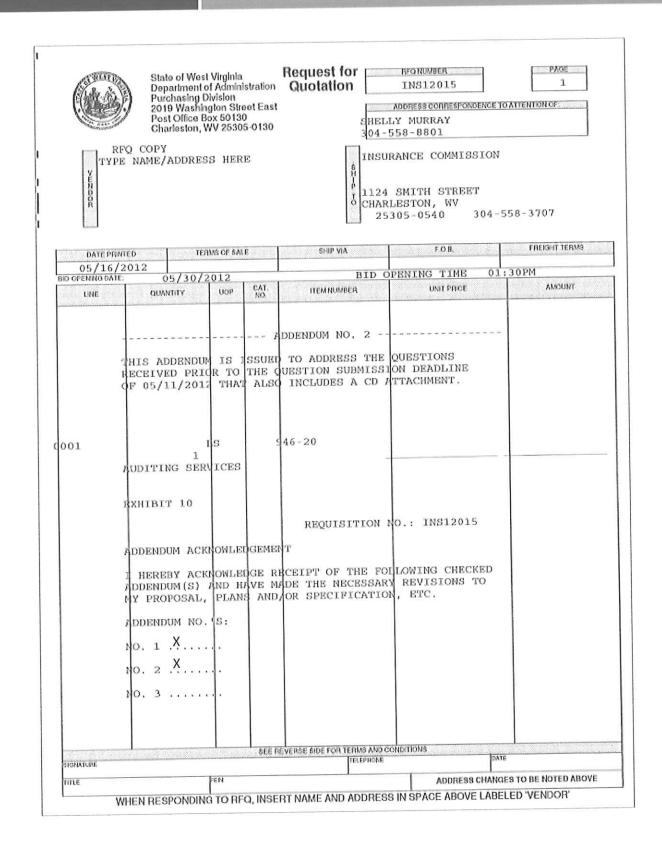
Under penalty of law for false swearing (West Virginia Code §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE	
Vendor's Name: Dixon Hyghes Goodman LLP	
Authorized Signature: Vorum C Manne Dat	_{te:} May 30, 2012
State of West Virginia	
County of Kanawha , to-wit:	4511
Taken, subscribed, and sworn to before me this day of	, 20/
My Commission expires Oan U ar y . 20/3.	
ACCIV SEAR PUBLIC	lu Carto
OFFICIAL SEAL OFFICIAL SEAL OOTARY PUBLIC	Curry Cook
ATE OF WEST VIRGINIA	
O'S OSBORNE, CPA'S O BOX 1747	
SELESTON, WV 25326 micsion expires January 2, 2013	Purchasing Affidavit (Revised 12/15/09)
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Appendix F: Addendum Acknowledgement







Appendix F: Addendum Acknowledgement

