



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation

Proc Folder: 76005

Doc Description: BLANKET BONDING FOR LIMITED VIDEO LOTTERY

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2015-02-02	2015-03-10 13:30:00	CRFQ 0705 LOT1500000005	1

BID RECEIVING LOCATION

BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

BB&T Carson Insurance Services
 601 Tennessee Ave
 Charleston, WV 25302
 Ph: 304-346-0806
 Fax: 888-751-3012

03/10/15 10:02:17
 WV Purchasing Division

FOR INFORMATION CONTACT THE BUYER

Evelyn Melton
 (304) 558-7023
 evelyn.p.melton@wv.gov

Signature X

FEIN # 56-1623293

DATE 3/10/2015

All offers subject to all terms and conditions contained in this solicitation

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	COST PER \$ 1,000.00 OF COVERAGE: NO DEDUCTIBLE	1.00000	UNIT	\$10.00	\$10.00 per thousand

Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :
COST PER \$ 1,000.00 OF COVERAGE: NO DEDUCTIBLE

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	COST PER \$1000.00 OF COVERAGE: \$10,000.00	1.00000	UNIT	\$9.50	9.50 per thousand

Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :
COST PER \$ 1,000.00 OF COVERAGE: \$10,000.00 DEDUCTIBLE

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	COST PER \$1,000.00 OF COVERAGE: \$25,000.00	1.00000	UNIT	\$9.00	\$9.00 per thousand



Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :

COST PER \$ 1,000.00 OF COVERAGE: \$ 25,000.00 DEDUCTIBLE

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	COST PER \$1,000.00 OF COVERAGE: \$50,000.00	1.00000	UNIT	\$8.00	\$8.00 per thousand

Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :

COST PER \$ 1,000.00 OF COVERAGE: \$ 50,000.00 DEDUCTIBLE

THE WEST VIRGINIA PURCHASING DIVISION IS SOLICITING BIDS ON BEHALF OF THE WEST VIRGINIA LOTTERY AND ANY OTHER STATE AGENCY THAT DESIRES TO UTILIZE THIS CONTRACT TO ESTABLISH AN OPEN-END CONTRACT FOR BONDING PERMIT HOLDERS.



LOT1500000005	Document Phase Final	Document Description BLANKET BONDING FOR LIMITED VI DEO LOTTERY	Page 4 of 4
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

A handwritten signature in black ink, appearing to be "Sherry H.", with a long horizontal stroke extending to the right.

Carson Insurance Services

601 Tennessee Avenue
Charleston, WV 25302
Main (304) 346-0806
Toll Free (800) 696-0802
(888) 751-3002

March 10, 2015

Ms. Evelyn Melton
State of West Virginia
Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130Re: CRFQ LOT1500000005 West Virginia Limited Video Lottery Bond
Bid Opening March 10, 2015
Bid Opening Time 1:30 pm

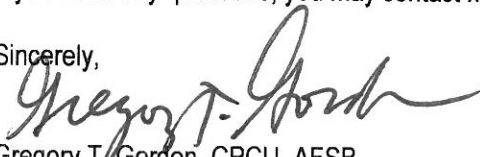
Dear Ms. Melton,

Enclosed you will find our bid for the West Virginia Limited Video Lottery Permit Holders. We are proposing RLI Insurance Company for this bond. They meet the qualifications of an "A" rating with A.M. Best Company. The following quotes are enclosed for your review:

- RLI Insurance Company
 - AM Best #004210
 - AM Best Rating: A+ (Superior)
 - Financial Size Category: XI (\$750 Million to \$1 Billion)
1. No Deductible - \$10.00 per thousand, per year-current exposure \$16,140,000.00 - \$161,400.00 annual premium
 2. \$10,000.00 Deductible \$9.50 per thousand per year-current exposure \$16,140,000.00 - \$153,330.00 annual premium
 3. \$25,000.00 Deductible \$9.00 per thousand per year-current exposure \$16,140,000.00- \$145,260.00 annual premium
 4. \$50,000.00 Deductible \$8.00 per thousand per year-current exposure \$16,140,000.00-\$129,120.00 annual premium

if you have any questions, you may contact me at (304) 340-6970 or by email at: ggordon@bbandt.com.

Sincerely,

Gregory T. Gordon, CPCU, AFSB
Vice President
WV Resident Agent

GG/ram

Carson Insurance Services

601 Tennessee Avenue
Charleston, WV 25302
Main (304) 346-0806
Toll Free (800) 696-0802
(888) 751-3002

March 10, 2015

Ms. Evelyn Melton
State of West Virginia
Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130

Re: LOT1500000005 West Virginia Limited Video Lottery Bond
Bid Opening March 10, 2015
Bid Opening Time 1:30 pm

Dear Ms. Melton,

Below are my 3 references:

1. Ed Gaunch
524 Woodbridge Drive
Charleston, WV 25311
304-345-9316
2. Scott Pierson
200 Independent Avenue
Nitro, WV 25143
304-769-5810
2. Paul Turman, II
P.O. Box 63
Barboursville, WV 25504
304-733-1335

If you have any questions, you may contact me at (304) 340-6970 or by email at: ggordon@bbandt.com.

Sincerely,



Gregory T. Gordon, CPCU, AFSB
Vice President/Agent


GG/ram

GREGORY T. GORDON



State of West Virginia
Agent License
License No: 6775274 NPN: 6775274
GREGORY T. GORDON

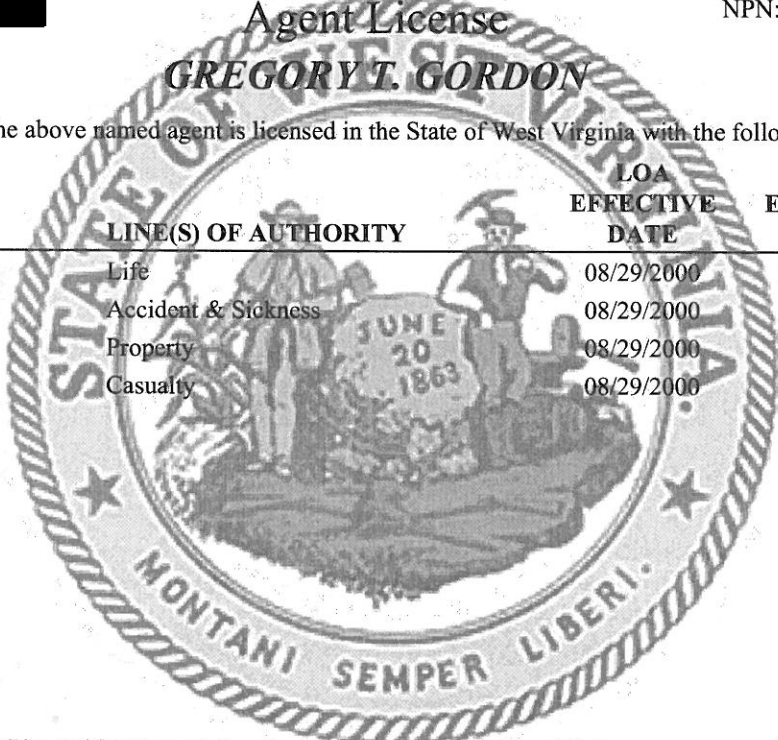
LICENSE TYPE	LINE(S) OF AUTHORITY	LOA EFFECTIVE DATE	LICENSE EXPIRATION DATE
PRODUCER	Life	08/29/2000	12/31/2015
	Accident & Sickness	08/29/2000	
	Property	08/29/2000	
	Casualty	08/29/2000	



State of West Virginia
Agent License
License No: [REDACTED] NPN: 6775274
GREGORY T. GORDON

This is to certify that the above named agent is licensed in the State of West Virginia with the following authority(ies):

LICENSE TYPE	LINE(S) OF AUTHORITY	LOA EFFECTIVE DATE	LICENSE EXPIRATION DATE
PRODUCER	Life	08/29/2000	12/31/2015
	Accident & Sickness	08/29/2000	
	Property	08/29/2000	
	Casualty	08/29/2000	



Please visit sbs-wv.naic.org/Lion-Web/jsp/sbsreports/AgentLookup.jsp for the current status of this license.

INSTRUCTIONS TO VENDORS SUBMITTING BIDS

1. **REVIEW DOCUMENTS THOROUGHLY:** The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.
2. **MANDATORY TERMS:** The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.
3. **PREBID MEETING:** The item identified below shall apply to this Solicitation.

A pre-bid meeting will not be held prior to bid opening.

A **NON-MANDATORY PRE-BID** meeting will be held at the following place and time:

A **MANDATORY PRE-BID** meeting will be held at the following place and time:

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one person attending the pre-bid meeting may represent more than one Vendor.

An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. The State will not accept any other form of proof or documentation to verify attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing. Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required information. Failure to complete the attendance sheet as required may result in disqualification of Vendor's bid.

Revised 08/08/2014



All Vendors should arrive prior to the starting time for the pre-bid. Vendors who arrive after the starting time but prior to the end of the pre-bid will be permitted to sign in, but are charged with knowing all matters discussed at the pre-bid.

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

4. **VENDOR QUESTION DEADLINE:** Vendors may submit questions relating to this Solicitation to the Purchasing Division. Questions must be submitted in writing. All questions must be submitted on or before the date listed below and to the address listed below in order to be considered. A written response will be published in a Solicitation addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are non-binding. Submitted e-mails should have solicitation number in the subject line.

Question Submission Deadline: February 18, 2015 - end of business

Submit Questions to: Evelyn P. Melton
 2019 Washington Street, East
 Charleston, WV 25305
 Fax: (304) 558-4115 (Vendors should not use this fax number for bid submission)
 Email: evelyn.p.melton@wv.gov

5. **VERBAL COMMUNICATION:** Any verbal communication between the Vendor and any State personnel is not binding, including verbal communication at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the Purchasing Division is binding.
6. **BID SUBMISSION:** All bids must be submitted electronically through wvOASIS or signed and delivered by the Vendor to the Purchasing Division at the address listed below on or before the date and time of the bid opening. Any bid received by the Purchasing Division staff is considered to be in the possession of the Purchasing Division and will not be returned for any reason. The Purchasing Division will not accept bids, modification of bids, or addendum acknowledgment forms via e-mail. Acceptable delivery methods include electronic submission via wvOASIS, hand delivery, delivery by courier, or facsimile. The bid delivery address is:

Department of Administration, Purchasing Division
 2019 Washington Street East
 Charleston, WV 25305-0130



A bid that is not submitted electronically through wvOASIS should contain the information listed below on the face of the envelope or the bid may be rejected by the Purchasing Division.:

SEALED BID:
 BUYER:
 SOLICITATION NO.:
 BID OPENING DATE:
 BID OPENING TIME:
 FAX NUMBER:

In the event that Vendor is responding to a request for proposal, and chooses to respond in a manner other than by electronic submission through wvOASIS, the Vendor shall submit one original technical and one original cost proposal plus convenience copies of each to the Purchasing Division at the address shown above. Additionally, if Vendor does not submit its bid through wvOASIS, the Vendor should identify the bid type as either a technical or cost proposal on the face of each bid envelope submitted in response to a request for proposal as follows:

BID TYPE: (This only applies to CRFP)

Technical

Cost

7. **BID OPENING:** Bids submitted in response to this Solicitation will be opened at the location identified below on the date and time listed below. Delivery of a bid after the bid opening date and time will result in bid disqualification. For purposes of this Solicitation, a bid is considered delivered when confirmation of delivery is provided by wvOASIS (in the case of electronic submission) or when the bid is time stamped by the official Purchasing Division time clock (in the case of hand delivery).

Bid Opening Date and Time: March 10, 2015 - Tuesday @ 1:30 P.M.
 Bid Opening Location: Department of Administration, Purchasing Division
 2019 Washington Street East
 Charleston, WV 25305-0130

8. **ADDENDUM ACKNOWLEDGEMENT:** Changes or revisions to this Solicitation will be made by an official written addendum issued by the Purchasing Division. Vendor should acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.



9. **BID FORMATTING:** Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.
10. **ALTERNATES:** Any model, brand, or specification listed in this Solicitation establishes the acceptable level of quality only and is not intended to reflect a preference for, or in any way favor, a particular brand or vendor. Vendors may bid alternates to a listed model or brand provided that the alternate is at least equal to the model or brand and complies with the required specifications. The equality of any alternate being bid shall be determined by the State at its sole discretion. Any Vendor bidding an alternate model or brand should clearly identify the alternate items in its bid and should include manufacturer's specifications, industry literature, and/or any other relevant documentation demonstrating the equality of the alternate items. Failure to provide information for alternate items may be grounds for rejection of a Vendor's bid.
11. **EXCEPTIONS AND CLARIFICATIONS:** The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.
12. **COMMUNICATION LIMITATIONS:** In accordance with West Virginia Code of State Rules §148-1-6.6, communication with the State of West Virginia or any of its employees regarding this Solicitation during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited without prior Purchasing Division approval. Purchasing Division approval for such communication is implied for all agency delegated and exempt purchases.
13. **REGISTRATION:** Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division and must have paid the \$125 fee, if applicable.
14. **UNIT PRICE:** Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.
15. **PREFERENCE:** Vendor Preference may only be granted upon written request and only in accordance with the West Virginia Code § 5A-3-37 and the West Virginia Code of State Rules. A Vendor Preference Certificate form has been attached hereto to allow Vendor to apply for the preference. Vendor's failure to submit the Vendor Preference Certificate form with its bid will result in denial of Vendor Preference. Vendor Preference does not apply to construction projects.
16. **SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES:** For any solicitations publicly advertised for bid, in accordance with West Virginia Code §5A-3-37(a)(7) and W. Va. CSR § 148-22-9, any non-resident vendor certified as a small, women-owned, or minority-owned business under W. Va. CSR § 148-22-9 shall be provided the



same preference made available to any resident vendor. Any non-resident small, women-owned, or minority-owned business must identify itself as such in writing, must submit that writing to the Purchasing Division with its bid, and must be properly certified under W. Va. CSR § 148-22-9 prior to contract award to receive the preferences made available to resident vendors. Preference for a non-resident small, women-owned, or minority owned business shall be applied in accordance with W. Va. CSR § 148-22-9.

17. **WAIVER OF MINOR IRREGULARITIES:** The Director reserves the right to waive minor irregularities in bids or specifications in accordance with West Virginia Code of State Rules § 148-1-4.6.

A handwritten signature in black ink, appearing to read "Gregory", is located at the bottom center of the page.

GENERAL TERMS AND CONDITIONS:

1. **CONTRACTUAL AGREEMENT:** Issuance of a Award Document signed by the Purchasing Division Director, or his designee, and approved as to form by the Attorney General's office constitutes acceptance of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

2. **DEFINITIONS:** As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.
 - 2.1. "Agency" or "Agencies" means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.
 - 2.2. "Contract" means the binding agreement that is entered into between the State and the Vendor to provide the goods or services requested in the Solicitation.
 - 2.3. "Director" means the Director of the West Virginia Department of Administration, Purchasing Division.
 - 2.4. "Purchasing Division" means the West Virginia Department of Administration, Purchasing Division.
 - 2.5. "Award Document" means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the contract holder.
 - 2.6. "Solicitation" means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.
 - 2.7. "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.
 - 2.8. "Vendor" or "Vendors" means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

A handwritten signature in black ink, appearing to read 'Geymah', is located at the bottom center of the page.

3. **CONTRACT TERM; RENEWAL; EXTENSION:** The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:

Term Contract

Initial Contract Term: This Contract becomes effective on upon award and extends for a period of one (1) year(s).

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any request for renewal should be submitted to the Purchasing Division thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Renewal of this Contract is limited to three (3) successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed 36 months in total. Automatic renewal of this Contract is prohibited. Notwithstanding the foregoing, Purchasing Division approval is not required on agency delegated or exempt purchases. Attorney General approval may be required for vendor terms and conditions.

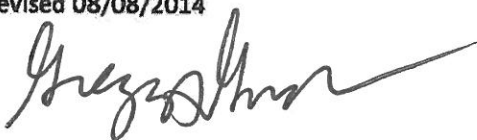
Delivery Order Limitations: In the event that this contract permits delivery orders, a delivery order may only be issued during the time this Contract is in effect. Any delivery order issued within one year of the expiration of this Contract shall be effective for one year from the date the delivery order is issued. No delivery order may be extended beyond one year after this Contract has expired.

Fixed Period Contract: This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within _____ days.

Fixed Period Contract with Renewals: This Contract becomes effective upon Vendor's receipt of the notice to proceed and part of the Contract more fully described in the attached specifications must be completed within _____ days. Upon completion, the vendor agrees that maintenance, monitoring, or warranty services will be provided for one year thereafter with an additional _____ successive one year renewal periods or multiple renewal periods of less than one year provided that the multiple renewal periods do not exceed _____ months in total. Automatic renewal of this Contract is prohibited.

One Time Purchase: The term of this Contract shall run from the issuance of the Award Document until all of the goods contracted for have been delivered, but in no event will this Contract extend for more than one fiscal year.

Other: See attached.



4. **NOTICE TO PROCEED:** Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fully executed Award Document will be considered notice to proceed.
5. **QUANTITIES:** The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.
- Open End Contract:** Quantities listed in this Solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.
- Service:** The scope of the service to be provided will be more clearly defined in the specifications included herewith.
- Combined Service and Goods:** The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.
- One Time Purchase:** This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.
6. **PRICING:** The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification.
7. **EMERGENCY PURCHASES:** The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute a breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One Time Purchase contract.
8. **REQUIRED DOCUMENTS:** All of the items checked below must be provided to the Purchasing Division by the Vendor as specified below.



- BID BOND:** All Vendors shall furnish a bid bond in the amount of five percent (5%) of the total amount of the bid protecting the State of West Virginia. The bid bond must be submitted with the bid.
- PERFORMANCE BOND:** The apparent successful Vendor shall provide a performance bond in the amount of _____. The performance bond must be received by the Purchasing Division prior to Contract award. On construction contracts, the performance bond must be 100% of the Contract value.
- LABOR/MATERIAL PAYMENT BOND:** The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be delivered to the Purchasing Division prior to Contract award.

In lieu of the Bid Bond, Performance Bond, and Labor/Material Payment Bond, the Vendor may provide certified checks, cashier's checks, or irrevocable letters of credit. Any certified check, cashier's check, or irrevocable letter of credit provided in lieu of a bond must be of the same amount and delivered on the same schedule as the bond it replaces. A letter of credit submitted in lieu of a performance and labor/material payment bond will only be allowed for projects under \$100,000. Personal or business checks are not acceptable.

- MAINTENANCE BOND:** The apparent successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and delivered to the Purchasing Division prior to Contract award.
- INSURANCE:** The apparent successful Vendor shall furnish proof of the following insurance prior to Contract award and shall list the state as a certificate holder:

- Commercial General Liability Insurance:** In the amount of _____ or more.

- Builders Risk Insurance:** In an amount equal to 100% of the amount of the Contract.

-
-
-
-
-



The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed above.

LICENSE(S) / CERTIFICATIONS / PERMITS: In addition to anything required under the Section entitled Licensing, of the General Terms and Conditions, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits prior to Contract award, in a form acceptable to the Purchasing Division.

INSURANCE LICENSE AND IN GOOD STANDING WITH THE

cont'n: **INSURANCE COMMISSIONER**

The apparent successful Vendor shall also furnish proof of any additional licenses or certifications contained in the specifications prior to Contract award regardless of whether or not that requirement is listed above.

9. WORKERS' COMPENSATION INSURANCE: The apparent successful Vendor shall comply with laws relating to workers compensation, shall maintain workers' compensation insurance when required, and shall furnish proof of workers' compensation insurance upon request.

10. LITIGATION BOND: The Director reserves the right to require any Vendor that files a protest of an award to submit a litigation bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater. The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to, the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All litigation bonds shall be made payable to the Purchasing Division. In lieu of a bond, the protester may submit a cashier's check or certified check payable to the Purchasing Division. Cashier's or certified checks will be deposited with and held by the State Treasurer's office. If it is determined that the protest has not been filed for frivolous or improper purpose, the bond or deposit shall be returned in its entirety.

11. LIQUIDATED DAMAGES: Vendor shall pay liquidated damages in the amount of

for _____

This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy.



12. **ACCEPTANCE/REJECTION:** The State may accept or reject any bid in whole, or in part. Vendor's signature on its bid signifies acceptance of the terms and conditions contained in the Solicitation and Vendor agrees to be bound by the terms of the Contract, as reflected in the Award Document, upon receipt.
13. **FUNDING:** This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available.
14. **PAYMENT:** Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods or services. The Vendor shall submit invoices, in arrears.
15. **TAXES:** The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
16. **CANCELLATION:** The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Purchasing Division Director may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-7.16.2.
17. **TIME:** Time is of the essence with regard to all matters of time and performance in this Contract.
18. **APPLICABLE LAW:** This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.
19. **COMPLIANCE:** Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendor acknowledges that it has reviewed, understands, and will comply with all applicable law.
20. **PREVAILING WAGE:** On any contract for the construction of a public improvement, Vendor and any subcontractors utilized by Vendor shall pay a rate or rates of wages which shall not be less than the fair minimum rate or rates of wages (prevailing wage), as established by the West Virginia Division of Labor under West Virginia Code §§ 21-5A-1 et seq. and available at <http://www.sos.wv.gov/administrative-law/wagerates/Pages/default.aspx>. Vendor shall be responsible for ensuring compliance with



prevailing wage requirements and determining when prevailing wage requirements are applicable. The required contract provisions contained in West Virginia Code of State Rules § 42-7-3 are specifically incorporated herein by reference.

21. **ARBITRATION:** Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.
22. **MODIFICATIONS:** This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary, no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). No Change shall be implemented by the Vendor until such time as the Vendor receives an approved written change order from the Purchasing Division.
23. **WAIVER:** The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.
24. **SUBSEQUENT FORMS:** The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.
25. **ASSIGNMENT:** Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments. Notwithstanding the foregoing, Purchasing Division approval may or may not be required on certain agency delegated or exempt purchases.
26. **WARRANTY:** The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.
27. **STATE EMPLOYEES:** State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.
28. **BANKRUPTCY:** In the event the Vendor files for bankruptcy protection, the State of West Virginia may deem this Contract null and void, and terminate this Contract without notice.



29. **CONFIDENTIALITY:** The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.
30. **DISCLOSURE:** Vendor's response to the Solicitation and the resulting Contract are considered public documents and will be disclosed to the public in accordance with the laws, rules, and policies governing the West Virginia Purchasing Division. Those laws include, but are not limited to, the Freedom of Information Act found in West Virginia Code §§ 29B-1-1 et seq. and the competitive bidding laws found West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq.

If a Vendor considers any part of its bid to be exempt from public disclosure, Vendor must so indicate by specifically identifying the exempt information, identifying the exemption that applies, providing a detailed justification for the exemption, segregating the exempt information from the general bid information, and submitting the exempt information as part of its bid but in a segregated and clearly identifiable format. Failure to comply with the foregoing requirements will result in public disclosure of the Vendor's bid without further notice. A Vendor's act of marking all or nearly all of its bid as exempt is not sufficient to avoid disclosure and WILL NOT BE HONORED. Vendor's act of marking a bid or any part thereof as "confidential" or "proprietary" is not sufficient to avoid disclosure and WILL NOT BE HONORED. A legend or other statement indicating that all or substantially all of the bid is exempt from disclosure is not sufficient to avoid disclosure and WILL NOT BE HONORED. Additionally, pricing or cost information will not be considered exempt from disclosure and requests to withhold publication of pricing or cost information WILL NOT BE HONORED.

Vendor will be required to defend any claimed exemption for nondisclosure in the event of an administrative or judicial challenge to the State's nondisclosure. Vendor must indemnify the State for any costs incurred related to any exemptions claimed by Vendor. Any questions regarding the applicability of the various public records laws should be addressed to your own legal counsel prior to bid submission.

31. **LICENSING:** In accordance with West Virginia Code of State Rules §148-1-6.1.7, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.



32. **ANTITRUST:** In submitting a bid to, signing a contract with, or accepting a Award Document from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.
33. **VENDOR CERTIFICATIONS:** By signing its bid or entering into this Contract, Vendor certifies (1) that its bid or offer was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid or offer for the same material, supplies, equipment or services; (2) that its bid or offer is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this Solicitation in its entirety; understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid or offer also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency. The individual signing this bid or offer on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or offer or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.
34. **PURCHASING CARD ACCEPTANCE:** The State of West Virginia currently utilizes a Purchasing Card program, administered under contract by a banking institution, to process payment for goods and services. The Vendor must accept the State of West Virginia's Purchasing Card for payment of all orders under this Contract unless the box below is checked.
- Vendor is not required to accept the State of West Virginia's Purchasing Card as payment for all goods and services.
35. **VENDOR RELATIONSHIP:** The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but



not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

- 36. INDEMNIFICATION:** The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.
- 37. PURCHASING AFFIDAVIT:** In accordance with West Virginia Code § 5A-3-10a, all Vendors are required to sign, notarize, and submit the Purchasing Affidavit stating that neither the Vendor nor a related party owe a debt to the State in excess of \$1,000. The affidavit must be submitted prior to award, but should be submitted with the Vendor's bid. A copy of the Purchasing Affidavit is included herewith.
- 38. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE:** This Contract may be utilized by and extends to other agencies, spending units, and political subdivisions of the State of West Virginia; county, municipal, and other local government bodies; and school districts ("Other Government Entities"). This Contract shall be extended to the aforementioned Other Government Entities on the same prices, terms, and conditions as those offered and agreed to in this Contract. If the Vendor does not wish to extend the prices, terms, and conditions of its bid and subsequent contract to the Other Government Entities, the Vendor must clearly indicate such refusal in its bid. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award of this Contract in any manner.
- 39. CONFLICT OF INTEREST:** Vendor, its officers or members or employees, shall not presently have or acquire an interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.
- 40. REPORTS:** Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:
- Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.



- Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.requisitions@wv.gov.

- 41. BACKGROUND CHECK:** In accordance with W. Va. Code § 15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry.

After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision.

The State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

- 42. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS:** Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open heath, basic oxygen, electric furnace, Bessemer or other steel making process. The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:
- c. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater.



For the purposes of this section, the cost is the value of the steel product as delivered to the project; or

- d. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

43. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products.

This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.



SPECIFICATIONS

1. **PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of the West Virginia Lottery and any other state agency that desires to utilize this contract to establish an open-end contract for Blanket Bonding of Permit Holders. The Contract may be utilized by West Virginia State agencies and all political subdivisions of the State in all 55 counties.

2. **DEFINITIONS:** The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.
 - 2.1 "Desired Item" or "Desired Items" means the list of items identified in Section III, Subsection 1 below.

 - 2.2 "Pricing Section" means the schedule of prices, estimated order quantity, and totals.

 - 2.3 "RFQ" means the official RFQ published by the Purchasing Division and identified as CRFQ_LOT1500000005

3. **GENERAL REQUIREMENTS:**
 - 3.1 **Desired Items and Mandatory Requirements:** Vendor shall provide Agency with the Desired Items listed below on an open-end and continuing basis. Desired Items must meet or exceed the mandatory requirements as shown below.
 - 3.1.1 **BACKGROUND AND GENERAL REQUIREMENT:**

House Bill 102 was enacted in April 2001. Included in the Bill was the establishment of new Article 29-22B which is known as the Limited Video Lottery Act. The Act provided for up to 9,000 Limited Video Lottery (LVL) terminals to be placed in limited licensed retailer areas restricted for adult amusement.

In addition to licensing persons and activities, the Act provides for two kinds of permits. A limited video lottery "permit" is a document that allows the holder to purchase a specified number of video lottery terminals for use in licensed retail locations. Both retailers and operators may be permit holders.



Licensed "operators" (sometimes called "distributors" or "route operators" in other gaming states) are able to own up to 675 video lottery terminals through the permit process. These operators enter into contracts with bars and fraternal clubs for the placement and operation of the video lottery terminals and are liable for the net gaming revenue generated by their video lottery terminals and owed to the State Lottery Commission each month. This is the relationship that applies to most of the operating limited video lottery terminals.

The Act also allows bars and fraternal clubs to acquire permits and with them the ownership of limited video lottery terminals in their establishments. Retailers normally are limited to five video lottery terminals, but fraternal and veteran clubs may operate up to ten video lottery terminals. All Limited Video Lottery retailers have security cameras located on site for surveillance of the video lottery machines.

Credit and criminal background checks of each applicant are performed annually. Majority ownership of the retailer location must have West Virginia residency.

Permit holders are liable for their own net gaming revenue owed to the State Lottery Commission each month. The West Virginia Lottery processes sweeps of the permit holder's bank accounts for the collection of the lottery admin fee and the state share of revenue on the tenth day of each month. If the sweep returns NSF, the Lottery Commission is notified and fines are assessed. If the debt is not paid in a timely manner, the machines will be turned off.

A retailer's first NSF results in a NSF fee and interest until the sweep is collected. If a retailer NSF's a second time, they face the NSF fee and interest along with a possible 100% civil penalty at the discretion of the Lottery Commission. A third NSF in a twelve month period will result in an NSF fee, interest, up to 100% civil penalty and possible loss of LVL license at the discretion of the Lottery Commission.

In the event that the Lottery is unable to collect the debt for 3 months, the file is turned over to Ross Taylor with the State Finance Division who will utilize a third party collection agency to collect the debt. In the event the third party collection agency is unable to collect the debt, it is at the discretion of the Lottery Director to file the debt against the bond. There have not been any losses under the bond since the inception of the program.

As prescribed in LVL Rule 179-5-5.1.a., each permit holder was initially required to post a \$1,500 bond per terminal issued to each permit holder, and the permit holder paid the premium cost of such bond. LVL Rule



REQUEST FOR QUOTATION
CRFQ_LOT1500000005 - Blanket Bonding of Permit Holders

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179-5-5.1.b. provides that the West Virginia Lottery is to acquire a blanket bond for at least \$2,000 per video lottery terminal to become effective March 1, 2006.

The West Virginia Lottery is soliciting quotes through this Request For Quotation (CRFQ) to bond its LVL permit holders under a blanket bond. Four (4) separate quotes are being solicited with only one being awarded. They are as follows:

1. Quote should be made on the premium cost per one thousand dollars (\$1,000) of coverage.
2. Quote should be made on the premium cost per one thousand dollars (\$1,000) of coverage. The Lottery will be responsible for the first \$10,000 of total losses.
3. Quote should be made on the premium cost per one thousand dollars (\$1,000) of coverage. The Lottery will be responsible for the first \$25,000 of total losses.
4. Quote should be made on the premium cost per one thousand dollars (\$1,000) of coverage. The Lottery will be responsible for the first \$50,000 of total losses.

It is the Lottery's intention to purchase a minimum of \$2,000 of coverage for each LVL permit.

The maximum number of permits that can be held by one permit holder is 675. Therefore, the maximum exposure for any one permit holder would be \$1,350,000 (675 X \$2,000).

The requirements for a bond are statutory and all previous successful bidders have been able to provide an acceptable bond document. The successful vendor will execute a master bond containing a computerized list supplied by the Lottery, of all covered LVL permit holders indicating the number of video lottery terminals for each permit holder and a total of all video lottery terminals. This listing will serve as a basis for calculation of the premium to be paid by the Lottery from collections received from LVL permit holders. This listing will be updated on a quarterly basis to reflect all changes and/or deletions. A new master listing will be generated by the Lottery on a quarterly basis (March 1, June 1, September 1, and December 1 of each year).

Bidder must be licensed to do business in the State of West Virginia and in good standing with the Insurance Commissioner's Office in West Virginia.

The Bidder must be a Best's "A+" or "A" rated insurance company and must maintain that rating throughout the term of the contract.



Each bidder's quote should include:

1. The names, address, telephone number, and contact person for the bidder.
2. The names, addresses and telephone numbers of three current or past client references who the Lottery may contact.
3. Letter of good standing from the Office of the State Insurance Commissioner of the State of domicile.
4. Copy of the Best Trend Report for the current year.

This contract becomes effective on July 1, 2015, and extends for a period of one (1) year or until such "reasonable time" thereafter as is necessary to obtain a new contract or renew the original contract. The "reasonable time" period shall not exceed twelve (12) months. The contract may be renewed upon the mutual written consent of the spending unit and vendor, submitted to the Director of Purchasing thirty (30) days prior to the expiration date. Such renewal shall be in accordance with the terms and conditions of the original contract and shall be limited to two (2) one (1) year periods.

4. CONTRACT AWARD:

- 4.1 **Contract Award:** The Contract is intended to provide Agencies with a purchase price on all Desired Items. The Contract shall be awarded to the Vendor that provides the Desired Items meeting the required specifications for the lowest overall total cost as shown on the Pricing Section.
- 4.2 **Pricing Section:** Vendor should complete the Pricing Section by filling in the dollar value of each commodity line item. Vendor should complete the Pricing Section in their entirety as failure to do so may result in Vendor's bids being disqualified.

Notwithstanding the foregoing, the Purchasing Division may correct errors at its discretion. Vendor should type or electronically enter the information into the Pricing Section to prevent errors in the evaluation.

5. ORDERING AND PAYMENT:

- 5.1 **Ordering:** Vendor shall accept orders by regular mail, facsimile, e-mail, or any other written forms of communication. Vendor may, but is not required to, accept on-line orders through a secure internet ordering portal/website. If Vendor has the ability to accept on-line orders, it should include in its response a brief description of how Agencies may utilize the on-line ordering system. Any on-line ordering



system must have the capability to restrict prices and available items to conform to the schedule of prices originally submitted with this RFQ. Vendor shall ensure that its on-line ordering system is properly secured prior to processing Agency orders on-line.

- 5.2 **Payment:** Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia. Methods of acceptable payment must include the West Virginia Purchasing Card. Payment in advance is not permitted under this Contract.

6. DELIVERY AND RETURN:

- 6.1 **Delivery Time:** Vendor shall deliver standard orders upon immediately. Vendor shall deliver emergency orders upon request. Vendor shall ship all orders in accordance with the above schedule and shall not hold orders until a minimum delivery quantity is met.
- 6.2 **Late Delivery:** The Agency placing the order under this Contract must be notified in writing if orders will be delayed for any reason. Any delay in delivery that could cause harm to an Agency will be grounds for cancellation of the delayed order, and/or obtaining the items ordered from a third party.

Any Agency seeking to obtain items from a third party under this provision must first obtain approval of the Purchasing Division.

- 6.3 **Delivery Payment/Risk of Loss:** Standard order delivery shall be F.O.B. destination to the Agency's location. Vendor shall include the cost of standard order delivery charges in its bid pricing/discount and is not permitted to charge the Agency separately for such delivery. The Agency will pay delivery charges on all emergency orders provided that Vendor invoices those delivery costs as a separate charge with the original freight bill attached to the invoice.
- 6.4 **Return of Unacceptable Items:** If the Agency deems the Desired Items to be unacceptable, the Desired Items shall be returned to Vendor at Vendor's expense and with no restocking charge. Vendor shall either make arrangements for the return within five (5) days of being notified that items are unacceptable, or permit the Agency to arrange for the return and reimburse Agency for delivery expenses. If the original packaging cannot be utilized for the return, Vendor will supply the Agency with appropriate return packaging upon request. All returns of unacceptable items shall be F.O.B. the Agency's location. The returned product shall either be replaced, or the Agency shall receive a full credit or refund for the purchase price, at the Agency's discretion.



- 6.5 **Return Due to Agency Error:** Items ordered in error by the Agency will be returned for credit within 30 days of receipt, F.O.B. Vendor's location. Vendor shall not charge a restocking fee if returned products are in a resalable condition. Items shall be deemed to be in a resalable condition if they are unused and in the original packaging. Any restocking fee for items not in a resalable condition shall be the lower of the Vendor's customary restocking fee or 5% of the total invoiced value of the returned items.

7. MISCELLANIOUS:

- 7.1 **Reports:** Vendor shall provide quarterly reports and annual summaries to the Agency showing the Agency's items purchased, quantities of items purchased, and total dollar value of the items purchased. Vendor shall also provide reports, upon request, showing the items purchased during the term of this Contract, the quantity purchased for each of those items, and the total value of purchases for each of those items. Failure to supply such reports may be grounds for cancellation of this Contract.
- 7.2 **Contract Manager:** During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract.


Contract Manager: Gregory T. Gordon
Vendor's Address: 601 Tennessee Avenue
Charleston, WV 25302
Telephone Number: 304-346-0806
Fax Number: 888-751-3012
Email Address: ggordon@bbandt.com



CERTIFICATION AND SIGNATURE PAGE

By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

BB&T Carson Insurance Services
(Company)

 Gregory T. Gordon, Vice President
(Authorized Signature) (Representative Name, Title)

304-346-0806 888-751-3012 3/10/2015
(Phone Number) (Fax Number) (Date)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFQ_LOT1500000005

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
 (Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

BB&T Carson Insurance Services
 Company


 Authorized Signature

3/10/2015
 Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, 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: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. 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.

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.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"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 exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: BB&T Carson Insurance Services

Authorized Signature: *Gregory [Signature]* Date: 3/10/2015

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 10th day of March, 2015.

My Commission expires May 15, 2023.

AFFIX SEAL HERE

NOTARY PUBLIC

Patricia A. Moye
Patricia A. Moye
Purchasing Affidavit (Revised 07/01/2012)



State of West Virginia
VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. Application is made for 2.5% vendor preference for the reason checked:

Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,

Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,

Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,

2. Application is made for 2.5% vendor preference for the reason checked:

Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

3. Application is made for 2.5% vendor preference for the reason checked:

Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

4. Application is made for 5% vendor preference for the reason checked:

Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,

5. Application is made for 3.5% vendor preference who is a veteran for the reason checked:

Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,

6. Application is made for 3.5% vendor preference who is a veteran for the reason checked:

Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.

Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: BB&T Carson Insurance Services

Signed: 

Date: 3/10/2015

Title: Gregory T. Gordon, Vice President



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation

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Proc Folder: 76005

Doc Description: ADDENDUM NO. 1 - BLANKET BONDING FOR LIMITED VIDEO LOTTERY

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2015-02-24	2015-03-10 13:30:00	CRFQ 0705 LOT1500000005	2

BID RECEIVING LOCATION

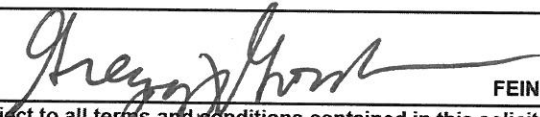
BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:
 BB&T Carson Insurance Services
 601 Tennessee Ave
 Charleston, WV 25302
 Ph: 304-346-0806
 Fax: 888-751-3012

FOR INFORMATION CONTACT THE BUYER

Evelyn Melton
 (304) 558-7023
 evelyn.p.melton@wv.gov

Signature X  FEIN # 56-1623293 DATE 3/10/2015

All offers subject to all terms and conditions contained in this solicitation

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	COST PER \$ 1,000.00 OF COVERAGE: NO DEDUCTIBLE	1.00000	UNIT	\$10.00	\$10.00 per thousand

Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :
COST PER \$ 1,000.00 OF COVERAGE: NO DEDUCTIBLE

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
2	COST PER \$1000.00 OF COVERAGE: \$10,000.00	1.00000	UNIT	\$9.50	\$9.50 per thousand

Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :
COST PER \$ 1,000.00 OF COVERAGE: \$10,000.00 DEDUCTIBLE

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
3	COST PER \$1,000.00 OF COVERAGE: \$25,000.00	1.00000	UNIT	\$9.00	\$9.00 per thousand



Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :

COST PER \$ 1,000.00 OF COVERAGE: \$ 25,000.00 DEDUCTIBLE

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE LOTTERY PO BOX 2067		PURCHASING LOTTERY 900 PENNSYLVANIA AVE	
CHARLESTON	WV25327-2067	CHARLESTON	WV 25302
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
4	COST PER \$1,000.00 OF COVERAGE: \$50,000.00	1.00000	UNIT	\$8.00	\$8.00 per thousand

Comm Code	Manufacturer	Specification	Model #
84000000			

Extended Description :

COST PER \$ 1,000.00 OF COVERAGE: \$ 50,000.00 DEDUCTIBLE

ADDENDUM NO. 1 - ISSUED TO:

1. PROVIDE RESPONSES TO VENDOR'S QUESTIONS REGARDING THE ABOVE SOLICITATION.
2. PROVIDE ADDENDUM ACKNOWLEDGMENT.



LOT1500000005	Document Phase Final	Document Description ADDENDUM NO. 1 - BLANKET BONDING FOR LIMITED VIDEO LOTTERY	Page 4 of 4
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

A handwritten signature in black ink, appearing to read "Gregory H.", with a long horizontal flourish extending to the right.

SOLICITATION NUMBER: CRFQ_LOT1500000005
Addendum Number: 1

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

1. To provide responses to Vendors' questions regarding the above solicitation
2. To provide Addendum Acknowledgment

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

Revised 6/8/2012



ATTACHMENT A

**WEST VIRGINIA LOTTERY
CRFQ_LOT1500000005 - BLANKET BONDING FOR LVL
ADDENDUM # 1 TO ANSWER VENDOR QUESTIONS**

1. What was the total net revenue owed the State that went uncollected after having been turned over to a third party for collection agency in 2012, 2013, 2014?

ANSWER: November 2013 - \$23,748.86

2. How many LVL Licenses were canceled as a result of uncollected debts in 2012, 2013, 2014?

ANSWER: None

3. Over the last 3-5 years, how many occurrences were there, where a "licensed operator" has failed two or more bank sweeps (NSF'S)?

ANSWER: One operator over the last 5 years - this operator has since been bought out.

4. How many occurrences were there where a "retailer" has failed two or more bank sweeps (NSF'S)?

ANSWER: Seven retailers over the last 5 years - two retailers are no longer in business, one has been bought out.

5. Although there have been no surety losses in the program has the Lottery, in the last 6 years of the program used a third party collection agency to collect an unpaid debt? If so, how many times has the Lottery used the services of a third party collection agency to collect an unpaid debt?

ANSWER: Yes, once.

6. Would you show a copy of the current bond as issued as the wording of bonds are different for various types of bonds?

ANSWER: Sample surety bond forms may be obtained from the West Virginia Secretary of State's office.

7. What is the current deductible? Is this cumulative for all claims or per claim or if multiple retailers had claims at the same time would it be one deductible or deductible for each?

ANSWER: No deductible.

8. Is there a sample bond form that is to be used, and if so, could we have a copy?

ANSWER: Sample surety bond forms may be obtained from the West Virginia Secretary of State's office.

9. May we have a detailed list of all permit holders and the amount of permits they have?

ANSWER: List of permit holders is attached.

10. I have a question on the vendor preference. I am a licensed WV resident agent and have worked here in Charleston for 39 years. Our agency is USI Insurance, which purchased Wells Fargo Insurance Services of WV last year, and Acordia Insurance Services of West Virginia before that, and McDonough Caperton Insurance before that. I believe we should qualify for vendor preference 4, 5%, but don't want to apply for something that isn't correct. Am I the vendor, or the Insurance Company I use, or USI Insurance?

ANSWER: The West Virginia Purchasing Handbook defines *Vendor Preference* as follows: "**Vendor Preference** - A numerical preference used during the evaluation of bids when comparing in-state and out-of-state bidders, pursuant to *West Virginia Code §5A-3-37*." To answer your question, the vendor shall be the one to whom the purchase order is issued.

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

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License Number	DBA Name	Total Permits
LO 000432	S & B Gaming LLC	40
LO 000422	Wheeling Coin, LLC	373
LO 000424	Blue Diamond LLC	197
LO 000425	Viking Vending Services	7
LO 000426	K & K Music Company	35
LO 000427	Valley Coin Mach. Co.,LLC	40
LO 000428	Coin Op Vending Corp.	50
LO 000420	Southern Amusement Co.	675
LO 000430	Shaffer Amusement Co. LLC	360
LO 000431	Ellifritz Amusement Co.	44
LO 000435	Bat's, Inc.	50
LO 000436	Poke, Inc.	20
LO 000437	Buck's Inc.	50
LO 000439	Grand Slam Gaming And Entertainment, Inc.	25
LO 000440	Dice, LLC	15
LO 000441	J & J Amusement, LLC	80
LO 000401	Advanced Lottery Tech.	536
LO 000429	Worldwide Gaming LLC	42
LO 000407	Viking Video & Music, Inc	85
LO 000433	Warden Amusement Inc.	35
LO 000419	Mountaineer Music,LLC	73
LO 000403	Clay Music Company	133
LO 000404	Gameroom Amusements	85
LO 000406	Jack's Amusement	193
LO 000402	Ajax Amusement Machines	224
LO 000408	Derrick Video, LLC	550
LO 000409	Woodward Video LLC	150
LO 000416	Progressive Video Lottery	220
LO 000418	Al's Novelty & Coin	30
LO 000405	Action Gaming, Inc.	450
LO 000417	Trans Allegheny Ent.	196
LO 000414	A-1 Amusement	248
LO 000413	Vast Vending, Inc.	58
LO 000412	LeeJay Amusements	82
LO 000411	Random World, Ltd.	502
LO 000410	Dustyn Enterprises, Inc.	130
LR 002451	Paula's-Mileground	5
LR 002405	Mimi's-Nitro	5
LR 002413	Patty's-Merchants Walk	5
LR 002417	Sofia's-North Mall	5
LR 002418	Sofia's-Old Courthouse	5
LR 002421	Paula's-Bridgeport	5
LR 002447	Patty's-Gateway	5
LR 002448	Patty's-Princeton	5
LR 002449	Patty's-Bluefield	5
LR 002414	Patty's-Oak Hill	5
LR 002452	Paula's-Fairmont	5
LR 002453	Paula's-Clarksburg	5
LR 002460	Killin Time #1	5
LR 002470	Palace Lounge	5
LR 002471	Paula's-University	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2016

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License Number	DBA Name	Total Permits
LR 002478	Jumpin' Jimmy's	5
LR 002480	Paula's-Elkins	5
LR 002499	Mimi's-Pea Ridge	5
LR 002404	Stars and Stripes I	5
LR 002114	Lewee's I	5
LR 002487	Patty's-Sophia	5
LR 002315	Mimi's-St. Albans	5
LR 002098	Ms. Sherri's Lounge	5
LR 002708	Brooke Plaza Café	5
LR 002167	Brianna's Café	5
LR 002500	West Virginia Café	5
LR 002172	Jeanie's Hot Spot	5
LR 002175	Cold Spot Cross Lanes-Nit	5
LR 002216	Hot Spot Lounge #2	5
LR 002222	Block & Barrell Deli	5
LR 002168	High Life Lounge	30
LR 002314	Dick's Swiss Burger	5
LR 002401	Lori's Pub II	5
LR 002316	Mimi's-Ashton Place	5
LR 002327	Mimi's-Southridge	5
LR 002340	Patty's-Beckley Crossing	5
LR 002346	Mimi's-Liberty Square	5
LR 002367	Mimi's-Quincy	5
LR 002370	Julie's Place	5
LR 002391	Members Only	5
LR 002392	Patty's-Beckley Plaza	5
LR 002393	Mimi's-Dunbar	5
LR 002278	The Club Room	5
LR 002785	Billy Sunday's	5
LR 002702	Stars and Stripes II	5
LR 002737	Curt's	5
LR 002738	EZ-Borderline Hotspot	5
LR 002739	Goodfellas	5
LR 002749	The Peoples Choice Café	5
LR 002753	Route 2 Café	5
LR 002756	Lewee's II	5
LR 002763	Fun Café	5
LR 002721	Opportunity Knocks #1	10
LR 002778	The Brass Tree Lounge	5
LR 002719	Texas Jim #1	5
LR 002797	Sunset Café III	5
LR 002804	Mimi's-Hill's Plaza	5
LR 002806	Mimi's Local Café-Beckley	5
LR 002833	Must Be 21 To Enter - Par	5
LR 002841	Dee Jay's BBQ Ribs and Grill	5
LR 002846	West Virginia Café	5
LR 002851	Joli	5
LR 002868	Coffee Club	5
LR 002891	Judy's	5
LR 002771	Sam's Hotdogs	5
LR 002807	High Life Lounge	10

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

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License Number	DBA Name	Total Permits
LR 002502	Max's Place	5
LR 002525	Geno's-New Martinsvi	5
LR 002536	Paula's-Westover	5
LR 002548	Mimi's-Patrick St.	5
LR 002562	Bradley's Parlor	5
LR 002565	Clendenin Hot Spot	5
LR 002570	Club Lounge	5
LR 002575	Sofia's-Ranson Square	5
LR 002730	Dan O's	5
LR 002590	Smokin Sam's	5
LR 002501	Must Be 21 To Enter - Min	5
LR 002608	Towne 'N Country Lounge	5
LR 002625	Club El Dorado	5
LR 002667	Bahama Bay Café	5
LR 002699	Killin Time #2	5
LR 002700	Good Times Café	5
LR 001989	High Life Lounge I	5
LR 002704	Sam's Hotdogs	4
LR 001646	Cozy Corner	2
LR 002712	Wise Guys	5
LR 002576	Paula's-Weston	5
LR 001228	Club Brass Room	4
LR 001345	Kathrine's Kafe	5
LR 001195	Locker Room Sports Grill	2
LR 001200	Mugshotz Bar & Grill	5
LR 001201	Mace's Restaurant & Lounge	5
LR 001204	Ye Olde Alpha	5
LR 001206	Moose Lodge #868 - St. Albans	3
LR 001209	Mini Bar	5
LR 001214	American Legion Post #3	7
LR 001178	Bourbon Street Café	5
LR 001225	White Stallion Club	5
LR 001176	Four Corners Club	5
LR 001242	Piggy's Club	5
LR 001254	Lazy Dog Saloon	5
LR 001262	Lucy's Coffee House II	5
LR 001263	Moose Lodge #1444 - Charl	10
LR 001284	American Legion Post #93	10
LR 001299	Hotspot Café #2	5
LR 001306	Belmont Motor Inn Hot Spot	5
LR 001307	A-Cubed	2
LR 001650	Rendezvous Club	5
LR 001220	American Legion Post #18	4
LR 001108	The Last Roundup Club	5
LR 001007	Chesterfield House	5
LR 001011	Park Mart	5
LR 001017	Coach's Club	3
LR 001026	McLewie's III	5
LR 001036	Lesters Hard Times LLC	5
LR 001043	Jerry's	5
LR 001057	Jesse's Pub	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

12

License Number	DBA Name	Total Permits
LR 001062	Casey's Family Restaurant Hot Spot	5
LR 001189	C G's	5
LR 001084	The Java Shoppe	5
LR 001351	Bogies Place	5
LR 001109	Frank's Hot Spot	5
LR 001110	Colasante's Restaurant & Pub	5
LR 001120	Lil' Moe's	5
LR 001125	TG's Lounge & Café	4
LR 001147	Cottrell's Country Store	2
LR 001154	Stadium Club, The	5
LR 001155	Lil' B's	5
LR 001169	Bette's	5
LR 001174	VFW Post #6450	10
LR 001064	Torlone's	5
LR 001775	K & J's Skip n Go, Inc.	5
LR 001337	Kelly's Hot Spot II	5
LR 001618	Suburban Lanes	5
LR 002927	Pam's #5	5
LR 001648	Midtown Lounge	5
LR 002926	Minnie's	5
LR 001668	Moose Lodge #52	7
LR 001670	Tailgater's Pub II	5
LR 001681	Zeek's Sports Lounge	5
LR 001613	American Legion Post #121	10
LR 001744	Halftime Café	5
LR 001593	Classics 3 Hot Spot L&Res	5
LR 001784	The Smokehouse	5
LR 001838	Karen's Cookie Carnival	5
LR 001876	Abbey's	5
LR 001884	American Legion Post #114	10
LR 001897	Coffee & Tanning Hot Spot	5
LR 001914	Sunset Ellis Restaurant	4
LR 001928	Emerson Pub	5
LR 001931	Millies Coffee House	5
LR 001932	Penn Bar & Grill	5
LR 001727	City Café	5
LR 001460	Moose Lodge #931 - New Ma	7
LR 001353	3- Ways Inn	2
LR 001374	Spare Time Sports Bar & Grille	5
LR 001389	Eagles Lodge #1891-Aerie	2
LR 001390	Ernie's City Perk	5
LR 001396	Elks Lodge #1801 - Weirto	7
LR 001406	Fraternal Order of Oriole	10
LR 001433	Wakim's Club	5
LR 001434	Parlor Café	5
LR 001616	Kegler's Sports Bar	5
LR 001455	Beckley lodge #1606	9
LR 001969	C J's Pub	5
LR 001481	J.P. Henry's	5
LR 001488	Nip N'Cue	5
LR 001491	Jerry's Restaurant & Lounge	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

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License Number	DBA Name	Total Permits
LR 001503	Plaza Lounge	5
LR 001507	Fun Café	5
LR 001515	Moose Lodge # 565 - Nitro	5
LR 001548	Nick's Lounge	4
LR 001567	Bridge Bar & Coffee Shop	4
LR 001568	Shirley's #3	5
LR 001441	Strikers Sports Lounge	5
LR 004441	Gee's	5
LR 002894	Smoke Time Sam's #2	5
LR 004183	Tobacco Barn #2	5
LR 004190	Kathy's Kafe	5
LR 004212	Sophie's	5
LR 004246	Palm Café	5
LR 004271	Texas Jim #5	5
LR 004324	J's II	5
LR 004349	High Life Lounge	5
LR 004380	M & M's Sports Bar & Grill	5
LR 004384	Maria's Sports Bar	5
LR 004178	Café D	5
LR 004405	Nicole's	5
LR 004112	Island Time Club	5
LR 004468	Chaz's	5
LR 004489	Bradley's Tropical Retrea	5
LR 004538	Murdochs River City Perk	5
LR 004548	Ravenswood Hot Spot	5
LR 004558	Haddy's	5
LR 004612	Kristi's	5
LR 004622	Allie's Café	5
LR 004643	Saraha	5
LR 004697	Kristi's I	5
LR 004701	Joyce's	5
LR 004711	Venus Lounge #27	5
LR 004386	Sophia's Café	5
LR 003669	Neon Café II	5
LR 003488	EDJ River City Perk	5
LR 003491	Big Apple Lounge	5
LR 003496	McLewie's II	5
LR 003514	Chunki's Pizza and	5
LR 003525	Lucy's Coffee House	5
LR 003544	WES	5
LR 003564	Kelly's Hot Spot	5
LR 003577	The Inn at Pettyjohn	5
LR 003582	Steel Valley Bowling Cent	5
LR 003611	Kelly's Hot Spot VI	5
LR 004179	Miss Alice's	3
LR 003638	Sub Stop	5
LR 004723	Venus Lounge #22	5
LR 003672	Lily's Hot Spot #3	5
LR 003693	Geno's -Benwood	5
LR 003708	Cruiser's Café	5
LR 003712	The Homeplate Club	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

14

License Number	DBA Name	Total Permits
LR 003803	Tobacco Barn	5
LR 003860	Lily's Hot Spot #4	5
LR 003883	Red Dog Café	5
LR 003901	Gumby's - Geno's Island	5
LR 004019	Sophia's Café	5
LR 004024	Make Your Day Café	5
LR 004104	Hotspot Café	5
LR 003621	Kelly's Kafé	5
LR 004851	Ivy's - Riverwalk Plaza	5
LR 004817	Hot 5 Stop	5
LR 004822	Max's Place Hot Spot	5
LR 004825	Venus Lounge #23	5
LR 004826	Rivals Sports Bar II	5
LR 004827	Sarah J's	5
LR 004830	Sarah's III	5
LR 004832	Kristi's	5
LR 004833	Ruby's	5
LR 004834	Ruby's	5
LR 004840	Northend Café	5
LR 004712	Venus Lounge #21	5
LR 004843	Brylee's Café	5
LR 004809	The Guest House	5
LR 004852	Jeanie's Teays Valley	5
LR 004859	K's River City Perk	5
LR 004880	Abie's	5
LR 004885	Havana Café	5
LR 004940	Top Five	5
LR 004951	Eruptions	5
LR 004979	The Main Event	5
LR 004994	Lisa's	5
LR 005126	Julia's C	5
LR 005186	Pipers 1	5
LR 005187	Jersey's II	5
LR 004841	Bette's II	5
LR 004767	Rose's Café	5
LR 003479	Hot Spot Express #3	5
LR 004736	Venus Lounge #26	5
LR 004739	WV's Original City Perk Six	5
LR 004740	WV's Original City Perk Five	5
LR 004741	WV's Original City Perk Four	5
LR 004742	WV's Original City Perk Three	5
LR 004743	WV's Original City Perk Two	5
LR 004744	WV's Original City Perk One	5
LR 004749	Smoke Time Sam's #88	5
LR 004752	RB Hot Spot	5
LR 004758	Kristi's	5
LR 004813	Midway Café	5
LR 004761	Sunset Beach Hot Spot	5
LR 004811	The Lounge	5
LR 004773	Jeanie's	5
LR 004774	Texas Jim 3	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

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License Number	DBA Name	Total Permits
LR 004778	Custard Stand	4
LR 004779	Members II	5
LR 004789	Jersey's I	5
LR 004791	Ruby's	5
LR 004794	The Leap	5
LR 004795	Saratoga Hot Spot II	5
LR 004796	Lewee's V	5
LR 004797	Lewee's IV	5
LR 004717	High Life Lounge	5
LR 004759	Tobacco & More Express	5
LR 003160	Toga Café of Weirton	5
LR 003112	Cold Spot	5
LR 003120	Rt 50 Lounge	5
LR 003126	Rosie's Sub Shop	5
LR 003127	New Orleans Coffee House	5
LR 003131	52 Lounge	5
LR 003137	Kelly's Hot Spot V	5
LR 003139	Bill's Place	5
LR 003142	The Oasis Café	5
LR 003144	Franklin's Bar & Grille	5
LR 003149	The Coffee Mill	5
LR 003212	Lily's Hot Spot #1	5
LR 003157	Blue Steel Grill & Café	5
LR 003089	Upper Deck Café	5
LR 003168	Judy's-Robert Byrd Dr	5
LR 003172	Main Street Lounge	5
LR 003175	Pop a Topp	5
LR 003180	Sunset Café	5
LR 003188	Kelly's Hot Spot IV	5
LR 003192	Joli's	5
LR 003194	Ivy's	5
LR 003198	TJ's Place	5
LR 003203	Sunset Café II	5
LR 003208	MiMi's Local Café-KC	5
LR 003487	Lily's Hot Spot #2	5
LR 003150	Cold Spot Glen Jean	5
LR 003032	Sassy's	5
LR 002930	Pam's #6	5
LR 002932	Shirley's	5
LR 002960	Main St. News Stand	5
LR 002964	American Legion Post #31	3
LR 002971	New Orleans Coffee House	5
LR 002978	Sports Grill Lounge Hot Spot	5
LR 002985	Darla's Café	5
LR 002988	Nawlin's Street #1	5
LR 002989	Nawlin's Street #2	5
LR 002991	Lewee's III	5
LR 003005	The Big Easy	5
LR 003107	Geno's#2 -Wheeling	5
LR 003021	Howdy's Owls Nest	5
LR 003105	Max's Place Hot Spot	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
 Permit Holders as of February 19, 2015

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License Number	DBA Name	Total Permits
LR 003037	Melissa's	5
LR 003039	Let's Say Café II	5
LR 003042	Sassy's-Barboursville	5
LR 003047	Mugsy's Café II	5
LR 003048	Mugsy's Café	5
LR 003051	Lucy's Sports Bar	5
LR 003052	Fat Tuesday's	5
LR 003069	Max's Place	5
LR 003076	West Street Café	5
LR 003082	The Homeplate Club Two	5
LR 003213	Café Primo	5
LR 003018	The Holiday Room	5
LR 003403	Lori's Pub II	5
LR 003382	Caribbean Café	5
LR 003383	Geno's #2-New Marti	5
LR 003385	West Viginia Café	5
LR 003387	Hillbilly Café	5
LR 003388	Geno's #4- Wheeling	5
LR 003389	Geno's #3 -Glendale	5
LR 003390	Geno's-Moundsville	5
LR 003391	Geno's #2- Moundsvil	5
LR 003392	Sassy's -SC #2	5
LR 003393	The Burg Café, LLC	5
LR 003211	STARZ	5
LR 003396	Lewie's Too	5
LR 003374	Linda Lou's	5
LR 003410	Sam's Hotdogs	5
LR 003420	Tusie's	5
LR 003429	Mason Smoke Shak	5
LR 003435	Midtown Lounge II	5
LR 003436	Kelly's Hot Spot III	5
LR 003448	Celebration Place #2	5
LR 003458	Caribbean Café II	5
LR 003468	Maverick's Hot Spot #2	5
LR 003469	Maverick's Hot Spot #3	5
LR 003473	Maverick's Hot Spot #1	5
LR 005211	Julia's 3	4
LR 003395	Checkered Flag Café II	5
LR 003279	McLewie's I	5
LR 003215	Hollywood Hollywood	5
LR 003216	Emma's at the Airport	5
LR 003225	Patty's-Beckley By-Pass	5
LR 003230	The Point Café	5
LR 003236	Shirley's #2	5
LR 003247	Mona's Rendezvous	5
LR 003249	Cactus Club Café	5
LR 003250	Misty's Sports Bar @ SC	5
LR 003265	Freedom Way Lounge	5
LR 003267	The WOW Zone	5
LR 003275	Judy's	5
LR 003376	STARZ	5

WEST VIRGINIA LOTTERY
Limited Video Lottery
Permit Holders as of February 19, 2015

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License Number	DBA Name	Total Permits
LR 003278	Winston's Hot Spot	5
LR 003375	STARZ	5
LR 003290	Sofia Rae's Café	5
LR 003292	Checkered Flag Café I	5
LR 003320	Mary's Café	5
LR 003325	Front Street Lounge	5
LR 003335	Lucille's	5
LR 003337	Sassy's-SC #1	5
LR 003343	Sam's Hotdogs	5
LR 003348	Stuart's Hot Dawgs	5
LR 003350	Mama Lina's	20
LR 003351	Cactus Club Café II	5
LR 003484	Mugsy's Café III	5
LR 003277	Winston's Hot Spot 2	5
Total Permits		<u>8070</u>

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: LOT1500000005

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

BB&T Carson Insurance Services

 Company


 Gregory T. Gordon, Vice President
 Authorized Signature

3/10/2015

 Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.
Revised 6/8/2012

West Virginia Offices of the Insurance Commissioner



Certificate of Authority

Whereas, **RLI INSURANCE COMPANY**, domiciled in the State of **ILLINOIS**, has complied with all the requirements of the laws of this State so as to entitle it to transact its appropriate business in the State of West Virginia.

Therefore, I the undersigned, Insurance Commissioner of the State of West Virginia, pursuant to the authority vested in me by the laws of this State, do hereby authorize it to transact the business of insurance as defined in Chapter 33

ACCIDENT & SICKNESS - ARTICLE 1, SECTION 10(b)
CASUALTY - ARTICLE 1, SECTION 10(e)
FIRE - ARTICLE 1, SECTION 10(c)
MARINE - ARTICLE 1, SECTION 10(d)
SURETY - ARTICLE 1, SECTION 10(f) (1)
SURETY - ARTICLE 1, SECTION 10(f) (2)
SURETY - ARTICLE 1, SECTION 10(f) (3)

of the 1931 Code of West Virginia as amended, in the State of West Virginia in accordance with the laws thereof until midnight on the 31st day of May, 2015, unless this license be sooner revoked. Pursuant to W. Va. Code §33-3-2(c), the above authorization does not allow the insurer to transact a kind of insurance in this State unless duly authorized or qualified to transact such insurance in the state or country of its domicile.

In Testimony Whereof, I have hereunto set my hand and affixed my seal of office at the City of Charleston this 1st day of June, 2014.

Handwritten signature of Michael D. Riley in cursive script.

Michael D. Riley
Insurance Commissioner

NAIC # 13056
WV File # 0885

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE




WHEREAS, RLI Insurance Company of the City of Peoria, in the State of Illinois has furnished the Director of Insurance due proof that such Company is possessed of the qualifications specified in the "Illinois Insurance Code":

NOW, THEREFORE, I, the undersigned, Director of Insurance of the State of Illinois, by virtue of authority vested in me by law, do hereby certify that said Company has qualified and is authorized to become the surety on bonds for the ensuing year, ending June 30, 2015.

DEPARTMENT OF INSURANCE of the State of Illinois;

DATE: June 10, 2014


ANDREW BORON *mms*
DIRECTOR OF INSURANCE



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



Whereas, the RLI INSURANCE COMPANY

located at PEORIA, in the State of ILLINOIS
has complied with all the requirements of the "ILLINOIS INSURANCE CODE" applicable to
said Company:

NOW, THEREFORE, I, the undersigned, Director of Insurance of the State of Illinois, do
hereby authorize the said Company to transact its appropriate business as set forth under
Clause(s) _____

(a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k) of Class 2

(a), (b), (c), (d), (e), (f), (g), (h) of Class 3

of Section 4 of the "ILLINOIS INSURANCE CODE" in this State, in accordance with the
laws thereof.



In Testimony Whereof,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this _____

day of August, 1987

John E. Washburn
John E. Washburn, Director of Insurance

004210 - RLI Insurance Company

Report Revision Date: 07/07/2014

Rating and Commentary ¹	Financial ²	General Information ³
Best's Credit Rating: 06/03/2014 Rating Rationale: 06/03/2014 Report Commentary: 07/07/2014	Time Period: Annual - 2014 Last Updated: 02/27/2015 Status: Quality Cross Checked	Corporate Structure: N/A States Licensed: 08/17/2001 Officers and Directors: 03/05/2014
Best's Credit Rating Methodology	Disclaimer	Best's Rating Guide

Additional Online Resources	
Related News Rating Activity and Announcements Company Overview	Archived AMB Credit Reports Corporate Changes & Retirements AMB Country Risk Reports - United States

¹ The **Rating and Commentary** dates outline the most recent updates to the company's Best's Credit Rating, Rating Rationale, and Report Commentary for key rating and business changes. Report Commentary may include significant changes to the Business Profile, Risk Management, Operating Performance, Balance Sheet Strength, or Reinsurance sections of the report.

² The **Financial** dates reflect the current status of the financial tables and charts found within the AMB Credit Report, including whether the data was loaded "As Received" or had been run through A.M. Best "Quality Cross Checks".

³ The **General Information** dates cover key changes made to Corporate Structure, States Licensed, or Officers and Directors.

Ultimate Parent: RLI Corp.

RLI Insurance Company

9025 North Lindbergh Drive, Peoria, Illinois, United States 61615

Tel.: 309-692-1000

Web: www.rlicorp.com

Fax: 309-689-2079

AMB #: 004210

Ultimate Parent #: 058460

NAIC #: 13056

FEIN#: 37-0915434

Best's Credit Ratings

Best's Financial Strength Rating: A+

Outlook: Stable

Best's Issuer Credit Rating: aa

Outlook: Stable

Rating Effective Date: 06/03/2014

Financial Size Category: XI

Report Revision Date: 07/07/2014

Rating Rationale

The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

Rating Rationale: The ratings reflect RLI Insurance Company (RLI Insurance) and its subsidiaries' (collectively, RLI Group) specialty niche business strategy, superior operating profitability, strong capitalization, excellent liquidity and the financial flexibility afforded by its publicly traded parent, RLI Corp. These factors are partially offset by the group's above average equity leverage, the resulting potential earnings volatility associated with it and the challenges associated with low investment yields. The outlooks are based upon the expectation of continued operating profitability and the maintenance of capitalization levels that are commensurate with the current ratings.

RLI Group benefits from its specialty insurance solutions approach, extensive product offerings and local branch office network. As part of its strategy, RLI Group provides insurance solutions to market segments that are generally underserved by the standard market due to their unique risk characteristics. The group writes business on both an admitted basis and on a surplus lines basis. Despite increased market competition in recent years, RLI Group continues to demonstrate its ability to generate strong operating results through strict underwriting discipline, persistent adherence to rate adequacy and employing diversified strategies that can focus on niche-related opportunities to provide insurance solutions to underserved markets. In recent years, RLI Group has significantly reduced its exposure to earthquake and flood (difference in conditions), which has helped limit potential volatility in its capitalization. However, the group continues to benefit from this high risk, high reward property business, which remains a consistent source of RLI Group's earnings. Also, adding to its product line diversification by becoming a quota share reinsurer of crop insurance should help enhance profitability near historical norms despite the highly competitive market conditions. In the face of heightened market competition over the last few years, RLI Group has sustained its competitive advantage through utilization of advanced technology, aggregate risk management and its comprehensive reinsurance program that serves to protect the group's capital base.

RLI Group has long maintained above average investment leverage via a large portfolio of equity securities in addition to a significantly larger, well-diversified portfolio of highly rated fixed income securities. While the dividends earned on equity securities have fortified investment income, especially given the sustained low interest rate environment, there is potential for earnings volatility in more turbulent financial market conditions due to this elevated level of equity leverage. However, management remains focused on a low beta equity portfolio comprised of dividend-paying stocks, with no single security greater than 10% of the total equity portfolio and aggregate equity allocation to be less than 60% of shareholder equity.

A.M. Best believes that RLI Group is well positioned at its current rating levels. Key rating drivers that could lead to downward rating pressure is deterioration in RLI Group's underwriting performance and a significant decline in its risk-adjusted capitalization.

Five Year Rating History

Date	BEST'S	
	FSR	ICR
06/03/2014	A+	aa
06/17/2013	A+	aa
06/12/2012	A+	aa
06/20/2011	A+	aa-
05/27/2010	A+	aa-

Key Financial Indicators

Period Ending	Statutory Data (\$000)					
	Premiums Written		Pre-tax Operating Income	Net Income	Total Admitted Assets	Policyholders' Surplus
	Direct	Net				
2014	460,299	437,588	238,399	238,448	1,706,982	849,297
2013	447,557	413,186	215,733	205,906	1,679,438	859,221
2012	409,486	377,238	127,819	127,202	1,423,901	684,072
2011	374,567	362,369	149,819	138,955	1,467,155	710,186
2010	352,182	316,740	146,139	129,327	1,393,762	732,379

Period Ending	Profitability			Leverage			Liquidity	
	Combined Ratio	Investment Yield (%)	Pre-tax ROR (%)	Non-Affiliated Investment Leverage	NPW to PHS	Net Leverage	Overall Liquidity (%)	Operating Cash-flow (%)
2014	91.4	14.3	56.3	47.0	0.5	1.5	199.3	161.5
2013	91.8	14.1	54.6	32.7	0.5	1.4	204.9	168.8
2012	94.3	8.7	34.9	33.8	0.6	1.6	192.8	137.4
2011	86.1	8.8	43.7	32.9	0.5	1.6	194.0	146.5
2010	86.2	8.0	46.1	28.8	0.4	1.3	211.1	147.7
5-Yr Avg	90.2	10.9	47.6	...	...	...	...	...

(*) Within several financial tables of this report, this company is compared against the Commercial Casualty Composite.
 (*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

Business Profile

The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

Through its operating companies, RLI Group underwrites select property & casualty coverage throughout the United States. The group underwrites specialty insurance coverage on an admitted basis through its principal subsidiary RLI Insurance as well as RLI Indemnity Company (RLI Indemnity) and Contractors Bonding and Insurance Company (CBIC). RLI operates on a surplus lines basis through Mt. Hawley Insurance Company (Mt. Hawley), a subsidiary of RLI Insurance.

As a "niche" insurance organization, RLI Group offers specialty insurance coverage designed to meet the specific insurance needs of targeted insured groups while also underwriting particular types of coverage for certain markets that are considered underserved by the insurance industry. All coverage is marketed through its numerous branch offices around the country, largely via wholesale brokers and independent agents. The group focuses on lines of business that are generally characterized by low claims frequency and high claims severity, which are lines often avoided by standard carriers. Solid underwriting guidelines and fundamentals, a strong reinsurance program and active monitoring of aggregate exposures have enabled RLI Group to generate profitable business on a consistent basis.

RLI Group's insurance coverages include commercial fire, homeowners, general and product liability, directors & officers, commercial and personal umbrella, workers compensation, marine, facultative and treaty reinsurance, professional liability, commercial automobile, and small-to-large commercial and small contract surety coverage. In addition, RLI Insurance offers fidelity and commercial crime coverage for commercial insureds and select financial institutions. RLI Indemnity, a direct subsidiary of Mt. Hawley, specializes in underwriting surety coverage on commercial risks relating to the exploration, drilling, producing and gathering activities of the oil and gas industry. RLI Indemnity also writes commercial umbrella and deductible buy back coverage. Surety coverage offered by RLI Insurance includes miscellaneous surety bonds, such as license and permit, notary and court bonds. Mt. Hawley writes both property and liability coverage. Liability products include primarily general liability business, commercial umbrella, medical professional liability, commercial package, employers' excess indemnity, errors & omissions and directors & officers coverage. The property book consists of property (fire and associated perils), commercial earthquake, marine, inland marine and "difference in conditions" coverage. In 2010, RLI Group added crop reinsurance to its property segment as it entered into an agreement to become a quota share reinsurer of Producers Agricultural Insurance Company (ProAg). Under this agreement, RLI Insurance reinsures a portion of ProAg's multi-peril crop insurance (MPCI) and crop hail premium and exposure.

The group's business profile has been further enhanced by RLI Corp.'s acquisition of CBIC through the acquisition of its holding company, Data and Staff Service Co., in April 2011. CBIC is a Seattle-based insurer specializing in surety bonds and related niche property and casualty insurance products throughout the US, with a focus on the Pacific Northwest. All coverage is marketed through the group's branch offices, as well as wholesale brokers and independent agents. CBIC's profitable portfolio provides an excellent geographic complement to the group's existing surety business. The integration of surety underwriting is substantially complete and was accomplished with minimal agent and customer disruption.

Scope of Operations

Total Premium Composition & Growth Analysis

Period Ending	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Net Premiums Earned	
	(\$000)	(%Chg)	(\$000)	(%Chg)	(\$000)	(%Chg)	(\$000)	(%Chg)	(\$000)	(%Chg)
2014	460,299	2.8	77,994	4.0	100,706	-7.9	437,588	5.9	423,636	7.2
2013	447,557	9.3	74,984	-3.4	109,356	-0.5	413,186	9.5	395,079	7.9
2012	409,486	9.3	77,629	4.4	109,877	27.0	377,238	4.1	366,272	6.8
2011	374,567	6.4	74,335	44.5	86,533	-0.4	362,369	14.4	342,996	8.2
2010	352,182	-0.9	51,439	183.5	86,881	-4.1	316,740	12.0	317,044	14.1
5-Yr CAGR	XX	5.3	XX	33.9	XX	2.1	XX	9.1	XX	8.8

Territory

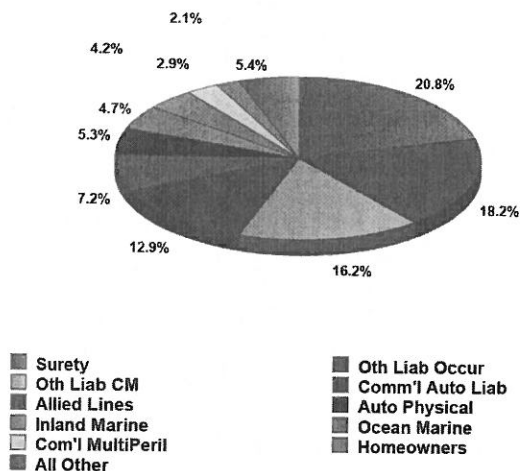
The company is licensed in the District of Columbia, Puerto Rico and all states.

Business Trends

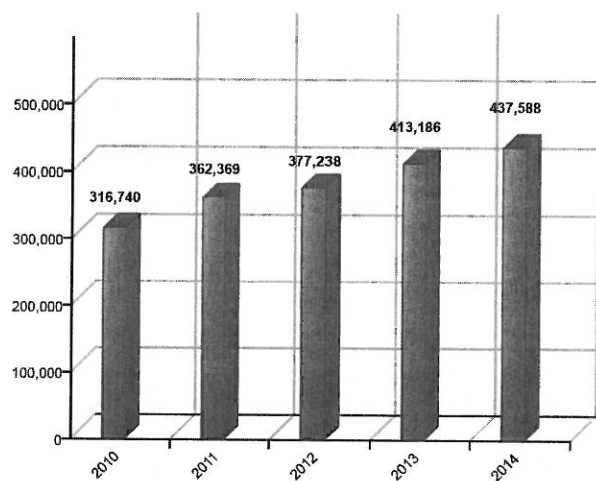
2014 By-Line Business (\$000)

Product Line	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention (%)
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	
Surety	95,331	20.7	1,851	2.4	6,072	6.0	91,110	20.8	93.8
Oth Liab Occur	87,611	19.0	216	0.3	8,172	8.1	79,656	18.2	90.7
Oth Liab CM	103,932	22.6	3,448	4.4	36,326	36.1	71,053	16.2	66.2
Comm'l Auto Liab	62,012	13.5	7,649	9.8	13,204	13.1	56,457	12.9	81.0
Allied Lines	1,536	0.3	52,808	67.7	22,672	22.5	31,671	7.2	58.3
Auto Physical	23,437	5.1	588	0.8	935	0.9	23,090	5.3	96.1
Inland Marine	23,897	5.2	418	0.5	3,842	3.8	20,473	4.7	84.2
Ocean Marine	20,666	4.5	154	0.2	2,289	2.3	18,531	4.2	89.0
Com'l MultiPeril	14,219	3.1	...	...	1,576	1.6	12,642	2.9	88.9
Homeowners	9,820	2.1	250	0.3	687	0.7	9,384	2.1	93.2
All Other	17,840	3.9	10,612	13.6	4,931	4.9	23,521	5.4	82.7
Total	460,299	100.0	77,994	100.0	100,706	100.0	437,588	100.0	81.3

2014 Top Product Lines of Business (Net Premiums Written)



5 Years of Net Premiums Written (\$000)



Business Trends (Continued ...)

By-Line Reserve (\$000)

Product Line	2014	2013	2012	2011	2010
Surety	21,973	21,544	19,426	22,258	23,416
Oth Liab Occur	143,452	146,116	154,058	153,348	158,553
Oth Liab CM	108,737	91,739	78,826	56,269	44,752
Comm'l Auto Liab	75,934	62,236	49,131	47,608	57,048
Allied Lines	29,337	35,539	33,747	14,068	22,839
Auto Physical	3,061	2,335	1,293	2,127	1,872
Inland Marine	11,218	12,987	12,096	13,536	19,046
Ocean Marine	21,805	25,064	33,721	39,455	42,977
Com'l MultiPeril	4,232	5,313	4,070	4,806	3,989
Homeowners	2,662	3,936	3,933	1,940	1,141
All Other	35,573	35,635	31,051	28,610	27,125
Total	457,984	442,445	421,352	384,024	402,758

Market Share / Market Presence

Geographical Breakdown By Direct Premium Writings (\$000)

	2014	2013	2012	2011	2010
New York	57,038	63,911	60,746	51,154	54,974
California	49,963	49,364	41,946	37,439	33,389
Florida	34,399	30,886	25,112	24,654	23,526
Texas	33,041	31,629	28,874	28,077	27,130
New Jersey	19,534	20,318	19,881	17,708	16,815
Illinois	17,806	17,043	14,058	14,564	12,309
Pennsylvania	16,902	16,397	14,061	9,771	11,144
Hawaii	15,331	14,819	15,021	15,360	14,365
Ohio	13,896	12,339	12,222	10,483	9,059
Aggregate Alien	12,602	12,785	17,076	16,725	16,247
All Other	189,786	178,067	160,490	148,632	133,225
Total	460,299	447,557	409,486	374,567	352,182

Risk Management

The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

RLI Group has a well-developed, highly interactive enterprise risk management (ERM) platform with specific risk committees on underwriting, claim, actuarial & risk services, treasury and other functional areas. RLI's executive management is highly involved in each of these committees and they report quarterly to the group's Audit Committee. The company has separated its risk inventory amongst different categories, specifically Strategic, Financial, Compliance, Operational, and People. Specific risk mitigation techniques and objectives are established relative to each of the risks involved within the five areas and embedded within the overall risk evaluation process. The focus is on what is needed to help improve overall corporate performance and generate corporate earnings. RLI Group's highly developed risk evaluation process consists of the following steps: Outline Process/Objectives, Assess Risk, Rank Risk, Identify/Evaluate Mitigation, Determine Metrics/Tolerances, and Present to Risk Committee.

Catastrophe Exposure & Management: Management's goal is to effectively utilize reinsurance to limit the net effect of a catastrophic event. As a result, the group maintains an extensive reinsurance program with high quality reinsurers. Due to its business composition, the group maintains some susceptibility to catastrophes, particularly California earthquakes. However, the group actively monitors its catastrophe exposure through model based and non-modeled based metrics. RLI Group also maintains high data capture and data quality standards, while maintaining monthly surveillance on policies written highlighting premium and exposure trends.

Operating Performance

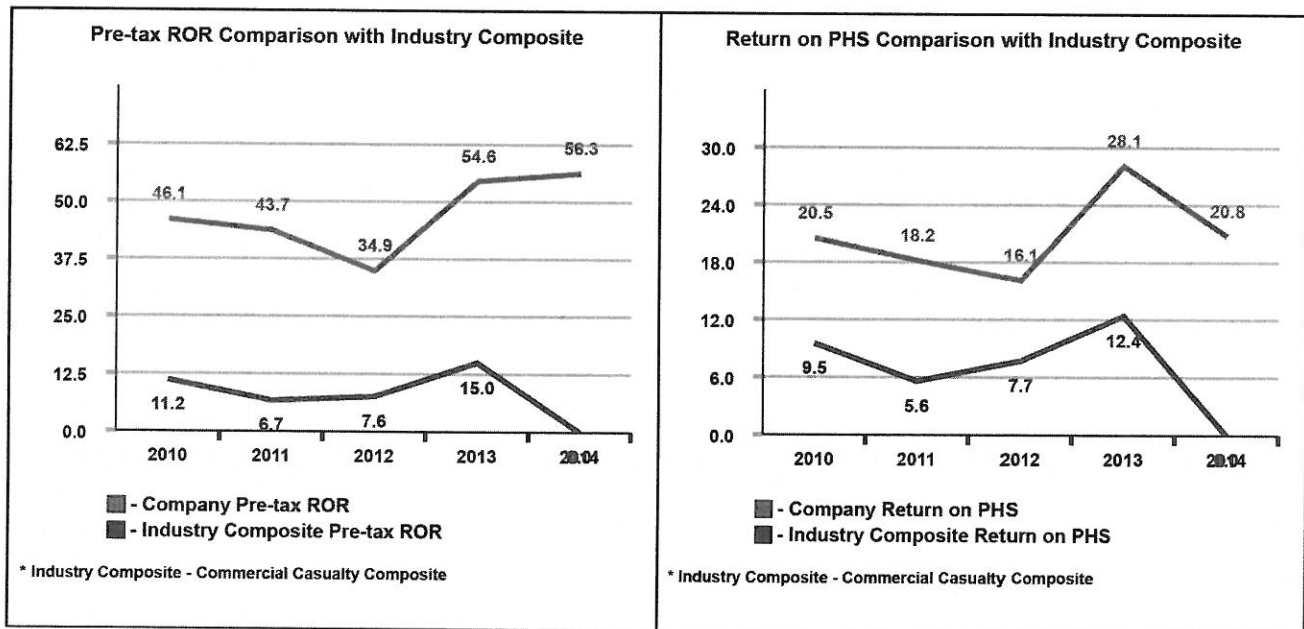
The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

Operating Results: RLI Group has consistently generated a strong level of operating earnings utilizing sound pricing discipline, strong risk management techniques and a conservative loss reserving philosophy. In addition, the group's pretax returns on both revenue and equity comfortably exceed those of the commercial casualty composite over the last five years. The group's favorable operating results have been driven by strong underwriting earnings as well as the consistent flow of investment income over that period. RLI Group has historically produced a solid level of realized capital gains annually, with the exception of realized losses in 2009, which reflected the impact of the global financial crisis at the same time. In addition, favorable prior year loss reserve development remains a key component to earnings.

Management has responded to potential natural catastrophic events by strengthening its reinsurance program in recent years. In addition, the group continues to diversify both in terms of product lines and geographically, which helps to further mitigate the concentration risk in California. A.M. Best expects the group's underwriting results to continue to outperform the composite over the near term.

Profitability Analysis

Period Ending	Company					Industry Composite				
	Pre-tax Operating Income (\$000)	After-tax Operating Income (\$000)	Net Income (\$000)	Total Return (\$000)	Pre-tax ROR (%)	Return on PHS (%)	Operating Ratio (%)	Pre-tax ROR (%)	Return on PHS (%)	Operating Ratio (%)
2014	238,399	222,685	238,448	177,780	56.3	20.8	42.3	...	...	...
2013	215,733	199,390	205,906	217,204	54.6	28.1	43.6	15.0	12.4	84.5
2012	127,819	119,405	127,202	112,042	34.9	16.1	64.1	7.6	7.7	91.5
2011	149,819	131,074	138,955	131,056	43.7	18.2	53.9	6.7	5.6	93.0
2010	146,139	121,959	129,327	155,515	46.1	20.5	53.8	11.2	9.5	88.1
5-Yr Avg/Tot	877,910	794,513	839,838	793,598	47.6	20.9	51.0	...	...	...



Underwriting Results

Underwriting Results: RLI Group has consistently generated net underwriting profits over the last five years and maintains a five-year combined ratio that considerably outperforms the composite. The ability to sustain these favorable results continues to stem from an unwavering focus on underwriting profitability. An embedded culture of strict adherence to fundamentals is evidenced by the group's incentive compensation plans, which reward underwriters and management based on results. The group also benefits from its high risk/high reward strategy, diverse product offerings, specialty niche focus and adherence to rate adequacy. All these characteristics combined have resulted in the substantial loss ratio advantage. Seizing the opportunity to add historically profitable crop and surety business portfolios in 2010 and 2011, respectively, these strategic moves were designed to help sustain and enhance profitability via diversification into markets presenting attractive profit margins.

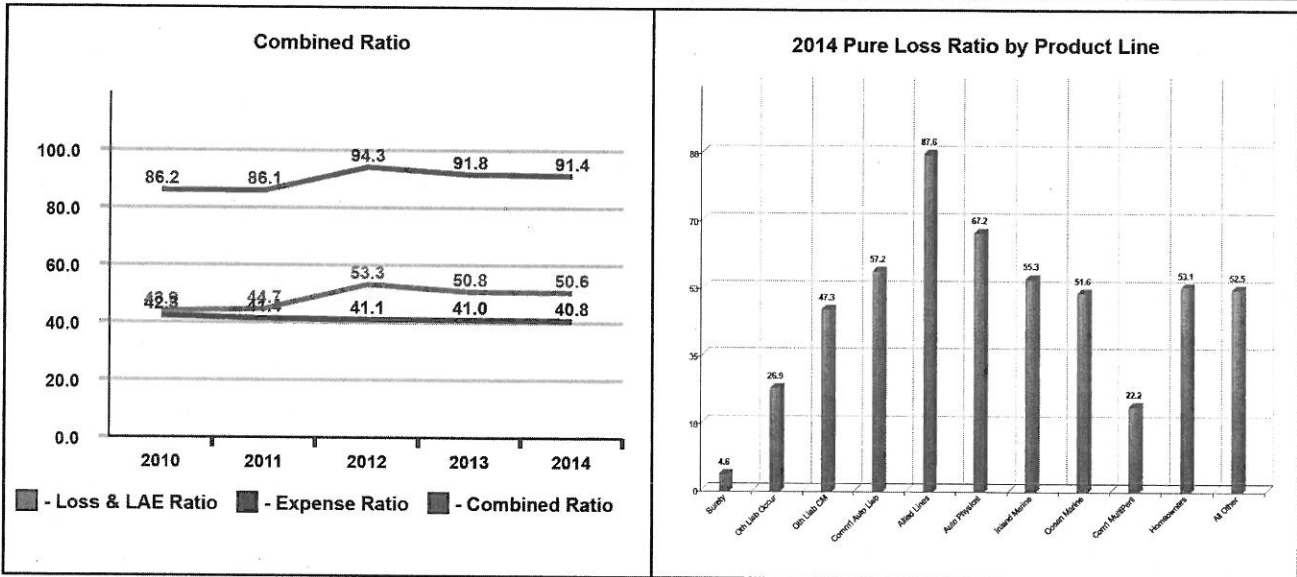
Underwriting Experience

Year	Company								Industry Composite	
	Net Undrw Income (\$000)	Loss Ratios			Expense Ratios			Div. Pol.	Comb. Ratio	Comb. Ratio
		Pure Loss	LAE	Loss & LAE	Net Comm	Other Exp.	Total Exp.			
2014	30,796	40.2	10.4	50.6	17.7	23.1	40.8	...	91.4	...
2013	24,929	41.2	9.6	50.8	17.0	24.0	41.0	...	91.8	98.8
2012	16,244	43.0	10.3	53.3	17.0	24.0	41.1	...	94.3	105.7
2011	39,575	36.7	8.0	44.7	17.0	24.4	41.4	...	86.1	107.7
2010	43,829	35.1	8.9	43.9	16.5	25.8	42.3	...	86.2	104.3
5-Yr Avg/Tot	155,372	39.4	9.5	48.9	17.1	24.2	41.3	...	90.2	...

Loss Ratio By Line

Product Line	2014	2013	2012	2011	2010	5-Yr. Avg.
Surety	4.6	11.6	11.1	10.0	1.9	7.9
Oth Liab Occur	26.9	20.4	32.7	29.1	45.4	30.8
Oth Liab CM	47.3	40.8	62.1	40.5	19.0	45.0
Comm'l Auto Liab	57.2	60.0	59.6	31.1	29.7	49.4
Allied Lines	87.6	84.7	76.5	87.1	64.0	80.0
Auto Physical	67.2	63.3	39.0	52.7	31.3	57.9
Inland Marine	55.3	77.2	49.9	19.6	71.7	54.6
Ocean Marine	51.6	60.8	54.3	54.1	58.2	55.9
Com'l MultiPeril	22.2	43.1	43.3	54.4	45.8	40.6
Homeowners	53.1	33.2	54.9	38.9	13.6	40.8
All Other	52.5	53.2	56.8	41.0	47.1	51.0
Total	40.2	41.2	43.0	36.7	35.1	39.4

Underwriting Results (Continued ...)



Direct Loss Ratios By State

	2014	2013	2012	2011	2010	5-Yr. Avg.
New York	43.5	36.3	57.1	56.7	57.4	49.7
California	54.5	45.6	59.6	33.6	59.8	50.8
Florida	37.1	27.4	31.0	11.7	19.6	26.2
Texas	-3.9	19.4	56.9	3.1	-3.5	14.4
New Jersey	34.8	65.0	89.0	4.8	8.2	42.4
Illinois	46.0	49.2	31.9	28.9	53.8	42.1
Pennsylvania	50.2	55.2	56.4	40.6	7.7	43.5
Hawaii	22.7	39.5	18.9	6.1	18.7	21.2
Ohio	42.4	34.7	43.8	37.0	19.9	36.1
Aggregate Alien	54.9	33.5	37.9	20.4	36.0	35.5
All Other	35.5	31.4	26.6	26.5	55.5	34.6
Total	37.2	36.1	41.6	27.6	42.2	37.0

Investment Results

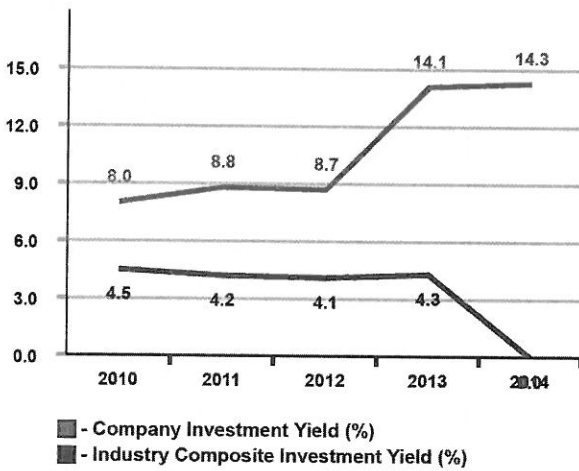
Investment Results: Over the last five years, RLI Group's overall earnings have continued to benefit from the steady flow of investment income largely derived from its high quality bond portfolio. Management continues to maintain a buy-and-hold investment strategy focused primarily on capital preservation and secondarily on capital appreciation. This strategy has been demonstrated by the group's relatively low investment turnover rate. Due to the group's above average concentration of common stocks, the investment yield produced has generally trailed that of the commercial casualty composite.

Investment Results (Continued ...)

Investment Gains

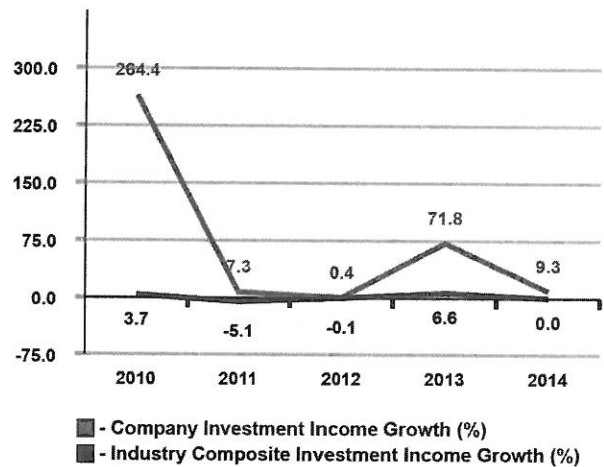
Year	Company							Industry Composite	
	Net Investment Income (\$000)	Realized Capital Gains (\$000)	Unrealized Capital Gains (\$000)	Investment Income Growth (%)	Investment Yield (%)	Return on Invested Assets (%)	Pre-tax Invest Total Return (%)	Investment Income Growth (%)	Investment Yield (%)
2014	208,017	15,763	-60,668	9.3	14.3	15.4	11.2	...	...
2013	190,357	6,516	11,298	71.8	14.1	14.6	15.8	6.6	4.3
2012	110,821	7,797	-15,160	0.4	8.7	9.4	8.4	-0.1	4.1
2011	110,390	7,881	-7,898	7.3	8.8	9.4	8.9	-5.1	4.2
2010	102,851	7,367	26,188	264.4	8.0	8.6	10.9	3.7	4.5
5-Yr Avg/Tot	722,436	45,325	-46,240	33.1	10.9	11.6	11.1	...	...

Investment Yield vs Industry



* Industry Composite - Commercial Casualty Composite

Investment Income Growth vs Industry



* Industry Composite - Commercial Casualty Composite

Balance Sheet Strength

Capitalization

The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

Capitalization: RLI Group's capitalization, as measured by Best Capital Adequacy Ratio (BCAR), remains strong and comfortably supports the group's underwriting, credit and investment risks. This favorable capital position is derived from its conservative underwriting and reserving philosophy. This is partially offset by an above average level of investment (common stock) leverage and the company's sizeable gross exposure to a California earthquake. However, the latter is largely mitigated through reinsurance protection. In addition, the credit risk associated with reinsurance recoverables is tempered by the use of high quality carriers.

While RLI Group's capitalization has historically increased due to underwriting and investment results, capital growth in recent years has been tempered by dividend distributions to RLI Corp., including \$208 million in 2010, \$158 million in 2011, \$138 million in 2012 and \$40 million in 2013. These dividends have historically been used to fund the corporation's share repurchase initiatives and to support both the debt service obligations and shareholder dividends of RLI. However, dividend payments have been reduced over the last three years as no share repurchases were made in 2012 or 2013. The group also benefits from the parent's financial flexibility and ability to access the capital markets, if needed.

Current BCAR: 307

Capital Generation Analysis (\$000)

Year	Source of Surplus Growth							
	Pre-tax Operating Income	Realized Capital Gains	Income Taxes	Unrealized Capital Gains	Net Contributed Capital	Other Changes	Change in PHS	% Change in PHS
2014	238,399	15,763	15,714	-60,668	-185,000	-2,705	-9,924	-1.2
2013	215,733	6,516	16,343	11,298	-40,000	-2,055	175,149	25.6
2012	127,819	7,797	8,415	-15,160	-138,000	-156	-26,114	-3.7
2011	149,819	7,881	18,745	-7,898	-150,000	-3,250	-22,193	-3.0
2010	146,139	7,367	24,180	26,188	-208,000	703	-51,782	-6.6
5-Yr Total	877,910	45,325	83,397	-46,240	-721,000	-7,462	65,136	1.6

Quality of Surplus (\$000)

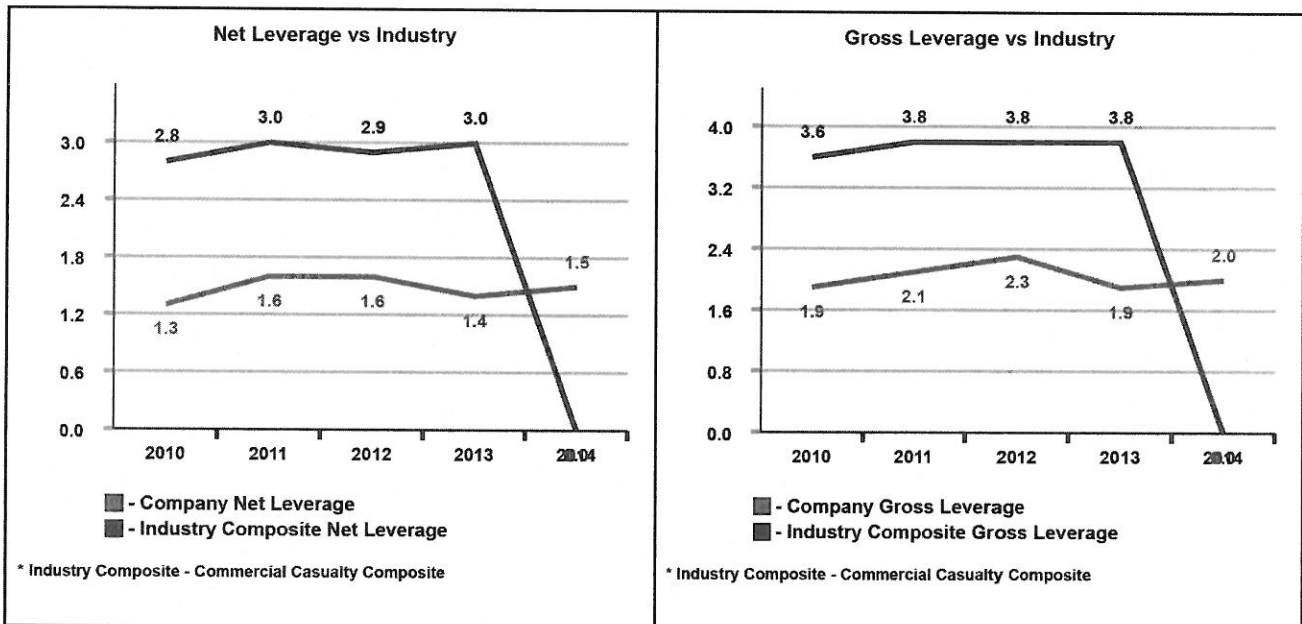
Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus	Year End Policyholders Surplus	Conditional Reserves	Adjusted Policyholders Surplus
2014	252,451	596,845	849,297	1,017	850,314
2013	252,451	606,770	859,221	443	859,665
2012	252,451	431,621	684,072	1,245	685,317
2011	252,451	457,734	710,186	631	710,817
2010	252,451	479,928	732,379	1,025	733,404

Underwriting Leverage

Underwriting Leverage (Continued ...)

Leverage Analysis

Year	Company				Industry Composite			
	NPW to PHS	Reserves to PHS	Net Leverage	Gross Leverage	NPW to PHS	Reserves to PHS	Net Leverage	Gross Leverage
2014	0.5	0.5	1.5	2.0	...	...	...	...
2013	0.5	0.5	1.4	1.9	0.8	1.4	3.0	3.8
2012	0.6	0.6	1.6	2.3	0.8	1.4	2.9	3.8
2011	0.5	0.5	1.6	2.1	0.8	1.5	3.0	3.8
2010	0.4	0.5	1.3	1.9	0.7	1.4	2.8	3.6



Ceded Reinsurance Analysis (\$000)

Year	Company				Industry Composite		
	Ceded Reinsurance Total	Business Retention (%)	Reinsurance Recoverables to PHS (%)	Ceded Reinsurance to PHS (%)	Business Retention (%)	Reinsurance Recoverables to PHS (%)	Ceded Reinsurance to PHS (%)
2014	392,437	81.3	34.3	46.2	...	...	...
2013	410,973	79.1	35.1	47.8	82.6	54.9	81.0
2012	425,733	77.4	46.2	62.2	82.3	57.3	82.2
2011	374,264	80.7	40.5	52.7	82.2	57.8	82.5
2010	379,282	78.5	39.9	51.8	82.3	56.1	78.4

Underwriting Leverage (Continued ...)

2014 Reinsurance Recoverables (\$000)

	Paid & Unpaid Losses	Incurred But Not Reported (IBNR) Losses	Unearned Premiums	Other Recoverables *	Total Reinsurance Recoverables
US Insurers	85,621	135,010	27,755	-533	247,853
Pools/Associations	...	...	6	...	6
Other Non-Us	17,341	20,355	6,407	-231	43,872
Total(ex Us Affils)	102,962	155,365	34,168	-764	291,731
Grand Total	102,962	155,365	34,168	-764	291,731

* Includes Commissions less Funds Withheld

Loss Reserves

Loss Reserves: RLI Group performs a full analysis of its loss reserves at least semi-annually. Since the estimation of loss reserves is a difficult and complex process, the group reviews historical data in conjunction with actuarial analysis. In addition, many other factors are considered, such as loss emergence and cedant reporting patterns, underlying policy terms and conditions, business and exposure mix, trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in the regulatory and litigation environments. As part of this process, it is assumed that past experience, as well as the adjustments for the effects of current developments and possible trends, is an appropriate basis for predicting future events.

RLI Group's loss reserve development patterns have remained favorable over the last five years on both an accident year and calendar year basis. Going forward, A.M. Best expects this trend of favorable reserve development to continue given the group's practice of building in more than adequate reserve redundancies.

Loss and ALAE Reserve Development: Calendar Year (\$000)

Calendar Year	Original Loss Reserves	Developed Reserves Thru 2014	Development to Original (%)	Development to PHS (%)	Developed Reserves to NPE (%)	Unpaid Reserves @ 12/2014	Unpaid Reserves to Developed Reserves (%)
2014	433,154	433,154	...	...	102.2	433,154	100.0
2013	417,980	392,987	-6.0	-2.9	99.5	256,406	65.2
2012	398,265	363,212	-8.8	-5.1	99.2	168,921	46.5
2011	364,127	331,625	-8.9	-4.6	96.7	119,570	36.1
2010	384,226	309,693	-19.4	-10.2	97.7	84,655	27.3
2009	355,547	262,675	-26.1	-11.8	94.5	61,475	23.4

Loss Reserves (Continued ...)

Loss and ALAE Reserve Development: Accident Year (\$000)

Accident Year	Original Loss Reserves	Developed Reserves Thru 2014	Development to Original (%)	Unpaid Reserves @ 12/2014	Accident Year Loss Ratio	Accident Year Comb. Ratio
2014	176,748	176,748	...	176,748	55.9	96.7
2013	166,467	151,503	-9.0	87,485	52.4	93.4
2012	149,990	130,770	-12.8	49,351	51.5	92.6
2011	118,494	112,377	-5.2	34,915	57.0	98.4
2010	137,351	117,513	-14.4	23,180	50.2	92.4
2009	111,832	85,756	-23.3	11,062	43.7	88.8

Asbestos And Environmental Reserves Analysis

Year	Company						Industry Composite		
	Net A&E Reserves (\$000)	Reserve Retention (%)	Net Incurred But Not Reported (IBNR) Mix (%)	Survival Ratio (3Yr)	Comb. Ratio Impact (1Yr)	Comb. Ratio Impact (3Yr)	Survival Ratio (3Yr)	Comb. Ratio Impact (1Yr)	Comb. Ratio Impact (3Yr)
2014	19,603	65.7	51.9	7.4	-0.7	0.1	...	...	...
2013	26,916	66.4	47.2	14.7	0.5	0.2	8.4	1.4	1.4
2012	27,195	65.7	49.7	15.9	0.4	0.6	8.4	1.2	1.5
2011	26,905	50.0	48.0	XX	-0.4	XX	XX	1.4	XX
2010	29,857	52.1	45.2	XX	1.8	XX	XX	1.8	XX

Liquidity

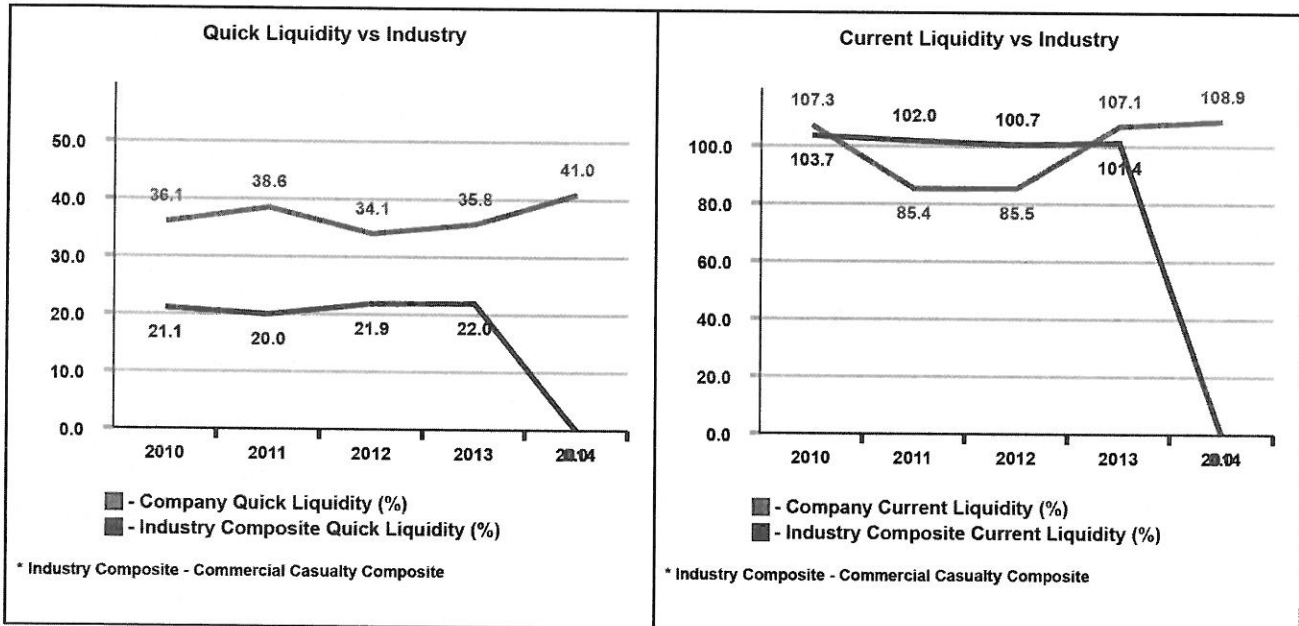
The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

Liquidity: RLI Group's liquidity measures remain strong and continue to exceed the industry composite averages by a comfortable margin. This excellent liquidity position has historically been supported by robust underwriting and operating cash flows. These favorable cash flows subsequently enhance the group's ability to satisfy its financial obligations without having to prematurely liquidate fixed-income holdings.

Liquidity Analysis

Year	Company				Industry Composite			
	Quick Liquidity (%)	Current Liquidity (%)	Overall Liquidity (%)	Gross Agents Balances to PHS(%)	Quick Liquidity (%)	Current Liquidity (%)	Overall Liquidity (%)	Gross Agents Balances to PHS(%)
2014	41.0	108.9	199.3	1.5	...	...	...	...
2013	35.8	107.1	204.9	1.8	22.0	101.4	145.0	10.8
2012	34.1	85.5	192.8	3.4	21.9	100.7	145.4	10.8
2011	38.6	85.4	194.0	5.3	20.0	102.0	145.1	10.1
2010	36.1	107.3	211.1	4.9	21.1	103.7	146.8	8.9

Liquidity (Continued ...)



Cash Flow Analysis (\$000)

Year	Company					Industry Composite	
	Underwriting Cash Flow	Operating Cash Flow	Net Cash Flow	Underwriting Cash Flow (%)	Operating Cash Flow (%)	Underwriting Cash Flow (%)	Operating Cash Flow (%)
2014	59,512	248,021	167	115.8	161.5	...	...
2013	71,646	245,188	-3,519	121.3	168.8	106.1	117.5
2012	31,751	132,774	-18,558	109.3	137.4	99.5	112.9
2011	59,507	147,648	26,961	120.3	146.5	96.6	107.8
2010	50,774	129,712	-29,845	120.8	147.7	96.4	108.5
5-Yr Total	273,190	903,343	-24,794	...	...	...	...

Investments

The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

Investments: RLI Group invests the majority of its bond portfolio in tax exempt municipal issues, corporate bonds, structured securities and U.S. Treasury and Agency obligations. The mix of taxable and tax exempt bonds is dependent on maturities and the after tax yield spread at the time of purchase. The group employs a laddering strategy to manage its fixed income maturities, which is structured to match the cash flow needs of its liabilities. The average duration of the fixed-income portfolio is about six and half years. The remainder of the group's investments consists primarily of a well-diversified equity portfolio that includes equity index funds as well cash and short-term investments. Historically, the group has maintained a buy-and-hold strategy on its diverse portfolio of value and dividend-oriented stocks that carry a low beta coefficient relative to the S&P 500. RLI does not invest in mortgage loans or real estate.

Investments (Continued ...)

Investment Leverage Analysis (% of PHS)

Year	Company						Industry Composite	
	Class 3-6 Bonds	Real Estate / Mortgages	Other Invested Assets	Common Stock	Non - Affiliated Investment Leverage	Affiliated Investments	Class 3-6 Bonds	Common Stock
2014	8.3	...	1.3	37.5	47.0	73.2	...	...
2013	1.0	...	0.1	31.6	32.7	79.9	7.5	13.2
2012	...	...	0.2	33.7	33.8	102.2	6.9	10.5
2011	...	0.3	0.1	32.5	32.9	94.5	7.0	9.8
2010	...	0.3	0.1	28.3	28.8	80.1	7.0	9.3

Investments - Bond Portfolio

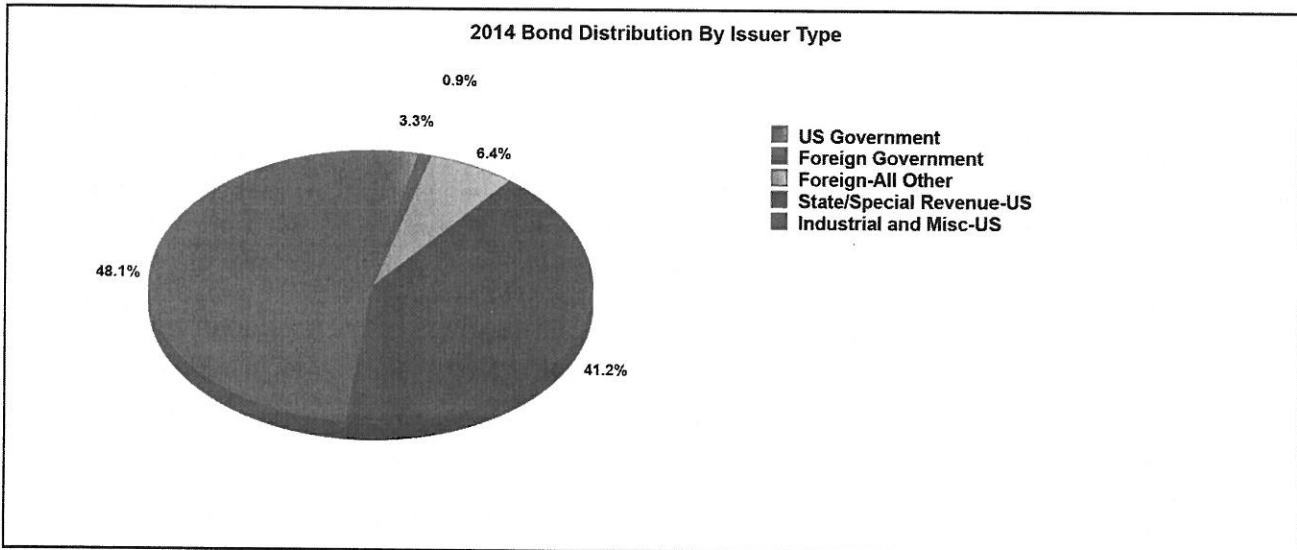
2014 Distribution By Maturity

	Years					Years Average Maturity
	0-1	1-5	5-10	10-20	20+	
Government	1.0	1.4	1.1	0.4	0.3	6.4
Government Agencies & Muni.	3.8	8.7	21.7	5.7	0.6	7.2
Industrial & Misc.	6.6	17.9	28.7	2.1	...	5.5
Total	11.3	27.9	51.6	8.3	0.9	6.2

Bond Distribution By Issuer Type

	2014	2013	2012	2011	2010
Bonds (\$000)	578,764	565,275	357,981	360,217	474,044
US Government	3.3	3.8	4.0	16.6	25.2
Foreign Government	0.9	1.3	1.2	0.9	...
Foreign-All Other	6.4	8.2	10.0	10.0	10.7
State/Special Revenue-US	41.2	45.7	41.5	37.3	33.3
Industrial and Misc-US	48.1	41.0	43.3	35.1	30.7

Investments - Bond Portfolio (Continued ...)



Bond Percent Private vs Public

	2014	2013	2012	2011	2010
Private Issues	26.6	18.0	14.6	15.6	10.2
Public Issues	73.4	82.0	85.4	84.4	89.8

Bond Quality Percent

	2014	2013	2012	2011	2010
Class 1	74.9	86.5	88.9	84.1	91.1
Class 2	13.2	12.0	11.1	15.9	8.9
Class 3	6.1	1.4	...	...	...
Class 4	5.8	...	...	...	...
Class 5	0.1	...	...	...	...

Investments - Equity Portfolio

	2014	2013	2012	2011	2010
Total Stocks (\$000)	917,649	936,244	912,184	895,451	788,686
Unaffiliated Common	34.7	29.0	25.3	25.8	26.3
Affiliated Common	65.3	71.0	74.7	74.2	73.7
Unaffiliated Preferred	...	...	...	...	...

Investments - Mortgage Loans And Real Estate

	2014	2013	2012	2011	2010
Total Mortgage Loans and Real Estate (\$000)	22,188	22,333	17,271	8,718	7,815
Property Occupied by Company	100.0	100.0	100.0	72.8	68.5
Property Held for Income	...	...	...	27.2	31.5

Investments - Other Invested Assets

	2014	2013	2012	2011	2010
Total Other Invested Assets (\$000)	41,384	30,517	34,402	52,844	25,883
Cash	47.5	89.4	29.2	87.5	24.0
Short-Term	24.8	8.2	67.5	10.6	72.1
Schedule BA Assets	25.8	2.5	3.2	1.9	3.9
All Other	1.8	...	...	...	...

History

Date Incorporated: 06/04/1959

Date Commenced: 11/15/1960

Domicile: IL

The company was incorporated on July 7, 1969, under the laws of Illinois, to become successor to the United Founders Mutual Insurance Company (organized in 1959). The assets and liabilities of the mutual insurance carrier were taken over by the United Founders National Insurance Company as of November 30, 1969, after the repayment of the guaranty fund certificates of the mutual. The company operated as the United Founders National Insurance Company until July 20, 1973, when the present title was adopted.

Paid in capital of \$252,451,459 consists of 80,003 common shares at a par value of \$125 per share and \$242,451,084 of contributed surplus. There are 1,000,000 authorized common shares.

Management

All outstanding capital stock of the company is owned by RLI Corp., a publicly traded holding company, which formerly owned the predecessor mutual company's outstanding guaranty fund certificates.

The affairs of the company are under the direction of Chairman and CEO, Jonathan E. Michael; President and COO, Michael J. Stone; Vice President, Chief Financial Officer and Treasurer, Thomas L. Brown and Executive Vice President, Operations, Craig W. Kliethermes. Prior to joining the company in 1982, Mr. Michael served with Coopers & Lybrand and was promoted to his current position in 2001. Mr. Stone joined RLI in 1996, after a career with The Travelers Insurance Company. Mr. Brown was associated with PricewaterhouseCoopers before joining the company in 2011. Prior to joining the company in 2006, Mr. Kliethermes held executive positions with GE Insurance/Employers Reinsurance and John Deere Insurance Company and was promoted to his current position in May 2013.

Under the same general management are the wholly-owned subsidiaries, Mt. Hawley Insurance, RLI Indemnity and Contractors Bonding and Insurance.

Officers And Directors

Officers

Chairman and CEO: Jonathan E. Michael

President and COO: Michael J. Stone

EVP: Craig W. Kliethermes (Operations)

SVP: Jennifer L. Klobnak (Risk Services)

Vice President and Chief Investment Officer: Aaron P. Diefenthaler

Vice President, Treasurer and CFO: Thomas L. Brown

Vice President and Controller: Todd W. Bryant

Vice President and General Counsel: Daniel O. Kennedy

Vice President: Seth A. Davis (Internal Audit)

Vice President: Donald J. Driscoll (Claims)

Vice President: Jeffrey D. Fick (Human Resources)

Vice President: Aaron H. Jacoby (Corporate Development)

Vice President: Murali Natarajan (Information Technology)

Vice President: Christopher D. Randall (Risk Services)

Secretary: Jean M. Stephenson (Corporate)

Directors

Thomas L. Brown

Todd W. Bryant

Donald J. Driscoll

Jeffrey D. Fick

Craig W. Kliethermes

Jonathan E. Michael

Michael J. Stone

Regulatory

An examination of the financial condition was made as of December 31, 2008, by the insurance department of Illinois. The 2013 annual independent audit of the company was conducted by KPMG, LLP. The annual statement of actuarial opinion is provided by Paul A. Vendetti, FCAS, MAAA, Assistant Vice President, Risk Services, RLI Insurance Company.

Reinsurance

The following text is derived from A.M. Best's Credit Report on RLI Group (AMB# 003883).

RLI Group's casualty products are covered under various reinsurance treaties. The commercial umbrella program is placed in an excess of loss treaty with a \$10,000,000 limit and maximum retention of \$1,600,000. The general liability and personal umbrella programs are placed in an excess of loss treaty with up to \$6,000,000 in limit with a maximum retention of \$1,750,000. The executive products group's coverage consists of a \$25,000,000 quota share with a maximum retention of \$8,750,000. The casualty portion of the transportation program is covered under an excess of loss arrangement with a \$5,000,000 limit and a maximum retention of \$650,000. The professional liability for architects and engineers program is placed in an excess of loss treaty with up to \$10,000,000 in limit and a maximum retention of \$3,250,000. The medical professional liability program is covered by a per claim limit of \$2,000,000 with a maximum retention of \$1,250,000 and a per policy aggregate limit of \$6,000,000 with a maximum retention of \$4,000,000.

The surety program is covered by an excess of loss treaty with a maximum limit of \$65,000,000 and a maximum retention of \$8,700,000 within the treaty limit.

The property reinsurance program consists of various working layer treaties and a corporate catastrophe cover. For earthquake, there is a surplus share cover with a per risk limit of \$15,000,000 and a maximum occurrence limit of \$88,000,000. The surplus cover is placed on a pro rata basis with runoff protection, so a single event will access two treaty years. Marine is covered by an excess of loss treaty, with a total limit of \$30,000,000 and maximum retention of \$2,000,000. For other property business, RLI retains the first \$1,000,000 per risk, with a maximum retention of \$1,600,000 for limits of \$15,000,000. Package programs are covered by a multiline treaty with an \$11,000,000 limit and maximum retention of \$1,550,000.

In addition to working layers, the corporate catastrophe program covers all property lines. The coverage is on an all-risk basis, attaching in excess of \$25,000,000. The retention can be reduced by up to \$6,000,000 by inuring recoveries from facultative certificates or working layer treaties. RLI purchases up to \$350,000,000 in catastrophe protection for non-California earthquake, \$325,000,000 for California earthquake, and \$250,000,000 for AOP. In the event of a California earthquake RLI would retain \$62,500,000, in the event of an earthquake in any other region RLI would retain \$72,500,000 and in a wind event RLI's retention would be \$62,500,000.

Principal reinsurers include Munich Reinsurance Company, Swiss Reinsurance of America, Endurance Reinsurance, Axis Reinsurance Company, Aspen Reinsurance America and Transatlantic Reinsurance.

Balance Sheet (\$000)

Admitted Assets	12/31/2014	12/31/2013	2014 %	2013 %
Bonds	578,764	565,275	33.9	33.7
Preferred Stock	...	...	...	...
Common Stock	318,429	271,797	18.7	16.2
Cash & Short-Term Invest	29,934	29,767	1.8	1.8
Real estate, investment	...	...	...	...
Derivatives	...	...	...	...
Other Non-Affil Inv Asset	11,450	750	0.7	...
Investments in Affiliates	599,220	664,447	35.1	39.6
Real Estate, Offices	22,188	22,333	1.3	1.3
Total Invested Assets	1,559,985	1,554,370	91.4	92.6
Premium Balances	103,623	108,168	6.1	6.4
Accrued Interest	5,789	6,187	0.3	0.4
All Other Assets	37,585	10,713	2.2	0.6
Total Assets	1,706,982	1,679,438	100.0	100.0

Liabilities & Surplus	12/31/2014	12/31/2013	2014 %	2013 %
Loss & LAE Reserves	457,984	442,445	26.8	26.3
Unearned Premiums	215,181	201,230	12.6	12.0
Derivatives	...	...	...	...
Conditional Reserve Funds	1,017	443	0.1	...
All Other Liabilities	183,503	176,099	10.8	10.5
Total Liabilities	857,685	820,217	50.2	48.8
Surplus notes	...	...	...	...
Capital & Assigned Surplus	252,451	252,451	14.8	15.0
Unassigned Surplus	596,845	606,770	35.0	36.1
Total Policyholders' Surplus	849,297	859,221	49.8	51.2
Total Liabilities & Surplus	1,706,982	1,679,438	100.0	100.0

Summary Of 2014 Operations (\$000)

Statement of Income	12/31/2014	Funds Provided from Operations	12/31/2014
Premiums earned	423,636	Premiums collected	436,399
Losses incurred	170,237	Benefit & loss-related pmnts	166,855
LAE incurred	44,036		
Undwr expenses incurred	178,537	LAE & undwr expenses paid	210,016
Other expenses incurred	...	Other income / expense	...
Dividends to policyholders	31	Dividends to policyholders	17
Net underwriting income	30,796	Underwriting cash flow	59,512
		Net transfer	...
Net investment income	208,017	Investment income	215,103
Other income/expense	-414	Other income/expense	-414
Pre-tax operating income	238,399	Pre-tax cash operations	274,201
Realized capital gains	15,763		
Income taxes incurred	15,714	Income taxes pd (recov)	26,181
Net income	238,448	Net oper cash flow	248,021

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Debt/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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