

ORIGINAL

Proposal to Provide Consulting Services to
The West Virginia Offices of the Insurance Commissioner (OIC)

To

Assist the OIC in formulating a program for addressing the Workers'
Compensation needs for West Virginia State Government agencies

RFP#: INS11007

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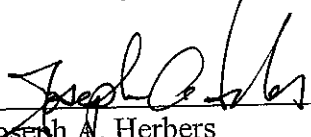
PURCHASING DIVISION
STATE OF WV

TECHNICAL PROPOSAL

Contact:

John Wade
Pinnacle Actuarial Resources, Inc.
374 Meridian Parke Lane, Suite C
Greenwood, IN 46142
317.889.5760 Voice
309.807.2301 Facsimile
jwade@pinnacleactuarial.com

Authorizing Signature:



Joseph A. Herbers
Managing Principal
309.807.2310 Voice
309.807.2301 Facsimile
jherbers@pinnacleactuarial.com

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Firm and Staff Qualifications

Firm Qualifications and Experience

Pinnacle Actuarial Resources, Inc. (Pinnacle) is one of the 10 largest property/casualty actuarial consulting firms in the U.S., specializing in loss reserving, insurance pricing, alternative markets, financial risk modeling, and risk management. Our clients, which are insurance companies, state regulators, insurance trade organizations, captive insurers, public entities, self-insured businesses, and a variety of risk retention groups, include many of the top U.S. insurance carriers as well as many small to medium size insurers.

Pinnacle Actuarial Resources, Inc. is an independent Illinois corporation which is privately owned by its professional actuarial staff. Pinnacle took its current corporate form on January 2, 2003, but our core operations and many of our customer relationships have been maintained continuously under various names since 1984. Pinnacle's corporate headquarters are in Bloomington, IL. We have additional offices in Chicago, IL; Atlanta, GA; Columbus, OH; Detroit, MI; Indianapolis, IN; Garden City and Saratoga Springs, NY; and San Francisco, CA.

Pinnacle has over 500 clients including state insurance regulators, insurers of all sizes, captive insurance companies, self-insured entities, municipal pools, risk retention groups, and accounting firms. As a result of this broad client base, we are called on to provide a wide variety of consulting services. Pinnacle's responsibilities have included reserve analyses, rate reviews, funding studies, operating management reviews, legislative costing, and expert testimony.

Our staff includes twelve Fellows of the Casualty Actuarial Society and seven Associates of the Casualty Actuarial Society. Biographies and curriculum vitae for selected staff members are included with this proposal (see Appendix A).

For more information concerning our firm and all the services we provide, please visit our web site at www.pinnacleactuaries.com.

Staff Qualifications

- We have 19 credentialed actuaries located across the United States.
- We have a risk management consultant with pertinent designations.
- We have a subcontracting relationship with another risk management consultant whom assists us in these types of endeavors.
- Pinnacle consultants have decades of experience in the workers' compensation field.
- The professional members of our proposed team have many years of experience in the workers' compensation industry.
- Our lead consultant, project manager, and contact person (John Wade) is an Associate of the Casualty Actuarial Society and has been working with Pinnacle for the past thirteen years on a variety of projects, including workers' compensation engagements. He has led project teams analyzing workers' compensation funds in Florida, Georgia, and Kentucky. He also reviews the Indiana and Wisconsin compensation rate bureau filings in those respective states.

- Another key consultant (Chris Carlson) is a Fellow of the Casualty Actuarial Society (CAS) and is a recent Past President of the CAS. He has a long and deep relationship with the workers compensation field, including current experience with the West Virginia and Ohio workers compensation funds, with Nationwide Insurance as well as recent experience with other workers' compensation funds of Florida and Georgia.
- Our Peer Reviewer (Rob Walling) is also an FCAS. Besides workers' compensation insurance, Rob has many years of experience working with captive insurers, including assisting the Vermont state Insurance Department in their evaluations of captive insurance programs. He also assists the state of Missouri in its evaluation of Workers Compensation programs.
- Project Risk Management sub-contractor (John Kissling) has is a licensed agent in Indiana, owns his own insurance agency, has performed numerous risk management reviews, and was most recently the Deputy Commissioner of the Indiana Department of Insurance. He has the ARM (Associate in Risk Management) designation.

Biographies of the members of the project team are included as Appendix A.

References

Melinda Kiss, Amy Rhodes
 West Virginia – Offices of the Insurance
 Commissioner
 1124 Smith Street
 Charleston, WV 25305-0540
 (304) 558-8344
Melinda.Kiss@wvinsurance.gov
 Pinnacle Consultant: Chris Carlson

Eric Lloyd, Gene Smith
 Manager, Special Disability Trust Fund
 Florida Department of Financial Services
 200 East Gaines Street, Larson Building
 Tallahassee, FL 32399-0317
 (850) 413-1604
Eric.Lloyd@myFloridaCFO.com
 Pinnacle Consultant: John Wade

Louie Hord
 Manager, Kentucky Workers Compensation
 Fund Commission
 P.O. Box 1128
 Frankfort, Kentucky 40602-1128
 (502) 573-3505 ext. 234
Louie.Hord@ky.gov
 Pinnacle Consultant: John Wade

Russell Coy, Frank Goins
 Captive Coordinator
 Kentucky Department of Insurance
 P.O. Box 517
 Frankfort, KY 40602-0517
 (502) 564-6082, ext 4274
Russell.Coy@ky.gov
 Pinnacle Consultant: John Wade

Ms. Kate Kixmiller, Bob Reeder
 Deputy Commissioner
 Indiana Department of Insurance
 311 West Washington Street, Suite 300
 Indianapolis, IN 46204
 (317) 232-3495
kkixmiller@idoi.IN.gov
 Pinnacle Consultant: John Wade

Ms. Ronnie Demergian, Guenther Ruch
 Office of the Commissioner of Insurance
 Bureau of Market Regulation
 125 South Webster Street
 Madison, WI 53707
 (608) 266-7077
Ronnie.Demergian@wisconsin.gov
 Pinnacle Consultant: John Wade

Joseph J. Patrick, Jr.
Schneider Downs & Co.
41 South High Street, Suite 2100, Columbus,
Ohio 43215-6102
(614) 586-7216
jpatrick@schneiderdowns.com
Pinnacle Consultant: Chris Carlson

Past Projects

State Workers' Compensation Funds. Three of the references above are for work in state compensation funds (WV, FL, and KY). Generally the projects involved assessing Workers' Compensation claims liabilities and the funding necessary to cover obligations.

Captive Insurance Evaluations. The KY Insurance Department reference relates to evaluating captive insurance programs. We do similar work in Vermont. We also have a longstanding relationship with captive insurance program managers.

Workers' Compensation Rate Filings: The IN and WI Insurance Department references are in regard to our review of workers' compensation rate filings.

Workers' Compensation Coverage for Private Firms. Our subcontractor, John Kissling, has acquired workers compensation coverage for virtually hundreds of businesses. Larger accounts have included: Allied Grocers (Safeway Food Store chain of 27 Indiana grocery stores plus a wholesale operation that covered several mid-western states), First Bank and Trust Company, and Farm Fans, a manufacturer of grain-dryers. In all of these accounts he wrote the property, liability, crime, inland marine, boiler, auto/fleet, workers compensation, and umbrella insurance coverages.

Audit of Workers' Compensation Programs. The final reference is for the auditors of the Ohio Bureau of Workers' Compensation (BWC) to provide the annual review of the actuarial analysis of its liabilities and assessment of future payouts. The BWC is responsible for the state monopolistic fund.

Other Workers Compensation Engagements

Kentucky Transportation Cabinet

Provided an actuarial analysis of its self-insured workers compensation exposure to determine the required reserves, including incurred but not reported (IBNR) losses, as of June 30, 2006. In addition, we provided a projection of expected losses for the prospective 2006/2007 exposure period. We repeated the study as of June 30, 2007.

Maine Bureau of Insurance

Reserve analysis as part of the financial examination of the Maine Employers Mutual Insurance Company. MEMIC writes only workers compensation insurance in the state of Maine, writing in both the voluntary market and as a guaranteed market mechanism for employers not able to obtain coverage in the voluntary market.

Other Special Funds Engagements

The following funds are recent or active clients of the engagement team. Their relevance is in the fact that they are quasi public entities, with either assessment or premium mechanisms. In each case the analysis includes the projections of liabilities on known and unknown claims, projection of future claims and revenues, and future payout analysis.

- South Carolina Department of Environmental Protection – Underground Storage Tank Fund
- Kentucky Division of Waste Management – Petroleum Storage Tank and Environmental Assurance Fund
- Pennsylvania Department of Environmental Protection - Mine Subsidence Insurance Fund
- Indiana Department of Insurance – Mine Subsidence Insurance Fund
- Kentucky Department of Insurance – Mine Subsidence Insurance Fund

Other Insurance Company Clients

Following is a sampling of insurance company clients writing Workers' Compensation insurance where members of the Pinnacle engagement team serve as the appointed actuaries opining on the company reserves:

- Indiana Lumbermens Mutual Insurance Company
- Lone Star National Insurance Company
- AIK Comp

State Departments of Insurance Engagements

Many funding and reserving studies originate from within State Departments of Insurance. Through the years we have provided consulting services for numerous state insurance departments. This work has ranged from loss reserve analyses to rate reviews to staff training seminars to legislative costing. Following is a summary of these engagements.

<u>State</u>	<u>Engagements</u>
Arizona	We have provided financial examination support services to the Arizona Department of Insurance.
California	Provided assistance to the insurance commissioner on a wide variety of actuarial issues and serve the California Earthquake Authority.

Connecticut	We reviewed medical malpractice rate filings for the Connecticut Department of Insurance and are serving the Attorney General dealing with reinsurance issues.
Florida	We provide financial examination services and rate hearing support to the Florida Department of Financial Services, Office of Insurance Regulation. We provide evaluations of the liabilities of the Special Disability Trust Fund (workers compensation).
Illinois	We provide actuarial reviews of medical malpractice rate filings.
Indiana	We provide actuarial reviews of property and casualty rate filings, including the Indiana Compensation Rate Bureau filings and medical malpractice rate filings. We have also provided actuarial support for actuarial related issues that come before the Financial Services Division.
Iowa	We provided financial examination services to the Iowa Department of Insurance.
Kentucky	We have provided rate filing and financial examination support services to the Kentucky Department of Insurance. We have also reviewed the Petroleum Storage Tank Environmental Assurance Fund, Transportation Cabinet's Workers' Compensation Fund, and the Workers' Compensation Funding Commission's various workers' compensation funds.
Louisiana	Provided actuarial consulting services supporting the review of the rate filing of the Louisiana Patients Compensation Fund. We conducted an actuarial training seminar for the Commissioner's Staff. We also developed a prototype of an automated rate review system for the Department of Insurance.
Maine	We have provided financial examination services and medical professional liability legislative costing services to the Maine Bureau of Insurance.
Massachusetts	We provided actuarial reviews of personal auto competitive rate filings to the Massachusetts Bureau of Insurance.
Michigan	We provide financial examination services and medical professional liability legislative costing services to the Michigan Division of Insurance.
Missouri	We review filings with the Missouri Division of Workers Compensation. Selected to review captive applications.

Nebraska	We have provided financial examination services to the Nebraska Department of Insurance.
New Mexico	We provide actuarial services to the DOI on behalf of the state's Patients Compensation Fund, including pricing and funding recommendations.
New York	We provide financial examination support services to the New York Department of Insurance.
Ohio	Provided various actuarial consulting services, primarily in the area of filing reviews for municipal liability coverages. We have also prepared a report for the department on Patients Compensation Fund legislation and costing of legislation.
Oklahoma	We have provided financial examination services to the Oklahoma Office of the Commissioner of Insurance
Oregon	We have provided financial examination services to the Oregon Insurance Division and legislative costing services to the Professional Panel for Analysis of Medical Professional Liability Insurance.
Texas	We are approved to assist the Texas Department of Insurance with property/casualty financial examinations.
Vermont	We review captive insurance company applications and reserve certifications for the Vermont Department. We have also been selected to review Property and Casualty rate filings in the state.
West Virginia	We provide actuarial reviews of the various state workers compensation funds.
Wisconsin	We have provided financial examination services to the Wisconsin Office of the Commissioner of Insurance as well as serving as the appointed actuary to the Wisconsin PCF and medical professional liability JUA. We review the annual rate filing of the Wisconsin Compensation Rating Bureau.

ATTACHMENT A: Vendor Response Sheet

2.4.1 Goal/Objective 1: To find an Enterprise Risk Management consultant to assist the OIC in formulating an optimal program for addressing West Virginia State Agency Workers' Compensation coverage options. The consultant will be able to fully identify and analyze the unique loss exposures associated with West Virginia State Agency Workers' Compensation. To assist the OIC in both examinations and selection of the most appropriate risk management and risk financing techniques, including risk transfer with appropriate risk retention; purchasing group formation; as well as any others that may be of benefit to the State. Finally, to assist the OIC in selecting and implementing a monitoring program(s) for the selected risk management techniques(s) and recommending how to revise the same as necessary.

VENDOR RESPONSE

Pinnacle believes that the OIC needs a consultant that can help it identify its risks, measure its liabilities and develop a plan to address those liabilities. Very few firms have the strengths and qualifications that Pinnacle brings to the table for this engagement. Not only are our insurance professionals seasoned veterans, our experience is rich in the workers compensation field. We blend the strength of actuarial techniques with our risk management analysis. Our work with workers' compensation funds, including in West Virginia, captive insurers, self-insureds, primary carriers, and agency professionals ideally suits Pinnacle to serve the needs of the OIC. Additional discussion of what we will bring into this engagement is included in our response to Mandatory Specification 2.5.3 in Attachment B.

2.4.2 Goal/Objective 2: To find a consultant to assist the OIC who is fully familiar with State and Federal laws and regulations that affect Workers' Compensation coverage for the State of West Virginia and its agencies.

VENDOR RESPONSE

Our analysis of other workers' compensation programs has allowed us to build benchmarks for various types of exposures in all states. We stay abreast of the events that impact this field of study by attending various industry meetings, and often speaking at many of these meetings. We are currently working with the West Virginia OIC in the analysis of certain on-going state operated workers' compensation programs.

2.4.3 Goal/Objective 3: To find a consultant to assist the OIC who can analyze previous and on-going State Agency Workers' Compensation program performances and provide written recommendations including pre-and-post loss goals; loss prevention, reduction, and mitigation strategies, etc.

VENDOR RESPONSE

We believe this is an area where Pinnacle can provide exceptional service to the OIC. We have reviewed dozens upon dozens of workers compensation programs including funding mechanisms, retentions levels, and deductible studies. We feel that having actuaries on staff is a

huge advantage for Pinnacle. Pinnacle's strengths don't just stop at analyzing the numbers, although we bring statistical analysis and support in wherever we can. Our consultants have actual experience in loss control programs and mitigation strategies through our prior employment at primary insurers and as consultants.

2.4.4 Goal/Objective 4: To find a consultant to assist the OIC who can compare and contrast State Agency Workers' Compensation plan risk financing options and assist in the selection of the most appropriate techniques(s).

VENDOR RESPONSE

Having worked on a number of Workers' Compensation programs for a variety of State Agencies affords Pinnacle a perspective on the costs associated with these programs and how they present themselves. We feel that understanding these costs is the necessary first step in determining how to finance the cost. Knowing the State's appetite for risk is another important step. Then a program designed around this knowledge can optimize the use of retention, pooling, insurance and other financing options. We feel that insurance is a necessary but expensive component of most risk management programs. Our goal will be to minimize the expected cost to the State, but within the State's risk appetite.

2.4.5 Goal/Objective 5: To find a consultant to assist the OIC in selecting, establishing, administering and evaluation value-added services such as Premium Auditing, Claims Administration, or Return to Work Programs.

VENDOR RESPONSE

Because of Pinnacle's vast experience in the workers' compensation insurance field, we can help the OIC design a complete workers' compensation program. While Pinnacle does not directly provide Auditing, Claims Administration, or Rehabilitation programs, we work closely with those that do. We can help the OIC screen potential programs and vendors that provide such services.

2.4.6 Goal/Objective 6: To find a consultant who can assist the OIC in developing needed policies and procedures for effective administration of the program(s) ultimately developed.

VENDOR RESPONSE

Pinnacle has worked with numerous insurance companies, captive and self-insureds, and captive managers and should be able to assist the OIC in developing the optimum workers' compensation program, setting up the administration of the program, and monitoring the program.

ATTACHMENT B: Mandatory Specifications

2.5.1 The vendor must demonstrate that it has the training and experience necessary to meet all the projects and goals listed in 2.3.

VENDOR RESPONSE

Pinnacle has put together a project team that includes personnel resources with actuarial credentials, risk management credentials, and licensed agent credentials, all of which will help in assisting the OIC design its workers' compensation program. Beyond the credential, we also have the practical experience in workers' compensation programs and other risk management functions. While our subcontractor, John Kissling, is a licensed agent in Indiana, Pinnacle does not believe that it is necessary to obtain an agent's license in West Virginia. Our goal is to help the OIC find the right outlet in acquiring quotes and coverage in order to determine what the appropriate balance of retained risk and cost of coverage. We do not anticipate playing the role of insurance agent to the OIC.

2.5.2 The vendor must provide the OIC with the names and contact information for other clients for whom the vendor has supplied the same or substantially the same services.

VENDOR RESPONSE

References for some of our past workers' compensation projects are included on Page 2 of this response. Our subcontractor, John Kissling, has performed risk management services and acquired workers compensation coverage for virtually hundreds of businesses. Larger accounts have included: Allied Grocers (Safeway Food Store chain of 27 Indiana grocery stores plus a wholesale operation that covered several mid-western states), First Bank and Trust Company, and Farm Fans, a manufacturer of grain-dryers. These services were prior to Mr. Kissling's tenure at the Indiana Department of Insurance. Management of these firms have moved on to other jobs or retirement.

2.5.3 The successful vendor must provide the OIC with a detailed defensible work-plan demonstrating how it would address the OIC's needs as outlined in this RFP including specific timelines, as the successful program must be up and running by September 1, 2011. The vendor should estimate how many hours it believes will be necessary to complete the work needed from inception of the contract. The vendor should provide the resumes, experience and training of its key staff. The vendor should prepare a proposed timeline with a compilation of the major phases/activities to be accomplished from inception of the consultant contract to the implementation of the program, and include proposed deliverables within the timeline.

VENDOR RESPONSE

~~Pinnacle would like to first suggest (and later refer to) the following step-by-step overview of our consulting risk management process.~~

1. Risk Identification
2. Risk Examination
3. Risk Control Measures
4. Risk Financing Options
5. Monitoring & Administration

We believe that this ordered approach to risk management will provide immediate benefits and underscore your need to manage your workers' compensation exposure. Not only that, but as our relationship continues we would revisit each of these steps, making improvements reflecting knowledge gained throughout the initial and subsequent analyses. Our efforts would include the following:

- ***Gather related data from staff pertaining to the State Agency's exposures and review of insurance policies and program.***

The first and arguably the most important step in Pinnacle's risk management process is *risk identification*. Gathering related data is the essence of this step of the process. Following is a guideline related to the types of data Pinnacle would strive to attain from the State (hereinafter implying State Agencies or OIC).

1. *Risk Management Documents* will help aid in identifying risks that could occur or may have already occurred.
 - Loss History Reports (specific claim detail)
 - Loss Control Inspection Reports
 - Prior Reports
2. *Administrative Documents* will broaden our understanding of the State's operation.
 - Organizational Charts (and contact information of key personnel)
 - Insurance Lists
 - General Records and Documents (relative to key exposures)
3. *Financial Documents* will help us understand the financial status and key ventures of the State.
 - Budget Documents (including Capital Spending Plans)
 - Financial Statements
 - Revenue Reports / Tax Assessment Documents (to identify sources of funding)
4. *Contract & Service Agreements*
 - Insurance Policies
 - Labor Contracts

5. *State staff* will be utilized wherever practical to help keep the State's cost to a minimum. This may include...
- Using the State's legal staff to assist in culling out contracts and portions of contracts that would not be necessary for Pinnacle to review, and
 - Using State staff in any other manner that is beneficial to the State.

As part of our review of the contract and service agreement documents, we will not only become aware of currently identified exposures, but we will also be able to compare what is being insured to what is being managed by the State. This underpins our *risk examination* step of our process.

Our examination of the contracts and other documents (as outlined above) may lead us to conclusions regarding existing *risk control measures*, and we will share our findings and recommendations both in an ongoing manner and as summarized in a written annual report.

- ***Analyze existing insurance programs to determine adequacy of coverage and make recommendations for options in coverage.***

Insurance coverage is typically the most expensive *risk financing option*, but its importance in the overall risk management program cannot be denied. Pinnacle will review insurance contracts, actual loss history, and industry data to see if the existing coverage is appropriate. More importantly, Pinnacle can use its actuarial expertise to estimate the expected cost of various retention or deductible options desired.

Pinnacle has a rich history with numerous brokers, captive managers, and reinsurers. These relationships will help ensure active competition for your insurance policies. Pinnacle remains unbiased and independent in these relationships and will only promote participation with those vendors providing the most advantageous benefits to the State, regardless if Pinnacle has a prior relationship with any vendors under consideration.

- ***Provide Loss Analysis to make recommendations regarding retention levels and cost effectiveness of the program.***

Risk retention is another *risk financing option* that can be much more affordable than any insurance option so long as the retention level is properly determined. Pinnacle helps a multitude of alternative market risk owners and managers select risk retentions that optimize the balance between risk capitalization and market conditions. Often these are formal feasibility studies that involve future forecasts of the program's profitability and solvency.

Helping you select a program structure that best suits your needs is a value added service. This advice is based on our work with the various forms of facilities, be they self-insurance, pools, Risk Retention Groups, pools or large deductible plans.

- ***Provide assessments of current conditions in the insurance markets as well as future outlook.***

Trend refers to changes in the value of underlying exposure, premiums, claim counts or average claim severities. Future cost projections are heavily dependent on trend assumptions; factors may be developed either from your State's personal data, data from similar organizations or from benchmarks derived from broader sources. Trends may vary considerably depending on the line of coverage and/or exposure involved.

Pinnacle will use this trend analysis to determine the most appropriate measures for your risk management as part of the final step of our risk management cycle, *monitoring and administration*. Although this is the final step of our process, is likely will become the basis for restarting our process all over again as our relationship continues with the State.

- ***Provide analysis of alternative risk financing vehicles to reduce the State's cost of risk.***

Besides the already-mentioned *risk financing options* of insurance and retention, another common option available to a public entity is to join or form a risk pool. Risk pools allow for sharing of the loss control costs that are borne out of non-insurance risk financing alternatives. Pools tend to have lower and more stable costs than insurance.

Pinnacle has many current relationships as the actuarial service provider to pools, captives, and other risk retention groups. We know the ins and outs of how these relationships are designed, funded and managed.

Pinnacle will analyze your exposures and identify if a pool (or some other alternative vehicle) is appropriate for the State.

- ***Present a written report of review and comments regarding the reasonableness of the terms, conditions, provisions, and costs of the State's Self-Insurance Programs as well as recommendations.***

Pinnacle thinks it is important to work with the State continuously throughout the year, providing the State feedback on a regular basis. In addition, Pinnacle recognizes the absolute importance of periodic risk management reports. Not only is this a great place for documentation of claims, loss prevention programs, emergency management and more, but also an opportunity for officials to see a snapshot of the risk and opportunity associated with the State's service endeavors. It is Pinnacle's intent to provide an annual report to the OIC summarizing each of the components of the risk management process and closing with trend considerations and an outlook to the future.

Risk management is more than just purchasing insurance; it's about identifying, analyzing, controlling, and financing exposures to loss.

Using appropriate State documents (as defined above), Pinnacle's first task will be to identify the exposures the State is facing. Then, Pinnacle's combined risk management and actuarial expertise will provide thorough risk examination in both a qualitative and quantitative format.

In reviewing the results of the analyses we run, Pinnacle will prepare recommendations for both risk control and risk financing alternatives. Risk control will focus on pre-loss ways your staff can minimize, at optimal costs, losses that may strike the State by suggesting avoidance, prevention, reduction, segregation, and transfer programs.

No matter what controls are in place, claims will not completely disappear. Risk financing mechanisms must be in place in the unfortunate event of a loss. Pinnacle's strategy will be to design and recommend the most efficient approach for financing your exposure to loss. This may be through the use of retention plans such as self-insurance, large deductible plans, or pools, to name just a few of the many potential solutions for the State.

After a thorough consideration of potential solutions, Pinnacle's team will recommend the most appropriate retention and transfer (including insurance) solutions that will complement our other recommendations. Insurance should be designed as part of the overall risk financing strategy, and not designed independently of the alternatives described above. Insurance coverage through the commercial market has been proven time and again to be the most expensive means of financing risk. It is Pinnacle's goal to reduce the State's reliance on traditional insurance. However, some insurance coverage will be necessary. Pinnacle will recommend the types and levels of insurance coverage needed and will assist the State in procuring it. Following the steps outlined above, Pinnacle will help the State to be better equipped to save money by controlling risk and financing it more efficiently.

2.5.4 The vendor must demonstrate its experience in structuring and obtaining a Workers' Compensation program for at least one State government or other large public governmental entity within the past five years.

VENDOR RESPONSE

Within the last five years we have analyzed workers' compensation programs for several state funds and reviewed workers compensation filings for two state insurance departments. Mr. Kissling wrote coverage for the Civil Town of Speedway Indiana, but this was prior to his tenure at the Indiana Department of Insurance, and therefore more than five years ago. While at the Indiana Department of Insurance, Mr. Kissling was in charge of the Indiana Political Subdivision Risk Management Commission, but this pool only covered general liability and excess liability. It is mentioned here to lend credence to our ability to work with State government insurance programs.

2.5.5 The vendor must demonstrate its experience in managing risk for a large deductible plan, or a self-insured plan, for a State government or other similarly sized project within the past five years.

VENDOR RESPONSE

Pinnacle has analyzed and made recommendations for many large deductible plans, captive plans, and self-insured plans. We have worked directly with the insured entities or with their management firms. While at the Indiana Department of Insurance, Mr. Kissling was involved in sorting through the details of a few disputed workers' compensation-related issues involving differences between the insureds and the companies. One major dispute involved investigating and evaluating the workers' compensation program of a fairly sizable trucking company which purchased a large deductible workers' compensation policy and in the process, signed a collateral maintenance agreement in which the trucking company was required to maintain certain levels of cash on deposit with the insurance company to guarantee payment of existing and future claims within the deductible layer. The insured changed workers' compensation carriers but disputed the amount of collateral that should be left on deposit with the former workers' compensation carrier

2.5.6 The vendor may provide other management consulting services related to this project for the OIC as needed. These additional services may include appearances by personnel of the consultant before legislative and executive bodies or others to respond to questions, give reports, and educate state agencies about the proposed risk management programs. These services may also include the preparation of written reports concerning risk management programs as deemed necessary by the OIC.

VENDOR RESPONSE

Several of Pinnacle's consultants have provided expert testimony on risk and insurance matters, as well as costing to support various industry or governmental initiatives. We have also provided industry training programs on relevant insurance topics, including training programs to a state insurance department financial examination unit. In addition, Mr. Kissling is an adjunct professor on risk management at an Indianapolis university.

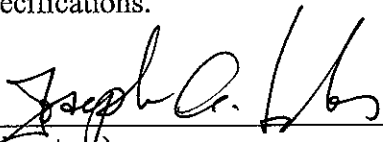
2.5.7 The vendor must identify and briefly describe either your ability to provide any of the following services by your firm, or by contracting the same with a third-party on behalf of your client:

1. Insurance Policy Procurement/Market knowledge and experience
2. Claims Administration Services
3. Establish risk pool participation and funding requirements for the Phase II program
4. Loss Control Services
5. Return to Work Program
6. Rating/Underwriting Evaluation/Consulting

VENDOR RESPONSE

1. Pinnacle is independent of any insurance company or brokerage. We do not place insurance, but we can draft the specification for insurance needs, review contracts for coverage, and advise on the pricing of the contracts. We are very aware of the competitive market place for the insurance coverage needs of the State, as we frequently price these programs.
2. Pinnacle does not provide Claims Administration Services. We do help cost claims management programs. We would work with the State in procuring the appropriate TPA or other service requirements. Our work with Captive and Self-Insureds has exposed us to many such outlets.
3. Pinnacle has priced many risk pools and determined the funding and (agency) allocations within such programs.
4. Pinnacle would help the State in securing Loss Control Services. Some of our consultants have evaluated loss control programs while employed at primary insurers, even to the extent of have loss control specialists report through them. We also would call on our relationships with Captive service providers in this same area.
5. Pinnacle would rely on its relationships with other captive insurance programs to find the proper programs and professionals to provide Return to Work Programs.
6. One of Pinnacle's core services is in developing rating and underwriting programs. Being familiar with the types of liabilities that face the State, and evaluating the programs the State uses to address these liabilities, will naturally lead to optimizing rating and underwriting programs.

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



(Signature)

February 10, 2010

(Date)

Pinnacle Actuarial Resources, Inc.
(Company)

Joseph A. Herbers, Managing Principal
(Representative Name, Title)

309.807.2310 voice / 309.807.2301 fax
(Contact Phone/Fax Number)

BIOGRAPHY***JOHN E. WADE***

Mr. Wade is a Senior Consultant with Pinnacle Actuarial Resources, Inc., in the Indianapolis, IN office. He holds a Bachelor of Science degree and a Master of Arts degree in actuarial science from Ball State University. He has over thirty years of actuarial experience. He earned his designation as an Associate of the Casualty Actuarial Society in 2002 and became a member of the American Academy of Actuaries that same year. Mr. Wade serves on the Committee on Professionalism Education of the Casualty Actuarial Society. He has also served on the Membership Advisory Panel Committee of the CAS and is currently serving on the Emerging Issues Task Force (P&C) of the American Academy of Actuaries.

Prior to joining Pinnacle Actuarial Resources, Inc., Mr. Wade spent four years as an independent casualty actuarial consultant working in the areas of pricing, product development, and claims procedure analysis. He has also been employed by State Farm Insurance and Indiana Farm Bureau Insurance. His responsibilities have included developing and using ratemaking formulas and procedures for several property/casualty lines of insurance; developing forms, rating rules, and underwriting guidelines; filing rates, rules and forms with state regulators; analyzing loss and loss adjustment expense reserves; managing and developing actuarial and loss control staff; developing actuarial data bases and attendant reports; and designing and costing agent compensation plans.

At Pinnacle Actuarial Resources, Inc., Mr. Wade's client engagements include rate filing reviews for regulators, rate development and filings for insurance companies, reserve analyses for companies and regulators, and funding studies for various public entities.

Mr. Wade serves as the appointed actuary to two insurance companies and has been involved in the development and peer review of several other Statements of Actuarial Opinion regarding Unpaid Claim Estimates for several other appointed actuaries within Pinnacle. He has provided financial exam support to several state Insurance Departments. Mr. Wade has also provided several reserve and funding studies to various public agencies.

Mr. Wade currently serves as the consulting actuary to the Indiana Department of Insurance, providing several hundred actuarial reviews of property and casualty rate filings and other services since 2005. He has filed rates or supported rate filings on behalf of several companies in most US jurisdictions.

CURRICULUM VITAE

NAME	John E. Wade
BUSINESS ADDRESS	374 Meridian Parke Lane, Suite C Greenwood, IN 46142 Phone: 317-889-5760 Fax: 309-807-2301 e-mail: jwade@pinnacleactuaries.com
EDUCATION	BALL STATE UNIVERSITY Bachelor of Science – 1977 Major: Actuarial Science Minor: Economics Master of Arts - 1979 Major: Actuarial Science
CONTINUING EDUCATION	Attendance at CAS semi-annual meetings and various ratemaking and loss reserving seminars Estimated study time exceeding 4,000 hours necessary for completion of qualifying exams for membership in the Casualty Actuarial Society (CAS)
MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS	Casualty Actuarial Society (CAS) Associate Member 2002 American Academy of Actuaries (AAA) 2002
EMPLOYMENT HISTORY	State Farm Mutual Automobile Insurance Actuarial Analyst 1978-1984 Indiana Farm Bureau Insurance Actuarial Department Manager 1984-1993 Actuarial Business Consultants, Inc. Independent Consulting Firm, President 1993-1997 Miller, Herbers, Lehmann, & Associates, Inc. Consultant 1997-2002 Pinnacle Actuarial Resources, Inc. Senior Consultant 2003-Present

John E. Wade – Curriculum Vitae
Page Two

PROFESSIONAL ACTIVITIES	CAS Membership Advisory Panel Committee	2003-2008
	CAS Committee on Professionalism Education	2008-Present
	AAA Emerging Issues Task Force (P&C)	2008-Present

PROFESSIONAL PRESENTATIONS	“Role of the Consulting Actuary” Society of Insurance Research, 2004
	Loss Reserve Training Seminar Presented to the Indiana Department of Insurance, Financial Services Division, 2005
	“Making an Actuarially Sound Rate Filing” Pinnacle Actuarial Resources, Inc. Apex Webinar series, 2008
	“ASOP Fables, Real World Usage of the Actuarial Standards of Practice” Casualty Actuarial Society Spring, 2008
	“Ethical Case Studies from the Course on Professionalism” Casualty Loss Reserve Seminar, 2009
	Faculty, Course on Professionalism Casualty Actuarial Society, December, 2009
	“Do You Know the Rules of the Actuarial Professionalism Road?” Casualty Actuarial Society Spring, 2010 meeting
	Faculty, Course on Professionalism Casualty Actuarial Society <i>session scheduled for August, 2010</i>
	“Do We Have Enough Money? - An Actuarial Perspective” National Tanks Conference & Expo, <i>scheduled for September 2010</i>

SIGNIFICANT ASSIGNMENTS	Serve as the Consulting Actuary to the Indiana Department of Insurance, Reviewing Property and Casualty Rate Filings, 2005-Present
	Serve various state Insurance Departments and state Agencies providing financial examination support and funding analyses, 2006-Present
	Serve as appointed actuary to two insurance companies, 2006-Present
	Significant exposure to state Second Injury Funds reserve analyses
	Significant exposure to state Petroleum Storage Tank Funds, funding and reserve analyses
Significant exposure to state Mine Subsidence Insurance Funds, rating and reserve analyses	

BIOGRAPHY***CHRISTOPHER S. CARLSON***

Mr. Carlson is a Consultant with Pinnacle Actuarial Resources, Inc., in the Upper Arlington, Ohio office. He holds a Bachelor of Science degree in Mathematics from the University of Oregon in Eugene and also attended Valparaiso University. He has more than 30 years of insurance and actuarial experience.

Since joining Pinnacle in 2005, Mr. Carlson's consulting engagements and practice have included personal and commercial lines ratemaking, rate filing and regulatory compliance including expert witness testimony, legislative review and costing and personal lines, commercial lines and title insurance reserving. He has considerable experience with Florida issues including rate filing requirements and the use of catastrophe models in ratemaking and exposure management. He has been involved in performing studies for various state government operated funds including workers compensation funds.

Mr. Carlson is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. He is a past President of the Casualty Actuarial Society and former Chair of the CAS Board of Directors. Previously, he has served the CAS in various other capacities including as an elected member of the Board of Directors, Vice President of Professional Education, member of the Executive Council, Chair of the Ratemaking Research Committee and the Ratemaking Seminar Committee and frequent faculty member of the Ratemaking Seminar, Casualty Loss Reserve Seminar and Predictive Modeling Seminar. Mr. Carlson is a frequent speaker at industry meetings on topics related to personal lines pricing, reserving and actuarial standards of practice.

Mr. Carlson was a member of the Casualty Committee of the Actuarial Standards Board from 1997 through 2006 and served as the Committee Chair in 2005 and 2006. He served on the Board of Directors of the American Academy of Actuaries in 2007 and 2008. He has been a member of the Academy's Casualty Practice Council since 2005.

Prior to joining Pinnacle, Mr. Carlson held various actuarial positions during more than 25 years with the Nationwide Insurance Companies. His assignments included personal lines automobile and homeowners ratemaking, rate filings and regulatory compliance, He was involved also in reserve analysis for both personal and commercial lines as well as assumed reinsurance for property catastrophe covers and casualty excess of loss treaties. He provided actuarial assistance to a subsidiary third party claims administrator. His involvement with assumed reinsurance included analysis of the run-off of asbestos and environmental liability both in the U.S. and London Markets and analysis of various potential commutation opportunities. He was involved in due diligence teams in the review of potential acquisition candidates.

CURRICULUM VITAE

NAME	Christopher S. Carlson	
BUSINESS ADDRESS	3040 Riverside Drive, Suite 206 Upper Arlington, Ohio 43221 Phone: (614) 602-6594 Fax: (614) 488-6044 e-mail: ccarlson@pinnacleactuaries.com	
EDUCATION	UNIVERSITY OF OREGON Bachelor of Science in Mathematics – 1978 VALPARAISO UNIVERSITY (1973-1975)	
CONTINUING EDUCATION	Estimated study time exceeding 4,000 hours necessary for completion of qualifying exams for membership in Casualty Actuarial Society (CAS) Participated as an attendee and on the faculty of the CAS Ratemaking Seminar, CAS annual meetings, Casualty Loss Reserve Seminar and other educational seminars on various topics.	
MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS	Casualty Actuarial Society (CAS)	
	Associate Member	1986
	Fellow	1990
	American Academy of Actuaries (AAA)	1986
	Midwest Actuarial Forum	1986 – Present
EMPLOYMENT HISTORY	Nationwide Insurance Companies	1979 – 2005
	Pinnacle Actuarial Resources, Inc.	2005 – Present
PROFESSIONAL ACTIVITIES	Board Chair – Casualty Actuarial Society	2009
	President, Casualty Actuarial Society	2008
	CAS Board of Directors	2004 – 2009
	President-Elect, Casualty Actuarial Society	2007
	CAS Nominating Committee	2009 – Present
	AAA Board of Directors	2007 – 2008
	Casualty Practice Council of American Academy	2005 – Present
	Chairperson for ASB Casualty Committee	2005 – 2006
	Actuarial Standards Board Casualty Committee	1996 – 2006
	CAS/SOA Enterprise Risk Management Symposium	2003 – 2005
	CAS Vice President of Programs & Communications	2001 – 2002
	CAS Vice President of Professional Education	2002 – 2004
	Chairperson for CAS Ratemaking Seminar	2000
	Vice Chairperson for CAS Ratemaking Seminar	1999
	Member, CAS Faculty Ratemaking Seminar	1988 – 2000, 2006
	Chairperson for Ratemaking Research Committee	1994 – 1997
	CAS Ratemaking Research Committee	1990 – 1996

Christopher S. Carlson
Page 2

Vice Chairperson for Ratemaking Research Committee	1993 -1994
CAS Ratemaking Seminar Committee	1995 - 2000
CAS Research Policy & Management Committee	1997 - 1999

**PROFESSIONAL
PUBLICATIONS**

“No Such Thing as a Free Lunch”
Actuarial Review, Winter, 2003

“Smoothing and Clustering Techniques Redefine Rating Territories”
in Magazine, First Quarter 2007 edition

“Focusing on the Present and Positive”
Actuarial Review, August, 2007

Communicating Uncertainty – The World of Variance
Actuarial Review, May, 2008

“From Analysis and Measurement to Management”
Actuarial Review, August, 2008

“Moving Forward”
Actuarial Review, November, 2008

“The Dangers of Blind Faith in Models”
2009 CAS Presidential Address
CAS Yearbook and Proceedings, February 2009

“Florida Homeowners Insurance: How Big is the Availability Problem and Is There a Fair Solution” with Locke Burt, Jeff Kucera and Jim Massie
Risk Management and Insurance Review, 2009 Volume 12, No. 2

**PROFESSIONAL
PRESENTATIONS**

Numerous presentations at educational seminars and meetings conducted by the Casualty Actuarial Society, the American Academy of Actuaries and various regional affiliates as well as to actuarial audiences in South Africa and Australia.

EXPERT TESTIMONY

Civil Rights Commission in Ohio, 2004

Ratemaking Deposition in Florida, 2005

Rate Filing Support in Florida, 2007

December 21, 2010

BIOGRAPHY

ROBERT J. WALLING III

Mr. Walling is a Principal and Consultant with Pinnacle Actuarial Resources, Inc., in the Bloomington, Illinois, office. He holds a Bachelor of Science degree in secondary mathematics education from Miami University. He has worked in the insurance industry since 1989.

Mr. Walling is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. He has served the CAS as Chairman of the Ratemaking Seminar Committee, Chairman of the Risk and Capital Management Seminar Committee, Chairman of the New Fellows Committee, and faculty member of the Limited Attendance Seminar on Dynamic Financial Analysis (DFA). Mr. Walling is a frequent speaker at industry meetings on topics related to medical professional liability reforms and government insurance programs, captive insurance and other forms of self insurance, predictive analytics and generalized linear modeling (GLM), commercial lines ratemaking, and enterprise risk management/dynamic financial analysis.

Prior to joining Pinnacle, Mr. Walling was employed for five years by Anthem Casualty Insurance Group where he was responsible for the pricing and product monitoring functions of the Commercial Lines and Managed Care Workers Compensation Divisions. He also has work experience at Providence Washington Insurance Company and Great American Insurance Group. His experience includes legislative review and costing, commercial lines ratemaking and product development, funding and reserving studies for self-insureds and captives, personal and commercial lines reserving, rate filings and regulatory compliance, and dynamic financial analysis of insurance companies.

His published articles include:

- "Using the Public Access DFA Model: A Case Study," *CAS Forum*, Summer, 1998
- "A Dynamic Approach to Modeling Free Tail Coverage," *CAS Forum*, Fall, 1999
- "Customizing the Public Access Model Using Publicly Available Data," *CAS Forum*, Summer, 1999
- "Are You Ready to Unlock the Power Hidden in Your BOP Application," *Pinnacle Actuarial Resources Monograph Program*, July 2003
- "The Case of the Medical Malpractice Crisis: A Classic Who Dunit," *CAS Forum*, Summer, 2004
- "Medical Malpractice Insurance: A Call for Efficiency" *Pinnacle Actuarial Resources Monograph Program*, May 2006
- "I Like You as a Neighbor, But We're Not Sharing Checkbooks" (Opportunities and challenges for public entity groups)" *Public Risk Magazine*, June/July 2006
- "What Makes an Effective Captive Application: Actuarial Do's and Don'ts" *Captive Chronicle*, June/July 2006
- "Having to Say You're Sorry: A More Efficient Medical Malpractice Insurance Model" *Contingencies*, November/December 2006
- "Commercial Auto Predictive Modeling: The Time Is Now" , *Pinnacle Actuarial Resources Monograph Program*, September 2007
- "Medical Malpractice Predictive Modeling: A Push-Me-Pull-You Proposition" *Physician Insurer*, First Quarter 2008
- Underwriting Power Tools for Small Business Insurance, *Pinnacle Actuarial Resources Monograph Program*, September 2008 (reprinted in National Association of Mutual Insurance Companies (NAMIC) Farm Forum in 2009)

CURRICULUM VITAE

NAME	Robert J. Walling, III	
BUSINESS ADDRESS	2817 Reed Road, Suite 2 Bloomington, Illinois 61704 Phone: (309) 807-2320 Fax: (309) 807-2301 e-mail: rwalling@pinnacleactuaries.com	
EDUCATION	MIAMI UNIVERSITY Bachelor of Science in Education – 1987 Certification in Secondary Mathematics Education	
CONTINUING EDUCATION	Estimated study time exceeding 4,000 hours necessary for completion of qualifying exams for membership in Casualty Actuarial Society (CAS) Participation as an attendee and on the faculty of the CAS seminars on Ratemaking, Predictive Modeling and Dynamic Financial Analysis, CAS annual meetings, and other industry meetings such as Captive Insurance Company Association (CICA), Vermont Captive Insurance Association (VCIA), Bermuda Captive Conference, Insurance Managers Association of Cayman (IMAC) and Risk and Insurance Management Society (RIMS)	
MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS	Casualty Actuarial Society (CAS)	
	Associate Member	1995
	Fellow	2001
	American Academy of Actuaries (AAA)	1995
	Midwestern Actuarial Forum	1989-present
	Central Illinois Actuarial Club	1997-present
EMPLOYMENT HISTORY	Great American Insurance Group	1989-1991
	Providence Washington Insurance Companies	1991-1992
	Shelby Insurance Company / Anthem Casualty	1992-1997
	Miller, Herbers, Lehmann, & Associates, Inc.	1997-2002
	Pinnacle Actuarial Resources, Inc.	2003 - Present
PROFESSIONAL ACTIVITIES	CAS Committee on Health and Managed Care Issues	1996-2001
	CAS Ratemaking Seminar Committee	1997-2002, 2004
	Vice Chairperson for CAS Ratemaking Seminar	2000-2001
	Chairperson for CAS Ratemaking Seminar	2001-2002
	Vice Chairperson, CAS DFA Seminar	2000
	Chairperson, CAS DFA Seminar	2000-2001
	Chairperson, CAS Risk & Capital Mgmt. Seminar	2002
	Faculty Member, CAS Limited Attendance Seminars on Dynamic Financial Analysis	1998-99, 2001-04
	Vice Chairperson, CAS New Fellows Committee	2003
	Chairperson, CAS New Fellows Committee	2003-2006
	CAS Task Force on ACAS Voting Rights	2004
	CAS Working Group on Executive Level Decision Making Using DFA	2004

Robert J. Walling, III – Curriculum Vitae
Page Two

CAS Ratemaking and Product Management Seminar Committee	1997-2002
Captive Insurance Company Association (CICA) Actuary/Consultant Best Practices Committee	2009- Present
Vermont Captive Insurance Association Conference Committee	2009- Present
AAA Medical Professional Liability Subcommittee	2009- Present

**PROFESSIONAL
PUBLICATIONS**

- “Using the Public Access DFA Model: A Case Study,”
CAS Forum, Summer, 1998
- “A Dynamic Approach to Modeling Free Tail Coverage,”
CAS Forum, Fall, 1999
- “Customizing the Public Access Model Using Publicly Available Data,” *CAS Forum*, Summer, 1999
- “Are You Ready to Unlock the Power Hidden in Your BOP Application,”
Pinnacle Actuarial Resources Monograph Program, July 2003
- “The Case of the Medical Malpractice Crisis: A Classic Who Dunit,” *CAS Forum*, Summer, 2004
- “Medical Malpractice Insurance: A Call for Efficiency” *Pinnacle Actuarial Resources Monograph Program*, May 2006
- “I Like You as a Neighbor, But We’re Not Sharing Checkbooks (Opportunities and challenges for public entity groups)” *Public Risk Magazine*, June/July 2006
- “What Makes an Effective Captive Application: Actuarial Do’s and Don’ts”
Captive Chronicle, June/July 2006
- “Having to Say You’re Sorry: A More Efficient Medical Malpractice Insurance Model” *Contingencies*, November/December 2006
- “Commercial Auto Predictive Modeling: The Time Is Now” , *Pinnacle Actuarial Resources Monograph Program*, September 2007
- “Medical Malpractice Predictive Modeling: A Push-Me-Pull-You Proposition” *Physician Insurer*, First Quarter 2008
- Underwriting Power Tools for Small Business Insurance, *Pinnacle Actuarial Resources Monograph Program*, September 2008 (reprinted in National Association of Mutual Insurance Companies (NAMIC) Farm Forum in 2009)

Robert J. Walling, III – Curriculum Vitae
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**APPOINTED
ACTUARY**

Bucephalus Assurance Company	2008 - Present
Cedar Rapids Insurance Ltd.	2003 - Present
Chesapeake Bay Insurance Company	2005 - Present
Federal Motor Carriers Risk Retention Group, Inc.	2008 - Present
FMC Insurance Company, Inc.	2008 - Present
FS Preferred Insurance Company	2004 - Present
Great Plains Casualty, Inc.	2007 - Present
MA Prime Assurance LLC	2007 - Present
Midwest Provider Insurance Company, A Risk Retention Group, Inc.	2007 - Present
Peninsula Insurance Company, Ltd.	2008 - Present
PROAIR Risk Retention Group, Inc.	2008 - Present
Professional Aviation Insurance Reciprocal	2008 - Present
Quarterman Insurance Exchange, Inc.	2006 - Present
Transportation Trucking Insurance Company, Ltd.	2008 - Present
Wisconsin Health Care Liability Insurance Plan	2007 - Present

**PROFESSIONAL
PRESENTATIONS**

Numerous interviews and presentations at educational seminars conducted by the CAS and other industry organizations on topics including:

- Ratemaking, emphasizing Workers Compensation, Professional Liability, Commercial Automobile, and Businessowners Policy (BOP)
- Generalized Linear Modeling (GLM) for Commercial Lines Insurance
- Loss Reserving for Medical and Non-Medical Professional Liability
- Self-Insured Funding and Reserving for Individual and Group Public Entities and Private Companies
- Legislative Costing for Medical Professional Liability, Workers' Compensation, Commercial Auto Liability, Contractors Liability
- Dynamic Financial Analysis (DFA)
- Workers Compensation Managed Care

**EXPERT
TESTIMONY**

Florida Office of Public Policy and Governmental Accountability, 2004-07
Maine Joint Standing Committee on Insurance and Financial Services, 2004
New Mexico Patients Compensation Fund, 2002, 2005, 2008
Ohio Medical Malpractice Commission, 2003
Oregon Medical Association, 2005
Oregon Prof. Panel for Analysis of Medical Professional Liability Ins., 2004
Oregon Construction Claims Task Force, 2006
Republican Governors Association, An Analysis of the Impact of Workers' Compensation Reform in Nevada, 2005
Virginia Birth Related Neurological Injury Compensation Program, 2003-08
Virginia Medical Society, 2008
Wisconsin Assembly Committee on Insurance, 2005
Wisconsin Injured Patients and Families Compensation Fund, 2007 - current
Wisconsin Medical Society and Wisconsin Hospital Association, 2005, 2007

Numerous written and oral testimonies in support of litigation associated with commercial lines insurance.

BIOGRAPHY**JOHN R. KISSLING, JR.**

John R. Kissling, Jr. graduated from Butler University, Indianapolis, Indiana with a B.S. in Business. After graduation from Butler, Ensign Kissling served with the U.S. Navy as a Personnel Officer and Navigation Officer aboard the destroyer, USS Gurke--service which included a deployment to Vietnam. After his active duty tour, John entered the family business, an independent insurance agency, but he remained in the Naval Reserve for 21 years as a drilling reservist ultimately retiring with the rank of Commander. In 1980, he succeeded his father by becoming President of Kissling Agency, a position he retained until the agency's sale in 1995. Following the sale of the Kissling Agency, John utilized his education and knowledge of the insurance industry by working as a fee-based risk management and insurance consultant for businesses both in the U.S. and abroad. On March 17, 2005, Indiana Governor Mitch Daniels appointed him Chief Deputy Insurance Commissioner of the Indiana Department of Insurance where he served the citizens of Indiana for five years.

During his insurance career, the Independent Agents of Indiana awarded him the Indiana Young Independent Agent-of-the-Year Award; the Indiana Agent-of-the-Year Award; and the Indianapolis Agent-of-the-Year Award (twice). He also served on the agent's advisory panel of five insurance companies and was elected president of the Independent Agents of Greater Indianapolis. He participated on the curriculum advisory committee for the Certified Insurance Counselors and served on the National Alliance for Insurance Education & Research faculty teaching Certified Insurance Services Representatives (CISR) courses.

John's responsibilities at the Department of Insurance included the oversight of insurance policy forms and rates filed for use in the State of Indiana. He also administered the licensing and regulation of Indiana's 130,000 resident and non-resident insurance producers. His third major responsibility included his appointment as the Department's administrative law judge where he presided over hearings charging agents and companies with violations of Indiana's insurance laws. His insurance and risk management skills were especially valuable to the Department in his chairmanship of the commission overseeing the Indiana Political Subdivision Risk Management Commission (IPSRMC); as the director of the Department's Disaster Response Team; and as the administrator of the Indiana Mine Subsidence reinsurance program. These same skills were again utilized by the Department in his capacity as the principle author of the Indiana School Pooling Rule.

John is a current member of the Insurance and Risk Management Advisory Council for the School of Business at Indiana State University and a member of the adjunct faculty of the College of Business at Butler University where he teaches risk management and insurance.

John has earned the following designations: Chartered Property Casualty Underwriter (CPCU), Certified Insurance Counselor (CIC), Associate in Risk Management (ARM), Certified Risk Manager (CRM), Chartered Risk Analyst (CRA), Associate in Claims (AIC), Associate in Premium Audit (APA), Associate in Insurance Services (AIS), Accredited Insurance Examiner (AIE), Registered Financial Consultant (RFC) and Certified Professional Insurance Agent (CPIA). He is also a certified National Flood Insurance Program (NFIP) claims adjuster authorized to handle flood claims in all four NFIP categories (residential, condominium, mobile home and all commercial).

John and his wife, Alison, reside in Indianapolis, Indiana. They have two married sons and four grandchildren.

M9-10



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
INS11007

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
SHELLY MURRAY
304-558-8801

RFQ COPY
TYPE NAME/ADDRESS HERE

Pinnacle Actuarial Resources, Inc.
 2817 Reed Road, Suite 2,
 Bloomington, Illinois 61704

INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
02/03/2011				

BID OPENING DATE: **02/11/2011** BID OPENING TIME: **01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
ADDENDUM NO. 1						
THIS ADDENDUM IS ISSUED TO ADDRESS THE QUESTIONS SUBMITTED PRIOR TO THE QUESTION SUBMISSION DEADLINE OF 1/28/2011.						
0001	1	LS		961-20		
CONSULTING (NOT OTHERWISE CLASSIFIED)						
EXHIBIT 10						
REQUISITION NO.: INS11007						
ADDENDUM ACKNOWLEDGEMENT						
I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.						
ADDENDUM NO.'S:						
NO. 1 X						
NO. 2						
NO. 3						
NO. 4						
NO. 5						
I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Joseph C. [Signature]</i>	TELEPHONE (309) 807-2300, Ext. 310	DATE February 10, 2011
TITLE Managing Principal	FEIN 11-3669570	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

**GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.htm and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she 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/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors 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, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will 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 the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
INS11007

PAGE
2

ADDRESS CORRESPONDENCE TO ATTENTION OF
**SHELLY MURRAY
 304-558-8801**

RFQ COPY

TYPE NAME/ADDRESS HERE

Pinnacle Actuarial Resources, Inc.
 2817 Reed Road, Suite 2
 Bloomington, Illinois 61704.

SHIP TO

INSURANCE COMMISSION
 1124 SMITH STREET
 CHARLESTON, WV
 25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
02/03/2011				

BID OPENING DATE: **02/11/2011** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
------	----------	-----	----------	-------------	------------	--------

VENDOR MUST CLEARLY 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.

.....
[Signature]
 SIGNATURE
 Pinnacle Actuarial Resources, Inc.

 COMPANY
 February 10, 2011

 DATE

NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.

----- END OF ADDENDUM NO. 1 -----

***** THIS IS THE END OF RFQ INS11007 ***** TOTAL: _____

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE <i>[Signature]</i>	TELEPHONE (309) 807-2300, Ext. 310	DATE February 10, 2011	
TITLE Managing Principal	FEIN 11-3669570	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
 INS11007

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ADDRESS CORRESPONDENCE TO ATTENTION OF
 SHELLY MURRAY
 304-558-8801

VENDOR

RFQ COPY

TYPE NAME/ADDRESS HERE

Pinnacle Actuarial Resources, Inc.
 2817 Reed Road, Suite 2
 Bloomington, IL 61704

SHIP TO

INSURANCE COMMISSION

1124 SMITH STREET
 CHARLESTON, WV
 25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
01/14/2011				

BID OPENING DATE: 02/11/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOF	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
REQUEST FOR PROPOSAL						
<p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA INSURANCE COMMISSION, IS SOLICITING PROPOSALS FOR AN ENTERPRISE RISK MANAGEMENT CONSULTANT TO ASSIST THE INSURANCE COMMISSION IN FORMULATING A PROGRAM FOR ADDRESSING THE WORKERS' COMPENSATION NEEDS FOR WEST VIRGINIA STATE GOVERNMENT AGENCIES PER THE ATTACHED SPECIFICATIONS.</p> <p>TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO SHELLY MURRAY IN THE WEST VIRGINIA PURCHASING DIVISION VIA MAIL AT THE ADDRESS SHOWN IN THE BODY OF THIS RFP, VIA FAX AT 304-558-4115, OR VIA E-MAIL AT SHELLY.L.MURRAY@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 01/28/2011 AT THE CLOSE OF BUSINESS. ALL TECHNICAL QUESTIONS RECEIVED, IF ANY, WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.</p>						
001	1	LS		961-20		
CONSULTING (NOT OTHERWISE CLASSIFIED)						
EXHIBIT 3						
LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE UPON AWARD 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						

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SIGNATURE <i>Joseph A. [Signature]</i>	TELEPHONE (309) 807-2300, Ext. 310	DATE February 10, 2011
TITLE Managing Principal	FEIN 11-3669570	ADDRESS CHANGES TO BE NOTED ABOVE

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<p>ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS 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.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY</p>						

SIGNATURE				SEE REVERSE SIDE FOR TERMS AND CONDITIONS		TELEPHONE		DATE	
<i>[Signature]</i>						(309) 807-2300, Ext. 310		February 10, 2011	
TITLE				FEIN		ADDRESS CHANGES TO BE NOTED ABOVE			
Managing Principal				11-3669570					

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<p>THE STATE SPENDING UNIT. 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.</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p style="text-align: center;">NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p style="text-align: center;">DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p>						

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<p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: SHELLY MURRAY</p> <p>RFQ. NO.: INS11007</p> <p>BID OPENING DATE: 02/11/2011</p> <p>BID OPENING TIME: 1:30 PM</p> <p>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: Fax No: (309) 807-2301</p> <p>-----</p> <p>CONTACT PERSON (PLEASE PRINT CLEARLY): John E. Wade, Consulting Actuary</p> <p>-----</p> <p>***** THIS IS THE END OF RFQ INS11007 ***** TOTAL: _____</p>						

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STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

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

DEFINITIONS:

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

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

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

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

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: Pinnacle Actuarial Resources, Inc.

Authorized Signature: *[Signature]* Date: February 10, 2011

State of Illinois

County of McLean, to-wit:

Taken, subscribed, and sworn to before me this 10th day of February, 2011.

My Commission expires April 3, 2012.

AFFIX SEAL HERE

NOTARY PUBLIC *[Signature: Sandra K. Braasch]*

