

PROPOSAL

ACTUARIAL REVIEW AND CONSULTING SERVICES FOR PROPERTY AND CASUALTY INSURANCE PRODUCT RATE FILINGS

RFQ INS11014

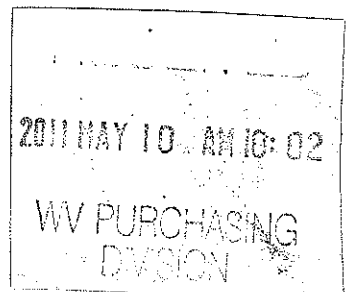
State of West Virginia
Offices of the Insurance Commissioner



OFFERED BY:

Merlinos & Associates, Inc.
3274-B Medlock Bridge Road
Norcross, GA 30092

Merlinos
& Associates, Inc.





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
INS11014

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1

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

VENDOR

*522154756 678-684-4871
MERLINS & ASSOCIATES INC
3274-B MEDLOCK BRIDGE RD

NORCROSS GA 30092

SHIP TO

INSURANCE COMMISSION

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

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
04/04/2011				

BID OPENING DATE: **05/11/2011** **BID OPENING TIME 01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	HR		946-12		
<p style="text-align: center;">OPEN END CONTRACT</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA INSURANCE COMMISSION, IS SOLICITING BIDS FOR ACTUARIAL RATE REVIEW OF PROPERTY AND CASUALTY PRODUCT FILINGS AND CONSULTING SERVICES 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 AT THE TOP OF THIS RFQ, VIA FAX AT 304-558-4115, OR VIA E-MAIL AT SHELLY.L.MURRAY@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 04/25/2011 AT THE CLOSE OF BUSINESS. ALL TECHNICAL QUESTIONS RECEIVED, IF ANY, WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.</p> <p>ACTUARIAL SERVICES</p> <p>EXHIBIT 3</p> <p>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</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

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



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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>						

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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>EXHIBIT 6</p> <p>PRICE ADJUSTMENT PROVISION: THE STATE OF WEST VIRGINIA WILL CONSIDER BIDS THAT CONTAIN PROVISIONS FOR PRICE ADJUSTMENTS PRIOR TO THE ORIGINAL EXPIRATION OF THE CONTRACT, PROVIDED THAT SUCH PRICE ADJUSTMENT COVERS BOTH UPWARD AND DOWNWARD MOVEMENT OF THE COMMODITY PRICE, AND THAT ADJUSTMENT IS BASED ON THE "PASS THROUGH" INCREASE OR DECREASE OF RAW MATERIALS AND/OR LABOR, WHICH MAKE UP ALL OR A</p>						

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<p>SUBSTANTIAL PART OF A PRODUCT. ADJUSTMENTS ARE TO BE BASED UPON AN ACTUAL DOLLAR FIGURE, NOT A PERCENTAGE. ALL PRICE ADJUSTMENT REQUESTS MUST BE SUBSTANTIATED IN A MANNER ACCEPTABLE TO THE DIRECTOR PURCHASING, E.G. GOVERNMENTAL BENCH MARKS, GENERAL MARKET INCREASE, PUBLISHED PRICE LISTS. SUCH REQUESTS FOR AND INCREASE SHOULD BE RECEIVED IN WRITING BY THE DIRECTOR OF PURCHASING AT LEAST 30 DAYS IN ADVANCE OF THE EFFECTIVE DATE OF THE INCREASE. ANY TIME THE VENDOR REQUESTS A PRICE ADJUSTMENT, THE PURCHASING DIVISION MAY EITHER ACCEPT THE PRICE ADJUSTMENT AND AMEND THE CONTRACT ACCORDINGLY OR REJECT THE ADJUSTMENT IN ITS ENTIRETY AND CANCEL THE CONTRACT.</p> <p>PREFERRED TERMS: IT IS PREFERRED THAT THE PRICES ON THIS CONTRACT ARE FIRM FOR LIFE OF THE CONTRACT, AS INDICATED IN THE LIFE OF CONTRACT CLAUSE CONTAINED HEREIN, NOT TO EXCEED ONE (1) YEAR.</p> <p>PASS THROUGH PRICE INCREASES WILL BE CONSIDERED AT TIME OF CONTRACT RENEWAL ONLY.</p> <p>PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE AGENCY AS A CONDITION OF AWARD.</p> <p style="text-align: center;">NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO: DEPARTMENT OF ADMINISTRATION</p>						

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TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE
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***522154756 678-684-4871**
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LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130						
THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED: SEALED BID						
BUYER:				SHELLY MURRAY		
RFQ. NO.:				INS11014		
BID OPENING DATE:				05/11/2011		
BID OPENING TIME:				1:30 PM		
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: <div style="text-align: center;"> 770-453-9776 </div>						
CONTACT PERSON (PLEASE PRINT CLEARLY): <div style="text-align: center;"> Sue Buehler </div>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Suzudi Buehler</i>	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

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***522154756 678-684-4871**
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NORCROSS GA 30092

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DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
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LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
***** THIS IS THE END OF RFQ INS11014 ***** TOTAL:						

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 MAY 4 0 10 AM

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ADDRESS CORRESPONDENCE TO ATTENTION OF
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ROBERT

*522154756 678-684-4871
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 1124 SMITH STREET
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 25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
05/02/2011				

BID OPENING DATE: 05/17/2011 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 RECEIVED PRIOR TO THE QUESTION SUBMISSION DEADLINE OF 04/25/2011.						
THE BID OPENING DATE IS EXTENDED:						
FROM: 05/11/2011						
TO : 05/17/2011						
0001	1	HR		946-12		
ACTUARIAL SERVICES						
EXHIBIT 10						
REQUISITION NO.: INS11014						
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 <input checked="" type="checkbox"/>						
NO. 2						
NO. 3						

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*522154756 678-684-4871

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NORCROSS GA 30092

INSURANCE COMMISSION

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 CHARLESTON, WV

25305-0540 304-558-3707

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LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
NO. 4						
NO. 5						
<p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</p> <p>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.</p> <p style="text-align: center;"> <i>Suzendi Buhler</i> SIGNATURE <i>Merlinos & Associates, Inc.</i> COMPANY <i>May 5, 2011</i> DATE </p> <p>NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.</p> <p style="text-align: center;">----- END OF ADDENDUM NO. 1 -----</p>						

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MERLINOS & ASSOCIATES, INC.

ACTUARIES AND CONSULTANTS

May 5, 2011

Shelly Murray, Buyer Supervisor
Purchasing Division
2019 Washington Street, East
Charleston, West Virginia 25305-0130

RE: Actuarial Review and Consulting Services, RFQ INS11014

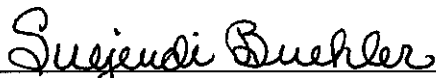
Dear Ms. Murray:

It is a pleasure to provide the West Virginia Offices of the Insurance Commissioner (OIC) this proposal to provide Actuarial Review and Consulting Services. Merlinos & Associates (M&A) has considerable experience assisting state insurance departments with rate filings reviews and numerous other actuarial services, and it is our hope that this proposal will demonstrate our ability to meet the needs of the OIC. Some of our firm highlights include:

- A top 5 U.S. property and casualty actuarial consulting office based on the number of credentialed actuaries on staff.
- 36 actuarial professionals, including 20 credentialed actuaries and 16 actuarial analysts.
- More than 1,000 rate filing reviews.
- More than 200 financial and target examinations.
- Considerable expert testimony experience.

We appreciate the opportunity to submit this proposal and hope we can work with the OIC. We are happy to provide any additional information and answer any questions you may have. My direct line is 678-684-4852 and my e-mail address is sbuehler@merlinosinc.com.

Sincerely,



Sue Buehler, FCAS, MAAA
Consulting Actuary

PROPOSAL CONTACT



David M. Shepherd, FCAS, MAAA
Vice President

AUTHORIZED OFFEROR

SUMMARY

Understanding

M&A understands that the OIC is seeking assistance from a qualified firm for the following:

- Actuarial rate review of property and casualty related product filings
 - Including but not limited to: marine, surety, homeowners, liability, medical malpractice, workers' compensation, product liability, personal auto, commercial auto, credit, title
- Additional services that may include:
 - Appearances before legislative and executive bodies
 - Testimony at rate hearings
 - Preparation of written reports related to rate filing reviews
 - Other consulting services, including special reviews or analysis of specific property casualty products.

Firm Information

M&A is one of the largest property and casualty actuarial consulting firms in the United States. We maintain one of the top five P&C actuarial consulting offices in the U.S. based on the number of credentialed actuaries. Currently, our firm employs 36 actuarial professionals, including 20 credentialed actuaries. M&A is headquartered in metro Atlanta with a satellite office in San Antonio, TX.

CORE SERVICES: M&A provides reviews of rates and reserves for primary insurers, reinsurers, municipalities, state insurance departments, law firms, agencies and self-insured entities and groups. We handle virtually all lines of property and casualty insurance, including, but not limited to, homeowners, auto liability, workers compensation, medical malpractice, general liability and reinsurance.

RATE SERVICES: Our work related to rates includes: Reviews of rate filings on behalf of state insurance departments; Rate analysis and rate filing preparation for insurance companies and alternative risk sharing mechanisms such as self-insured organizations; Expert testimony in rate hearings and other regulatory litigation.

OTHER SERVICES: In addition, we provide our clients with a wide range of expanded services, including monitoring and evaluation of financial conditions of insurers, actuarial feasibility studies, analyses of reinsurance treaties and risk transfer issues, product management, strategic planning, Annual Statement Schedule P compilation, litigation support (testimony and other), public policy development (proposed and enacted, medical malpractice, credit scoring, etc), environmental and asbestos analysis, and self insurance and risk management strategies.

QUALIFICATIONS

Bid Information...

Merlinos & Associates, Inc.	FEDERAL EIN:
3274-B Medlock Bridge Road	58-2512336
Norcross, GA 30092	
P: 770-453-9771	

DATE OF REGISTRATION TO DO BUSINESS IN WV:

M&A does not have a registration date with West Virginia. It is our understanding that, in general, if a company does not maintain an office in a state nor does that company have employees that reside and regularly report to work in that state, the company usually does not need to be qualified to transact business in the state. If we are awarded a contract to perform these services, we will be happy to discuss this in more detail with the OIC and move forward with registering in West Virginia if that is required.

Relevant Experience - State Regulatory Agencies

The consultants at Merlinos & Associates have performed a variety of actuarial consulting services for over 30 regulatory agencies in more than half of the States. We consistently work with 10 or more state insurance departments each year. Our work has included the following:

- More than 1000 rate filing reviews for personal and commercial lines
- Over 200 financial examinations
- Reviews of catastrophe models to ensure compliance with established standards
- Providing expert testimony on behalf of state insurance departments
- Policy and legislation review and analyses
- Support for managing the runoff of companies in liquidation

These relations include contractual agreements, services provided on an as-needed basis with M&A as the primary actuarial firm, services provided through selection from an "approved list," as well as services either provided in the past on a short-term or non-continuous basis. Our extensive regulatory experience gives us a thorough understanding of the property and casualty actuarial needs of the OIC.

Relevant Experience - Rate Filing Reviews

M&A has extensive experience with the review of filings for state insurance departments. We have reviewed over 1,000 rate filings in recent years, independently documenting each in a review letter or in a condensed report. These filings have spanned virtually all lines of insurance.

QUALIFICATIONS (continued)

Relevant Experience - Rate Filing Reviews (continued)

Our reviews addressed all material aspects of the business of pricing insurance, including:

- Complex rating structures based on GLM
- Policyholder dislocation
- Territorial rating
- Class plans
- Credit score for rating
- Experience & schedule rating plans
- Public policy issues
- Policyholder dividends
- Trend (exposure and loss)
- Catastrophe loads
- Profit & contingency loads
- Expenses
- Reinsurance

M&A reviews a wide spectrum of filings which allows us to bring additional perspective and expertise to our review of West Virginia filings. Two key examples:

MULTIPLE LINES OF BUSINESS:

We review every rate filing that is received by the Mississippi Department of Insurance, giving us exposure to every line of business that is written in that state.

TRAINING:

We have presented training sessions for rating analysts at two state departments of insurance in order to help them to review more filings on their own.

West Virginia Experience

M&A has prior experience providing actuarial consulting to the State of West Virginia. We have reviewed several rate filing reviews for the OIC over the past 10 years, including a project involving three homeowner's filings that began in early 2011. We have also worked with the OIC and the Governor's office to ensure the creation of a new medical malpractice program as well as developing rates and the rating plan for that program.

Other Relevant Experience

Actuarial Leaders -- M&A's consultants are recognized as leaders in the actuarial industry. Our consultants have been featured speakers at various ratemaking and reserving seminars as well as speaking about loss and loss expense reserving to accounting and statistical groups. Our consultants have also developed methods for analyzing catastrophe exposure in prone areas using industry data and computer models and they have spoken to industry groups on the use of computer simulation in ratemaking.

QUALIFICATIONS (continued)

Other Relevant Experience (continued)

Professionalism -- Maintaining high levels of professionalism and producing quality work are of the utmost importance to M&A. All of our consultants are members in good standing with the Casualty Actuarial Society and/or the American Academy of Actuaries. And, our history of uninterrupted growth, mainly through referrals, speaks to the quality of the work we provide to our clients and the quality of the people in our firm.

Timeliness -- M&A values the relationships we have with all of our clients. Our history of growth speaks to the commitment we have made to working with our clients to consistently meet all project goals including time tables and satisfying all necessary statutory requirements related to the work we perform.

- Our staff of 36 actuarial professionals has the capacity to handle high-volumes of work in a timely manner.
- In November 2009, we were approached by a state insurance department to assist them with the review of 37 medical malpractice rate filings. In September 2010, another state insurance department asked us to review 37 private passenger auto filings submitted in response to an increase in financial responsibility limits. We were able to manage the work volume in both cases by arranging internal resources to handle more work than was ultimately needed.
- M&A has a highly integrated information-sharing network that enhances our timeliness & efficiency. We have in-house expertise in databases, which provides the ability to analyze large amounts of data quickly and accurately in many different formats.

WORK PLAN

Methodology

M&A will provide a complete and thorough actuarial review of all assigned rate filings to determine compliance with West Virginia regulations and accepted actuarial principles, and to determine whether the proposed rates are excessive, inadequate, or unfairly discriminatory. Our review methodology includes:

Filing Review: We will review the filings promptly, yet thoroughly, in order to identify any aspects of the filing for which we have questions. Our review will consider both the statewide rate level impact and individual policyholder dislocation created by rating structure changes as applicable. When evaluating the proposed statewide rate level impact, we typically review items such as the experience considered, loss and premium trend, loss development, catastrophe provisions, and expense and profit provisions. Our review of rating structure changes typically includes evaluating support for new rating variables and proposed rating relativities and reviewing the resulting policyholder dislocation.

We will then discuss with the OIC any questions regarding our correspondence. We will continue to communicate, in a timely fashion, with the OIC until all outstanding issues are resolved and our recommendations can be made.

Alternative Rate Indications: M&A will provide alternative rate indications based upon different assumptions, projections, and scenarios as warranted. Every M&A consultant is skilled in spreadsheet work and actuarial methodologies. Therefore, we are able to recreate virtually any exhibit as long as it is sufficiently documented and source information is explained. From this base, we can create alternative indications using various alternative assumptions that we may feel are more reasonable for the specific situation.

Report: Once we have addressed, to our level of comfort, all the issues relevant to a given filing, we will issue a draft report to the OIC for review. This provides the OIC an opportunity to raise any remaining questions regarding any of our conclusions and/or recommendations. Once all issues are addressed to the OIC's satisfaction, a final report will be issued.

Special Projects: In addition to performing rate filing reviews, we routinely perform special projects for state departments of insurance. Recent examples include:

- Performing industry analysis of wind deductible and wind exclusion credits for a Gulf state with significant hurricane exposure. We provided recommend credits for various deductible levels by rating method (i.e., package versus peril rating), for various types of commercial and residential property forms.
- Establishing filing requirements for using credit score for personal lines rating.
- Providing wording for a state bulletin regarding the use of credit for rating residential property insurance.
- Providing training sessions to state rate filing analysts to help them to review statewide rate level indications and GLM-based rating structures.

WORK PLAN (continued)

Quality Control

Peer Review Process -- Quality control is of the highest importance to M&A, and all of our employees are held responsible for the quality of the firm's work. To help ensure the highest quality deliverables for all our clients, we have both formal and informal peer review processes.

Our *formal* peer review process occurs after a draft report has been written and is ready to send to the Department for comments. Before it is sent, another credentialed actuary will review the draft report, along with supporting work papers.

Our *informal* peer review occurs throughout the process. Our actuaries continually discuss their projects amongst themselves and discuss any issues that are atypical. This allows for early detection of problems and promotes the efficient handling of any obstacles encountered.

Through this process, all consultants at M&A have ready-access to hundreds of years of combined experience.

Our peer review process is formalized with reports and other work products, but the underlying philosophy extends to assistance with expert testimony and hearings. Due to its nature, testimony peer review leans more towards strategic planning assistance and is less reliant on a technical review.

PROJECT TEAM AND ANTICIPATED BUDGET

Project Team

M&A's philosophy is that servicing our clients with insightful and timely work takes precedence over any internal territorial considerations that may exist in other firms. We approach engagements by allocating resources that are most appropriate for the engagement.

PROJECT MANAGEMENT

Sue Buehler, FCAS, MAAA

If awarded this contract to work with the OIC, Ms. Buehler would provide the **day-to-day management** of the engagement.

Ms. Buehler has considerable experience providing rate filing reviews and other services for state regulatory agencies during her 13 years of actuarial work. Her consulting experience also includes providing expert testimony and performing rate and reserve analyses for various insurance entities. In addition to homeowners, private passenger auto, workers compensation and medical malpractice, her work has touched on almost all insurance lines of business.

FIRM LEADERSHIP

David Shepherd, FCAS, MAAA

Mr. Shepherd is a Principal at M&A with extensive experience as a **leader within the firm regarding regulatory consulting**. He has 25 years of insurance industry experience. His consulting work consists of rate and reserve work for state insurance departments, reinsurers, insurers, law firms, agencies and self-insured entities and groups. His work has addresses almost all lines of insurance business.

Ms. Buehler and Mr. Shepherd will be supported by the appropriate members of M&A's staff of Actuaries and Analysts **based on expertise and work load**. The support personnel most likely to be utilized will be chosen from the list below.

CONSULTANTS & ANALYSTS*

- | | |
|--------------------------------------|---|
| Michael Solomon
FCAS, MAAA | <ul style="list-style-type: none">▪ M.A. B.A. in Land Economy, University of Cambridge▪ 4 years of actuarial experience |
| Jeremy Hoch
ACAS, MAAA | <ul style="list-style-type: none">▪ M.A. in Mathematics, University of Pittsburgh▪ 13 years of actuarial experience |
| Gwen Portis | <ul style="list-style-type: none">▪ M.B.A. in Organizational Development, Upper Iowa University▪ 20 years of insurance industry experience |
| Karen Jordan | <ul style="list-style-type: none">▪ M.S in Statistics, University of North Florida▪ 2 years of actuarial experience and 6 actuarial exams towards FCAS designation |

* Full biographies for the project team are included in Appendix A *

* Biographies for other staff members are available upon request *

PROJECT TEAM AND ANTICIPATED BUDGET (continued)

Anticipated Budget

M&A charges professional fees based on the time spent to complete a project and hourly rates. We understand that for this project (RFQ INS11014) the amount of the bid submitted should be a fixed hourly rate and that this rate should be the same regardless of which staff member performs the services.

Based on this understanding, we propose an hourly rate of:

\$210 per hour

Out-of-pocket travel expenses, if any, shall be billed in accordance with the State of West Virginia's Travel Rules as prescribed by the Travel Management Unit, Purchasing Division.

REFERENCES

Mr. Charles Angell, Acting Deputy Commissioner
Alabama Department of Insurance
334-240-4422

201 Monroe Street, Suite 1700
Montgomery, AL 36104
charles.angell@insurance.alabama.gov

Ms. Myra Frick, Consumer Services Manager
Alabama Department of Insurance
334-241-4179

201 Monroe Street, Suite 1700
Montgomery, AL 36104
mfrick@insurance.state.al.us

M&A's consultants have assisted the Alabama Department of Insurance with rate filings and financial examinations since 1988. We have reviewed several hundred rate filings and assisted on over 90 examinations, including several examinations of workers compensation carriers. We currently perform annual reviews of NCCI voluntary loss costs and assigned risk rate filings and have performed work analyzing the workers compensation residual market fund.

Ms. Carla Griffin, Program Manager II
South Carolina Department of Insurance
803-737-6781

1201 Main Street, Suite 1000
Columbia, SC 29201
cgriffin@doi.sc.gov

M&A has assisted the South Carolina Department of Insurance in the review of many rate filings, including regular reviews of NCCI voluntary loss costs and assigned risk rate filings. We have reviewed all loss cost multiplier filings filed in the state since 2008.

Ms. P. Randi Johnson,
Associate Commissioner, Property and Casualty
Maryland Insurance Administration
410-468-2301

525 St. Paul Place
Baltimore, MD 21202-2272
pjohnson@mdinsurance.state.md.us

M&A's consultants have assisted the MIA with rate filing reviews since 2005. We have performed reviews of NCCI voluntary loss cost filings and rate filings submitted by the Injured Workers Insurance Fund, the largest provider of workers compensation coverage in the state.

Mr. John Wells, Deputy Rating Director
Mississippi Insurance Department
601-359-2676

1801 Walter Sillers State Office Building
Jackson, Mississippi 39225-2306
john.wells@mid.state.ms.us

M&A currently reviews every rate filing submitted to the State of Mississippi. We currently perform annual reviews of NCCI voluntary loss costs and assigned risk rate filings. M&A's consultants have assisted the Mississippi Department of Insurance with their financial examinations since 1994. We have assisted on over 80 financial examinations in this state.

APPENDIX A - PERSONNEL

David M. Shepherd, FCAS, MAAA

<p>David M. Shepherd Principal and Consulting Actuary</p> <p>Merlinos & Associates, Inc. 3274-B Medlock Bridge Road Norcross, Georgia 30092</p> <p>T: 678.684.4842 F: 770.453.9776 E: dshepherd@merlinosinc.com</p> <p>merlinosinc.com</p> <p>Professional Designations</p> <ul style="list-style-type: none"> ▪ Fellow of the Casualty Actuarial Society (1994) ▪ Member of the American Academy of Actuaries (1991) <p>Education Macalester College, B.A., Economics/Business and Mathematics</p> <p>Highlight Dave's extensive reinsurance experience includes being EVP, Chief Underwriting Officer, and Chief Actuary for a reinsurance Managing General Underwriter specializing in Workers Compensation and Accident & Health. He worked for National Reinsurance where he was responsible for the reserving of the alternative risk, facultative, and environmental & asbestos units; he was a casualty facultative underwriter, cultivating business ranging from Fortune 500 accounts to small minimum premium umbrella policies.</p>	<p>David Shepherd has 25 years of insurance industry experience. Mr. Shepherd's consulting experience consists of rate and reserve work for state insurance departments, reinsurers, insurers, law firms, agencies and self-insured entities and groups. The lines of business handled include auto, general liability, medical malpractice, reinsurance, workers compensation, property (including homeowners) and various other smaller lines of business. He has testified in various forums in support of his rate and reserve actuarial work. His experience as a consultant includes:</p> <ul style="list-style-type: none"> • Analyses of Loss and Loss Expense Reserves • Assisting in the formation of Start-Up entities • Development of Rate Structures and Rates for various Lines of Business and niche programs • Financial Examination Assistance for State Insurance Departments • Rate Filing Reviews for State Insurance Departments • Planning and Development of Reinsurance/Excess Insurance Programs • Negotiations with Reinsurers on behalf of Insurance Companies and Self-Insureds • Development of Reinsurance Pricing Models • Risk Transfer Analyses • Evaluation of Self-Insured Funding Levels • Preparation of Feasibility Studies and Financial Projections for Insurance Companies and Self Insureds <p>Mr. Shepherd has assisted on over 125 financial examinations of P&C and HMO insurers for state insurance departments. These examinations have covered all sizes of insurance and reinsurance companies and self-insured groups, and have covered most every line of business. He also has extensive experience reviewing rate filing for state insurance departments and other interested parties.</p>
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Suejeudi (Sue) Buehler, FCAS, MAAA

<p>Sue Buehler Consulting Actuary</p> <p>Merlinos & Associates, Inc. 3274-B Medlock Bridge Road Norcross, Georgia 30092</p> <p>T: 678.684.4852 F: 860.430.7534 E: sbuehler@merlinosinc.com</p>	<p>Ms. Buehler has 12 years of casualty actuarial experience and joined M&A in the spring of 2004. Since joining M&A, she has been involved in a variety of projects including:</p> <ul style="list-style-type: none"> • Review of rate filings and expert testimony for state insurance departments.
<p>merlinosinc.com</p>	<ul style="list-style-type: none"> • Rate and reserve analysis for various insurance entities related to the following lines of business: <ul style="list-style-type: none"> - Auto - Property - Medical Malpractice - Workers Compensation
<p>Professional Designations</p> <ul style="list-style-type: none"> ▪ Fellow of the Casualty Actuarial Society (2007) ▪ Member of the American Academy of Actuaries (20xx) <p>Education</p> <p>University of Texas, Ph. D., Mathematics M.S., Statistics</p> <p>St. Mary's University, B.S., Mathematics</p>	<ul style="list-style-type: none"> • Perform financial examinations of property and casualty insurance companies, some of which have been performed in the TeamMate environment. • Perform risk transfer analysis. • Assistance with actuarial reports and statements of opinion for various insurance entities. <p>Prior to joining M&A, Ms. Buehler was an Actuarial Analyst for United Service Auto Association (USAA) in San Antonio, Texas for 6 years. Her work at USAA included:</p> <ul style="list-style-type: none"> • Design of competitive premium comparison software for preferred and standard auto. Her work on this board-level project with a budget exceeding one million dollars included: <ul style="list-style-type: none"> - Creating detailed business requirements and testing strategies. - Researching competitors' rating and underwriting practices. • Perform numerous personal auto state rate filings for preferred and standard business. • Perform analysis of unallocated loss adjustment expenses for personal auto and selected countrywide ULAE expense loads used in state rate reviews.

Michael Solomon, FCAS, MAAA

<p>Michael Solomon Consulting Actuary</p> <p>Merlinos & Associates, Inc. 3274-B Medlock Bridge Road Norcross, Georgia 30092</p> <p>T: 678.684.4858 F: 770.453.9776 E: msolomon@merlinosinc.com</p>	<p>Mr. Solomon has four years of actuarial experience. His primary areas of focus have been:</p> <ul style="list-style-type: none"> • Performing Reserve Analyses, in commercial lines, for a variety of insurance companies, captives, Risk Retention Groups and self-insured companies.
<p>merlinosinc.com</p>	<ul style="list-style-type: none"> • Performing Rate studies, in commercial lines, for a variety of public companies, captives and Risk Retention Groups. • Assistance on Financial Examinations of property and casualty insurance companies.
<p>Professional Designations</p> <ul style="list-style-type: none"> ▪ Fellow of the Casualty Actuarial Society (2010) ▪ Member of the American Academy of Actuaries (2010) <p>Education University of Cambridge, M.A., B.A., Land Economy</p>	<ul style="list-style-type: none"> • Reviewing Rate Filings for State Departments. • Performing Territory relativity studies, both within states and between states. • Performing Class relativity studies. • Assisting in the preparation of expert witness testimony. • Ratemaking for personal lines of business, with primary focus on Personal Passenger Automobile insurance in Louisiana.

Jeremy Hoch, ACAS, MAAA

<p>Jeremy Hoch Consulting Actuary</p> <p>Merlinos & Associates, Inc. 3274-B Medlock Bridge Road Norcross, Georgia 30092</p> <p>T: 678.684.4875 F: 770.453.9776 E: jhoch@merlinosinc.com</p>	<p>Mr. Hoch has 14 years of casualty actuarial experience. His experience includes the following:</p> <ul style="list-style-type: none"> • Personal Lines Pricing and Countrywide Studies • Personal and Commercial Lines Loss and Loss Adjustment Expense Reserving • Standard/Preferred Auto, Non-Standard Auto, and
<p>merlinosinc.com</p>	<ul style="list-style-type: none"> • Homeowners books of Personal Lines business • Workers Comp, Commercial Auto, GL, Commercial Property, and other Commercial Lines coverages
<p>Professional Designations</p> <ul style="list-style-type: none"> ▪ Associate of the Casualty Actuarial Society (2002) ▪ Member of the American Academy of Actuaries (2004) <p>Education University of Pittsburgh, M.A., B.A., Mathematics</p>	<ul style="list-style-type: none"> • Numerous Personal Lines Auto and Homeowners rate reviews and implementations • Development of Product Management reports and tools • Annual Statement of Opinion preparation • Assistance with Schedule P preparation and statutory reporting • All aspects of loss reserve database management, including the construction and validation of new databases • Booking Insurer Financial Results in SAP • Financial projections and capital adequacy monitoring for a Captive Insurer

Karen Jordan

<p>Karen Jordan Actuarial Analyst</p> <p>Merlinos & Associates, Inc. 3274-B Medlock Bridge Road Norcross, Georgia 30092</p> <p>T: 678.684.4877 F: 770.453.9776 E: kjordan@merlinosinc.com</p> <p>merlinosinc.com</p> <p>Professional Designations</p> <ul style="list-style-type: none"> ▪ Exams 1, 2, 3, 4, 5, and 7 of the Casualty Actuarial Society <p>Education</p> <p>University of North Florida, M.S., Statistics University of Southern Mississippi, B.S., Mathematics</p>	<p>Ms. Jordan has two years of actuarial experience in property and casualty insurance. Her experience includes the following:</p> <ul style="list-style-type: none"> • Reserve Analyses according to GAAP and statutory guidelines • Claim Development and IBNR analysis and allocations generated using SAS, Excel and Access • Process and analyze state projections on quarterly basis • Conduct rate reviews and ad hoc analyses • Reporting, analyzing, and data management of commercial lines run-off book of business • Data processing through SAS and VBA coding • Analyses of data quality and reconciliations to Income Statements, Balance Sheets and Annual Reports • Generating reconciliations for Department of Insurance exams
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Gwen Portis

<p>Gwen Portis Actuarial Analyst</p> <p>Merlinos & Associates, Inc. 3274-B Medlock Bridge Road Norcross, Georgia 30092</p> <p>T: 678.684.4867 F: 770.453.9776 E: gportis@merlinosinc.com</p> <p>merlinosinc.com</p>	<p>Ms. Portis has over 20 years of experience in the insurance industry with a strong background in systems/process development and data analysis for financial and statistical reporting.</p>
<p>Professional Designations</p> <ul style="list-style-type: none"> ▪ Exam 54 Segment A toward an Associate in Risk Management designation 	<p>She has provided actuarial support for various types of primary insurance companies within the industry, including Property Casualty, HMO, PPO, Life, and Pension. Over the last 10 years she has worked in the insurance consulting environment. Her experience includes providing actuarial support in the following area:</p>
<p>Education</p> <p>Upper Iowa University, M.B.A., Organizational Development B.S., Business Management</p>	<ul style="list-style-type: none"> • Loss and Loss Expense Reserve Analysis • Develop Actuarial Reports and Statements of Opinion for Insurance Companies and Self-Insured Funds • Rate Adequacy Studies • Rate Filing Preparation for Personal and Commercial Lines Insurers and Rating Bureau, including Competitive Rate Analyses • Evaluation of Self-Insured Funding Levels • Collection and analysis of property/casualty data. • Assist clients with developing specifications to comply with NCCI and ISO reporting requirements • State insurance department triennial and target financial and market conduct examinations for various state insurance departments.