

**ORIGINAL**

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**Proposal to Provide  
Actuarial Review and Consulting Services  
for  
Property & Casualty Insurance Product Rate Filings  
to the  
State of West Virginia  
Offices of the Insurance Commissioner**

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**RFQ Number INS 11014**

May, 2011

Contact:



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PINNACLE ACTUARIAL RESOURCES, INC.

INSURANCE DIVISION  
STATE OF WV



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Christopher S. Carlson, FCAS, MAAA  
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May 16, 2011

State of West Virginia  
Department of Administration  
Attn; Shelly Murray  
Purchasing Division  
Building 15  
2019 Washington Street, East  
Charleston, West Virginia 25305-0130

Reference: Request for Proposal INS 11014 – Actuarial Rate Review of  
Property and Casualty Product Filings and Consulting Services

Dear Ms. Murray:

Pinnacle Actuarial Resources, Inc. is pleased to submit a proposal to provide the West Virginia Offices of the Insurance Commissioner with actuarial rate reviews of the Property and Casualty product filings and consulting services.

From an actuarial perspective, rate review analysis requires a combination of skills prerequisite to perform the work well. This work requires:

- an uncompromising focus on customer service,
- exceptional communication skills (both written and verbal),
- the experience gained only from previous similar projects,
- the independence gained by earning the respect of all parties involved, and
- the specific, technical knowledge of someone closely involved in similar projects.

State of West Virginia, Department of Administration  
Attn: Shelly Murray, Purchasing Division  
May 16, 2011  
Page 2

Pinnacle is staffed to perform the work required in a timely manner and is uniquely qualified to assist the Commissioner in performing the services outlined in the RFQ. Specifically, we have years of experience in either the development and submittal of rate filings or the review of rate filings on behalf of Insurance Departments in other states which demonstrates the necessary skills to assess the compliance of rates with the regulatory and actuarial standards. Beyond our general level of expertise in this area, we are skilled and experienced at the written and verbal communication of results necessitated by a project of this nature.

Please let me know if you have any questions or need additional information.

Thank you for this opportunity to submit a proposal for the requested services to the Offices of the Insurance Commissioner in West Virginia.

Sincerely,

A handwritten signature in cursive script that reads "Chris S. Carlson".

Christopher S. Carlson, FCAS, MAAA  
Consulting Actuary

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## **Section I. Overview**

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Pinnacle Actuarial Resources, Inc. (Pinnacle) is pleased to submit this proposal to provide the Offices of the Insurance Commissioner of the State of West Virginia (Commissioner) with actuarial reviews and consulting services for property and casualty insurance product rate filings.

Pinnacle Actuarial Resources is one of the 10 largest property/casualty actuarial consulting firms in the U.S., specializing in insurance pricing, loss reserving, alternative markets and financial risk modeling. Our clients include state regulators, state run insurers and funds, insurance companies, insurance trade organizations, captive insurers, self-insured businesses, and a variety of risk retention groups.

As can be seen throughout this response, Pinnacle has the qualifications, experience, and resources necessary to provide the appropriate analysis of filings and reports within the Commission's desired time frame.

As required, we have attached a completed Purchasing Affidavit.

Pinnacle will comply with the general requirements as outlined within the RFQ including but not limited to the following:

1. *Independent contractor status with the Offices of Insurance Commissioner of West Virginia*
2. *Governing Law*
3. *Taxation*

Pinnacle affirms that no conflict of interest exists and that prior to the acceptance of any assignment with respect to the review of a specific insurers rate filing submission that a conflict check will be made throughout the firm. Should any conflicts be discovered, the Offices of the Insurance Commissioner will be promptly notified and any potential conflict fully disclosed.

Pinnacle warrants that it has not employed or engaged the services of an outside agent to solicit or secure this contract. Further, Pinnacle certifies that no federal appropriate funds have been involved in the development of this proposal or in the submission thereof.

Pinnacle affirms that this proposal and bid will remain fixed and valid for at least six months following submission.

## **Section II. Firm Information**

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As requested in the RFQ, we provide the following information with respect to Pinnacle Actuarial Resources, Inc.

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

FEIN#: 11-3669570

Pinnacle was registered to conduct business in the State of West Virginia on June 11, 2009. Our certificate of registration is attached as Appendix C.

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### **Section III. Scope of Services**

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Pinnacle will assist the Insurance Commissioner and Director of Rates and Forms in reviewing property and casualty products filings. The review will include, but may not be limited to, analysis of trending, credibility, development factors, durational factors, geographical factors, loss development, loss ratios, rating bands and all other components of a rate filing. The review will document the justification of the rate adjustment, any concerns with factors used or selected, any support for the factors, identification of areas of concern documentation of the support provided for the indicated in requested rate levels, the projected premium impact and projected premium impact to consumers. Our initial review and related report will be submitted to the OIC within 30 days of receipt of the filing from the OIC. We understand that all follow-up questions and correspondence will be carried out between the OIC and the insurer.

Pinnacle will develop a manual of rate review guidelines for use by the OIC staff. This manual will document the essential steps of the rate review process and establish benchmarks for the various components of the rate review by product line, providing the OIC with a reference guide specifically written with the rate analyst in mind. The framework for the manual topics will be developed based upon statute and rules related to filing review requirements. The guide will also provide the level of detail necessary to improve in analyst's review of property and casualty filings. The manual will provide a tool that can be used as a general checklist as part of the OIC's rate reviews in addition to acting as a training guide for future in insurance rates and policy analysts.

Pinnacle may provide other management consulting services and perform special reviews and/or analyses of property-casualty related projects for the OIC. These additional services may include appearances by Pinnacle's credentialed actuaries before judicial, legislative, and executive bodies, or others to respond to questions of an actuarial nature or to provide reports. These services may also include the preparation of written reports concerning actuarial matters as deemed necessary by the OIC. All work performed by Pinnacle under the contract will be performed under the direction of the Insurance Commissioner or her designee. Written reports and actual findings will be submitted initially in draft form to facilitate any necessary changes and will be agreed upon before final acceptance.

## **Section IV. Pinnacle's Qualifications and Experience**

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Pinnacle Actuarial Resources, Inc. (Pinnacle) 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 has offices in Atlanta, Albany, Bloomington, IL, Chicago, Columbus, OH, Detroit, Indianapolis, New York and San Francisco. Our rate filing review work will be conducted primarily from our Columbus, Indianapolis and Bloomington offices.

Currently, we have a total of over 50 employees, including 17 consultants, 24 technical and actuarial analysts working toward professional designations, as well as clerical and administrative support staff. Our consultants include 12 fellows of the Casualty Actuarial Society and 5 associates of the Casualty Actuarial Society. Our actuarial analysts include two associates of the Casualty Actuarial Society for a total of 19 Casualty Actuarial Society members. All of our credentialed actuaries are also members in good standing with the American Academy of Actuaries

Overall project management for filing review and analysis will be provided from our Columbus, Ohio office. A team of consultants will be assembled for each filing review based on the line of business involved. We have actuaries with a wide depth expertise in a number of specific lines of business including:

- Personal auto
- Homeowners
- Commercial Auto
- Worker's Compensation
- Medical Malpractice
- General Liability
- Surety
- Title

Pinnacle has experience in conducting rate filing reviews in a number of states including Connecticut, Indiana, Kentucky, Louisiana and New York. Our work with Indiana rate filings is very similar in scope to the efforts desired by the West Virginia OIC. The main participants in the Indiana assignment will be key participants in the team assigned to support the OIC. It should be noted that Pinnacle has developed rate filing review templates in other states similar to the desired manual of rate review guidelines.

Other staff members within Pinnacle, including actuarial analysts, technical analysts and administrative support will be available to assist the consultants as required. Members of our team will be available on an as needed basis to ensure that we have the appropriate subject matter expert the project is completed within the specified time requirements.

Pinnacle has years of experience in providing this type of analysis for our many and varied clients. Many of our actuaries have been involved in rate making and rate filings either in a consulting role or as employees of insurers and rate advisory organizations for more than 30 years.

We are completely independent of all auditors, brokers, or insurance/reinsurance carriers. Our independence helps assure that you are receiving unbiased advice and analysis. As an independent firm, we are not tied to any programs or methods in performing our analysis. Therefore we customize each analysis, designing it to fit the client's need rather than a pre-packaged program. Our consultants provide dedicated, personal service assuring that the client is satisfied with our product, including our timely completion of projects. Pinnacle's reputation as an industry leader in property & casualty actuarial consulting is based on several key principles: customized service, independence, expertise, and communication

Many of the components of this assignment involve communication. They include:

- Communication with the OIC on each filing and the issues identified such that the OIC can present the issue to the company.
- Communication and education of the OIC staff on the intricacies of rate filings.
- Communication as an expert witness during any rate hearings
- Communication as an expert witness during any presentation to judicial or legislative proceedings.

Our communication skills are showcased in many ways as we frequently make presentations to individual insurers and at a wide variety of insurance industry meetings. We have spoken for audiences including such groups as the National Association of Insurance Commissioners (NAIC), Republican Governors Association, the American Association of Insurance Services (AAIS), National Association of Mutual Insurance Companies (NAMIC), the Insurance Regulatory Examiners Society (IRES), the Casualty Actuarial Society, and the American Academy of Actuaries as well as actuarial organizations in South Africa, Australia, Sweden and Finland.

As documented throughout this proposal for services, Pinnacle's staff has the experience and expertise to efficiently and effectively perform the required services as your actuarial experts.

All of Pinnacle's consultants are in full compliance with the appropriate continuing education requirements of the American Academy of Actuaries (Academy) and the Casualty Actuarial Society (CAS) that apply to property and casualty actuarial work generally and the work described in this RFP specifically.

Pinnacle's consultants have been involved within the organizations of the actuarial profession in the United States through both committee assignments and leadership positions of both the Academy and the CAS. All of Pinnacle's consultants are on at least one CAS committee. In the recent past, Pinnacle consultants served as President of the Academy, President of the CAS with an additional consultant on the Board of Directors of each organization.



## **Section V. Key Engagement Personnel Qualifications and Experience**

### ***Christopher S. Carlson, FCAS, MAAA, Consulting Actuary***

Chris Carlson will be the Account Executive and contact. He will manage all aspects of this engagement. He is a consulting actuary in Pinnacle's Upper Arlington, Ohio office. His contact information is listed below.

Christopher S. Carlson, FCAS, MAAA

Pinnacle Actuarial Resources, Inc.

3040 Riverside Drive, Suite 206

Upper Arlington, Ohio 43221

(614) 488-6594

ccarlson@pinnacleactuarial.com

Mr. Carlson is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. He has a wealth of pricing, reserving, and reinsurance expertise developed in his nearly 30 years as an actuary with the Nationwide Insurance group. With Nationwide, he was involved in the development, submission and support of countless rate filings in personal auto and personal property insurance lines in most states of the US.

Mr. Carlson joined Pinnacle in 2005. Since then, he has been involved in rate filing projects including serving as the Chief Actuary for three insurers in submission of their filings in Florida. He has testified at rate hearings in Florida and in other venues. Mr. Carlson has been involved in assisting in the review of various auto and homeowners filings in Indiana. Mr. Carlson is a Past-President of the Casualty Actuarial Society and former chair of the CAS Board of Directors. He has served a two year term on the Board of the American Academy of Actuaries.

The following are the primary personnel assigned to this engagement and the roles they would play.

### ***John Wade, ACAS, MAAA, Senior Consulting Actuary***

Mr. Wade will be an assisting consultant to Mr. Carlson in reviewing filings for the OIC. With 30 years of pricing experience, Mr. Wade is ideally suited to serve in this capacity. He is an Associate of the CAS, and a member of the American Academy of Actuaries. He has served the past seven years as the consultant to the Indiana Department of Insurance with primary responsibility for review of rate filings. He is currently reviewing the Wisconsin Compensation Rating Bureau rate filing for that state's Office of the Insurance Commissioner. Mr. Wade is located in suburban Indianapolis, Indiana.

***Robert J Walling III, FCAS, MAAA, Principal and Consulting Actuary***

Mr. Walling will provide primary support of the commercial lines filings. He is a principal and consulting actuary with Pinnacle in our Bloomington, IL office and has tremendous experience with all types of commercial insurance exposures including workers compensation. He is a Fellow of the CAS and a member of the American Academy of Actuaries. 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. Mr. Walling has been the lead consultant on a wide variety of assignments for insurance companies, government insurance programs and state regulators and serves as the appointed actuaries for a number of insurance companies and captives.

***Steven Lehmann, FCAS, MAAA, Principal and Consulting Actuary***

Mr. Lehmann will provide Peer Review of one or more of the analyses and reports. He is a principal and consulting actuary with Pinnacle in our Bloomington, IL office. He is a Fellow of the CAS, a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries (AAA) and a Fellow of the Canadian Institute of Actuaries. He has over forty years experience in the insurance industry including ratemaking and management responsibilities with State Farm. Mr. Lehmann is a past President of the Casualty Actuarial Society, a past President of the American Academy of Actuaries and has served as Chairman of the board of both organizations.

Mr. Lehmann's experience includes development of pricing strategies including coordination of underwriting and rating programs, credit score analysis, financial examinations, loss reserve opinions, rate filings, residual market studies, and rate of return analysis. He has testified before regulatory and legislative bodies on a variety of insurance matters including ratemaking, risk classification, and rate of return. Mr. Lehmann has authored a *CAS Forum* paper entitled "Contingency Margins in Rate Calculations," and an article entitled "Auto Insurance Residual Market Mechanisms." He has given numerous speeches and panel presentations in professional and public forums.

Pinnacle is committed to maintaining our professional standards, including the enhancement of the quality of our staff in general. To that end, we have a Professional Standards Officer (PSO). We conduct periodic staff training sessions, and all of our consultants adhere to the continuing education requirements of the AAA.

Provided as Appendix A are biographies and CVs of the primary professional consulting staff members assigned to this engagement:

- Christopher S. Carlson
- John E. Wade
- Robert J. Walling, III
- Steven G. Lehmann

As noted, we will utilize the knowledge and understanding of credentialed actuaries to a large extent in fulfilling the needs of the OIC in this area. When deemed reasonable, we will involve support staff in reviewing exhibits but in many cases qualified experts will be needed to test the reasonability of methodologies and various selections in the ratemaking process.

### **Pinnacle's Peer Review Process**

Pinnacle requires, and our governing professional organization encourages, that all actuarial work products be peer reviewed before release. The intent of the peer review process is to foster the maintenance of high professional standards and practices and to consistently apply these standards to all assignments. Peer review is also important to our clients because it serves to increase the confidence in our opinions by all users of those opinions. As noted above, Steven G. Lehmann, FCAS, FSA, FCIA, MAAA will serve as the peer reviewer for this customer relationship.

The primary purposes of peer review are to maximize the quality and comprehension of our work product, and to minimize our own professional liability exposure within practical time and fee constraints.

The interest of the firm's clients, and those of the firm itself, mandate that work performed by the firm, and the communication of that work by the firm, conform to high professional standards. Appropriate recognition of such interests deserves and requires adoption of and compliance with certain internal standards and procedures regarding work performance and communication of the work product, the objectives of such standards and procedures being to attempt to determine, to the extent practicable, that:

- methods and assumptions employed are appropriate and acceptable in the circumstances,
- judgments made and applied are reasonable and supportable,
- communications to clients are accurate, complete and understandable; and
  - the work performed adequately supports all statements and conclusions included within the reports.

Pinnacle also requires that an employee who is independent of entering data and making calculations completely check all data inputs and any non-automated calculations which are carried out in a work product. This technical review is done to assure that our findings are based on the information that is precisely as provided as well as free from errors in calculation. Our peer review and technical review processes on each and every assignment contribute to our continual improvement. These technical and peer reviews are a mandatory part of each project. A copy of our peer review procedures and requirements is available upon request.

## **Section VI. Prior Engagements with the State of West Virginia**

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We have had the great privilege to work with the Offices of the Insurance Commissioner in West Virginia in support of their operation on the various state run workers compensation funds.

We have recently provided actuarial serves to the West Virginia Department of Environmental Protection with respect to the Special Reclamation Fund and the Special Reclamation Water Trust Fund.

## **Section VII. Regulatory Experience**

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As noted above, Pinnacle consultants have performed numerous actuarial analyses related to the rate levels in many lines of insurance and states including West Virginia.

<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 have recently reviewed medical malpractice rate filings for the Connecticut Department of Insurance and are serving the Attorney General dealing with reinsurance issues.
District of Columbia	We have provided financial examination services to the District of Columbia Department of Insurance, Securities and Banking.
Florida	We provide financial examination services to the Florida Department of Financial Services, and rate hearing support to the Office of Insurance Regulation.
Indiana	We provide actuarial reviews of property and casualty rate filings. We have also provided actuarial support for other actuarial related issues that come before the Financial Services Division.
Iowa	We have provided financial examination services to the Iowa Department of Insurance, reviewed all statements of actuarial opinion for domestic property/casualty insurers and reviewed all medical malpractice filings in the state.

<u>State</u>	<u>Engagements</u>
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 have provided rate filing services to the Massachusetts Division of Insurance. We are pre-qualified to provide Financial Services for Statutory Examinations and Transactions.
Missouri	Selected to review captive applications.
Kentucky	We have provided actuarial services to the Financial Services Division of the Kentucky Department. We also provide rate filing services to the Kentucky Department of Insurance.
Michigan	We provide financial examination services and medical professional liability legislative costing services to the Michigan Division of Insurance.
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. We are the current medical malpractice actuarial consultant to the NYSID.
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.

<u>State</u>	<u>Engagements</u>
Pennsylvania	We have been qualified as an actuarial vendor to the Pennsylvania Insurance Department, Office of Liquidations and Rehabilitations and a prequalified vendor for providing Actuarial Services for loss reserves and related requested activities related to property and casualty.
Rhode Island	Pinnacle is on the approved provider of actuarial services to the Rhode Island Insurance Department.
Texas	We are approved to assist the Texas Department of Insurance with property/casualty financial examinations.
Vermont	We have been selected to 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.
Virginia	Pinnacle provides review and evaluation of certain property and casualty insurance rate filings submitted to the Virginia State Corporation Commission. We also provide actuarial review of claims reserves and reserving methodologies for their adequacy, appropriateness and compliance with statutory requirements.
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 are also assisting in the review of the Wisconsin Compensation Rating Bureau annual rate filing.
West Virginia	We provide an annual review of the reserves for the runoff of the monopolistic workers compensation program being managed by the Offices of the Insurance Commissioner. We have also provided assistance on selected Property and Casualty rate filings. We also are involved in the development of a self-insurance feasibility study for the potential workers compensation program to cover the various state agencies in the state.

Specific references are included later in this submission.

## **Section VIII. Proposed Procedure for Rate Reviews**

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Mr. Carlson will coordinate the overall reviews of the filings. He will assign them to other Pinnacle actuaries as appropriate as best suited for the line under review. All actuarial aspects of the filing (e.g. trend, expenses provisions, loss development, credibility, etc.) will be reviewed to assure that they are in compliance with generally accepted actuarial procedures and state law. Pinnacle actuaries are also qualified to review class plan, tiering, territory, discount programs, and other filings

Pinnacle's review will consist of a written report which would include Pinnacle's evaluation of the actuarial methods employed in the filing and an independent evaluation of the specific request for the insurer under review. It is Pinnacle's policy that all projects must culminate in a written report. For small projects, a simple letter may suffice as the report. Whether by letter, or by a full-fledged report, the report will:

- describe the nature of the project,
- list the data and information relied upon and identify the source(s),
- describe the analysis and clearly state the conclusions and recommendations,
- list all major assumptions relied upon, and
- describe all significant limitations and qualifications associated with the work product

All reports will be written for the Department's reliance. Our reports will clearly explain our processes, methods, assumptions, and rationale for arriving at our conclusions. Pinnacle will provide a clear summary of the major issues concerning the filing with specific recommendation(s) regarding possible resolutions.

Our approach to the review of rate filings will be an objective review of the filing for compliance with West Virginia statutory requirements as well as the Actuarial Standards Board's professional standards of practice. Our staff has the experience of reviewing many rate filings over the years, so that the review of these filings can be done quickly and efficiently, but thoroughly. We have the staff and experience to make certain that such reviews are completed in a timely fashion so as to meet the Department's expectations.

The rate filing analyses will be conducted with consideration of all applicable Actuarial Standard of Practice as promulgated by the Actuarial Standards Board. Any inquiries and questions with respect to the submitted filings will be presented in a formal written document and/or oral report in the professional manner expected by our clients and demanded by our professional standards.

### **Rate Filing Reviews**

Personal and commercial policy premium rates submitted to the OIC will be forwarded to Pinnacle via in paper format or electronically via email. Additional information will be requested from the filer through the OIC as required to perform an appropriate actuarial analysis. Once all the data is in hand, we will conduct our analysis and develop our recommendations which will then be peer reviewed within Pinnacle prior to being released to the OIC. A written recommendation will be made to the OIC within two to four weeks of receiving the filing and appropriate data, depending on the complexity of the filing. Problems that may arise during the analysis will be communicated immediately to the appropriate OIC staff, either by phone or by email.

Our actuaries have extensive experience reviewing and analyzing property and casualty insurance rates through a variety of mechanisms including loss ratio and pure premium analysis, predictive modeling (multi-variate analysis), competitive analysis, and judgment. This analysis has been based on several sources of data including company data, bureau data, competitive data, industry data and other publicly available data sources. Because of our broad experience we will perform the type of analysis most appropriate for the filing under review.

Our analysis will be in accordance with:

- Actuarial Standards of Practice as promulgated by the Actuarial Standards Board.
- The Statement of Principles Regarding Property and Casualty Insurance Ratemaking as promulgated by the Casualty Actuarial Society.
- Appropriate West Virginia Law

### **Rate Filing Recommendations**

Pinnacle actuaries have served in a variety of analytical and management roles including responsibilities for filing rates and presenting rate recommendations to senior insurance company management, clients and Insurance Departments and can efficiently articulate recommendations to the West Virginia OIC regarding rates filed. Recommendations will be in accordance with the procedures listed above, or any other procedures desired by the Offices of the Insurance Commissioner.

### **Inadequate, Excessive and Unfairly Discriminatory Recommendations**

Rating laws throughout the United States have requirements that rates not be inadequate, excessive, or unfairly discriminatory. Our actuaries have many years of experience in making rate filings with regulatory authorities which meet these regulatory requirements and/or reviewing rate filings of behalf of Insurance Departments to determine compliance with these regulatory requirements. Our actuaries are also familiar with the actuarial standards of practice regarding these requirements and regulatory and statutory interpretations of these rate standards. We are also familiar with issues regarding the cost of capital and what constitutes a fair rate of return for insurance companies. In particular, Steve Lehmann, LeRoy Boison, and Chris Carlson have all participated in regulatory hearings regarding whether filed rates are in compliance with these statutory standards.

Regarding unfair discrimination, many of our actuaries have participated in regulatory hearings to determine the meaning of this requirement in insurance ratemaking including regulatory hearings regarding insurance classifications. Steve Lehmann and LeRoy Boison have all



participated in hearings on this subject in connection with California Proposition 103 and other regulatory hearings on risk classifications.

### **Understanding and Prompt Response**

Pinnacle actuaries have been involved in every property and casualty line of business, have seen and made filings in nearly every state (including West Virginia), and have reviewed the filings of many different companies and bureaus. Our actuaries are used to working under tight time restrictions. We can quickly and easily interpret and recommend actions on any filing within statutory time frames.

### **Flexibility**

Again relying on Pinnacle's size and the experience of its actuaries, we can commit ourselves to being flexible enough to adapt to any legislative or regulatory changes. Our actuaries have reviewed and responded to a variety of legislative and regulatory changes throughout the years and have been involved in costing of many of them. These costing projects include numerous no-fault automobile insurance bills, a variety of bills relating to automobile insurance (including Proposition 103), reforms of workers compensation law, legislation creating a state workers compensation fund, legislation regarding medical malpractice insurance, tort reform legislation, and a wide variety of other projects. We have performed costing studies of proposed insurance legislation in California, Colorado, Florida, Hawaii, Louisiana, Maryland, New Jersey, New York, Ohio, Pennsylvania, Texas, and Virginia.

An example of our work in this area was our report on Colorado No-Fault Automobile Insurance for the Colorado Auto Insurance Working Group. This study was authored by Mr. Lehmann and Mr. Boison and formed the basis of the Colorado Department of Insurance's review of rate filings following the repeal of no-fault in Colorado.

It should be noted that these projects are unique as to issues and scope and present a tremendous challenge for an actuarial consulting firm. Pinnacle's breadth and depth of expertise make us uniquely qualified to handle the variety of potential challenges presented by legislative or regulatory changes.

As noted in the biographical sketches of the lead team members, Pinnacle consultants are also very active in the Casualty Actuarial Society. Through continuing education within the CAS and Pinnacle's own monitoring of state legislative and regulatory activity through research and client assignments, we are aware of changes that impact the regulatory environment and the actuarial profession. Pinnacle is flexible enough to adapt to any legislative or regulatory changes.

## **Section IX. Manual of Filing Review Guidelines**

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Pinnacle will develop a rate review guideline manual which will include references to any applicable laws and regulations. This manual will be based on the review of applicable West Virginia laws and regulations as well as Pinnacle's regulatory experience in developing rate filings and assisting insurance departments in reviewing rate filings and applicable CAS

Statements of Principles, any Actuarial Standards of Practice, or other applicable professional standards and guidelines. There are many different areas that will be addressed in this manual, including:

- a. Elements of the filing that must/should be present
- b. Types of experience that could be used to justify rate and rate relativity decisions
- c. Volume of experience to be used (credibility)
- d. Commonly used procedures/techniques for developing rates and relativities
- e. Ensuring rates and rate relativities produce rates that are not inadequate, not excessive and not unfairly discriminatory
- f. Ensure all requirements and restrictions on rating factors have been met
- g. Review compliance of filing with applicable ASB standards of practice

Once we have developed a draft manual, we will share this draft with the staff of the Offices of the Insurance Commissioner. After you have had a chance to review the draft, we will work with you to modify the draft and produce a finalized version. We understand that only one manual may not be appropriate for all lines of business. The manual will be developed in such a fashion that the differences between the lines of business are considered and addressed.

## **Section X. Other Services**

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Pinnacle has the experience to provide the Office of Insurance Commissioner with the needed actuarial support and as necessary participation and representation at rate hearings, legislative costing, and appearances before other bodies. The geographic location of our Columbus and Indianapolis offices along with other offices provide easy access to Charleston to facilitate such appearances even on very short notice.

We have appeared before many audiences in a similar fashion including rate hearings in Florida, legislative committees in Florida and other regulatory bodies in the state of Ohio.

## Section XI. References

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### **Illinois Department of Insurance**

Scope: Medical Malpractice Rate Filing Reviews  
Contact: **Judy Mottar**  
Address: 320 West Washington Street,  
Springfield, IL 62767  
Telephone: (217) 524-5376  
Email: Judy.P.Mottar@illinois.gov  
Service Date: March 2010 – Present

### **Indiana Department of Insurance**

Scope: Review of All Lines of P&C Rate Filings  
Contact: **Kate Kixmiller**  
Address: 311 W. Washington Street, Ste. 300,  
Indianapolis, IN 46204-2787  
Telephone: (317) 232-3495  
Email: kkixmiller@idoi.in.gov  
Service Date: 2005-2011

### **Kentucky Department of Insurance**

Scope: Rate Filing, captive application review and other actuarial consulting services  
Contact: **Randy Pepper**, Actuary  
Address: P.O. Box 517  
Frankfort, KY 40602-0517  
Telephone: (502) 564-3630  
Email: randy.pepper@ky.gov  
Service Date: 2008 - Present

### **Massachusetts Division of Insurance**

Scope: Review of Competitive Auto Rate Filings  
Contact: **Cara Blank**  
Address: 1000 Washington St, Suite 810,  
Boston, MA  
02110-4082  
Telephone: (617) 521-7344  
Email: Cara.Blank@state.ma.us  
Service Date: 2007

### **New York State Insurance Department**

Scope: Financial examination services  
Contact: **Anne Kelly**, Chief Casualty Actuary  
Address: 25 Beaver Street  
New York, NY 10004  
Telephone: (212) 480-5525  
Email: akelly@ins.state.ny.us  
Service Date: 2005 - Present

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### **Wisconsin Department of Insurance**

Scope: Review of Wisconsin Compensation Rating Bureau Rate Filings  
Contact: **Ronnie A. Demergian**  
Address: P.O. Box 7873,  
Madison, WI  
53707-7873  
Telephone: (608) 266-7077  
Email: ronnie.demergian@wisconsin.gov  
Service Date: 2009-2011

### **West Virginia Offices of the Insurance Commissioner**

Scope: Review of a limited number of rate  
Contact: **Tonya Childress Gillespie, CPA**, Director  
Address: 1124 Smith Street  
Charleston, WV  
Telephone: (304) 926-0499 Ext. 1551  
Email: tonya.gillespie@wvinsurance.gov  
Service Date: 2010

Scope: Review of various workers compensation funds' loss and loss adjustment expense reserves  
Contact: **Melinda Ashworth Kiss, CPA**, Assistant Commissioner  
Address: 1124 Smith Street  
Charleston, WV  
Telephone: (304) 558-6279 ext. 1205  
Email: melinda.kiss@wvinsurance.gov  
Service Date: 2009, 2010 and 2011

Scope: Development of a self-insurance feasibility study for the potential workers compensation program to cover the various state agencies in the state.  
Contact: **Bill Kenny**, Deputy Commissioner  
Address: 1124 Smith Street  
Charleston, WV  
Telephone: 304 558 3029 x 1187  
Email: bill.kenny@wvinsurance.gov  
Service Date: 2009, 2010 and 2011

## **Section XII. Cost Proposal**

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We propose to perform the actuarial rate review of property and casualty product filings using a well qualified staff. We envision that a majority of the effort in this assignment will primarily involve credentialed actuaries. In some instances, we will involve our technical support staff for assistance in completing the assignments.

As such, we have developed the following vendor cost using a blend of our best available hourly consulting rates.

<u><i>VENDOR COST</i></u>	<u><i>\$280.00</i></u>
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We understand that out of pocket travel expenses will be billed in accordance with the State of West Virginia's Travel Rules as prescribed by the Travel Management Unit, Purchasing Division.

Pinnacle affirms that this proposal and bid will remain fixed and valid for at least six months following submission.

## 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**

<b>NAME</b>	Christopher S. Carlson	
<b>BUSINESS ADDRESS</b>	3040 Riverside Drive, Suite 206 Upper Arlington, Ohio 43221 Phone: (614) 602-6594 Fax: (614) 488-6044 e-mail: <a href="mailto:ccarlson@pinnacleactuarials.com">ccarlson@pinnacleactuarials.com</a>	
<b>EDUCATION</b>	UNIVERSITY OF OREGON Bachelor of Science in Mathematics – 1978 VALPARAISO UNIVERSITY (1973-1975)	
<b>CONTINUING EDUCATION</b>	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.	
<b>MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS</b>	Casualty Actuarial Society (CAS)	
	Associate Member	1986
	Fellow	1990
	American Academy of Actuaries (AAA)	1986
	Midwest Actuarial Forum	1986 – Present
	Buckeye Actuarial Continuing Education	2011
<b>EMPLOYMENT HISTORY</b>	Nationwide Insurance Companies	1979 – 2005
	Pinnacle Actuarial Resources, Inc.	2005 – Present
<b>PROFESSIONAL ACTIVITIES</b>	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

Christopher S. Carlson – Curriculum Vitae  
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<b>PROFESSIONAL ACTIVITIES</b> (continued)	CAS Ratemaking Research Committee	1990 – 1996
	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, 2008, 2010



**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**

<b>NAME</b>	John E. Wade	
<b>BUSINESS ADDRESS</b>	374 Meridian Parke Lane, Suite C Greenwood, IN 46142 Phone: 317-889-5760 Fax: 309-807-2301 e-mail: <a href="mailto:jwade@pinnacleactuaries.com">jwade@pinnacleactuaries.com</a>	
<b>EDUCATION</b>	BALL STATE UNIVERSITY Bachelor of Science – 1977 Major: Actuarial Science Minor: Economics Master of Arts - 1979 Major: Actuarial Science	
<b>CONTINUING EDUCATION</b>	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)	
<b>MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS</b>	Casualty Actuarial Society (CAS) Associate Member	2002
	American Academy of Actuaries (AAA)	2002
<b>EMPLOYMENT HISTORY</b>	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  
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<b>PROFESSIONAL ACTIVITIES</b>	CAS Membership Advisory Panel Committee	2003-2008
	CAS Committee on Professionalism Education	2008-Present
	AAA Emerging Issues Task Force (P&C)	2008-Present

<b>PROFESSIONAL PRESENTATIONS</b>	“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>

<b>SIGNIFICANT ASSIGNMENTS</b>	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

**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**

<b>NAME</b>	Robert J. Walling, III	
<b>BUSINESS ADDRESS</b>	2817 Reed Road, Suite 2 Bloomington, Illinois 61704 Phone: (309) 807-2320 Fax: (309) 807-2301 e-mail: <a href="mailto:rwalling@pinnacleactuaries.com">rwalling@pinnacleactuaries.com</a>	
<b>EDUCATION</b>	MIAMI UNIVERSITY Bachelor of Science in Education – 1987 Certification in Secondary Mathematics Education	
<b>CONTINUING EDUCATION</b>	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)	
<b>MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS</b>	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
<b>EMPLOYMENT HISTORY</b>	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
<b>PROFESSIONAL ACTIVITIES</b>	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  
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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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<b>APPOINTED ACTUARY</b>	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	
	Quartermans Insurance Exchange, Inc.	2006 - Present	
	Transportation Trucking Insurance Company, Ltd.	2008 - Present	
	Wisconsin Health Care Liability Insurance Plan	2007 - Present	
	<b>PROFESSIONAL PRESENTATIONS</b>	Numerous interviews and presentations at educational seminars conducted by the CAS and other industry organizations on topics including:	
		<ul style="list-style-type: none"> <li>• Ratemaking, emphasizing Workers Compensation, Professional Liability, Commercial Automobile, and Businessowners Policy (BOP)</li> <li>• Generalized Linear Modeling (GLM) for Commercial Lines Insurance</li> <li>• Loss Reserving for Medical and Non-Medical Professional Liability</li> <li>• Self-Insured Funding and Reserving for Individual and Group Public Entities and Private Companies</li> <li>• Legislative Costing for Medical Professional Liability, Workers' Compensation, Commercial Auto Liability, Contractors Liability</li> <li>• Dynamic Financial Analysis (DFA)</li> <li>• Workers Compensation Managed Care</li> </ul>	
<b>EXPERT TESTIMONY</b>	<p>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</p> <p>Numerous written and oral testimonies in support of litigation associated with commercial lines insurance.</p>		

**BIOGRAPHY*****STEVEN G. LEHMANN***

Mr. Lehmann is a Principal and Consulting Actuary with Pinnacle Actuarial Resources, Inc., in the Bloomington, Illinois, office. He holds a Bachelor of Science Degree (Cum Laude) in actuarial science from the University of Illinois. He has over forty years experience in the insurance industry.

Mr. Lehmann is a past President of the Casualty Actuarial Society (CAS), a past President of the American Academy of Actuaries and has served as Chairman of the Boards of both organizations. He is a Fellow of the CAS, a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries (AAA) and a Fellow of the Canadian Institute of Actuaries. He has also served as Vice President and Chairman of the Casualty Practice Council of the AAA.

Mr. Lehmann's experience includes development of pricing strategies including coordination of underwriting and rating programs, credit score analysis, financial examinations, loss reserve opinions, rate filings, residual market studies, and rate of return analysis. He has testified before regulatory and legislative bodies on a variety of insurance matters including ratemaking, risk classification, and rate of return.

Mr. Lehmann has authored a *CAS Forum* paper entitled "Contingency Margins in Rate Calculations," an article entitled "Auto Insurance Residual Market Mechanisms" and co-authored a *CAS Forum* paper entitled "Building a Public Access PC-Based DFA Model." He has given numerous speeches and panel presentations in professional and public forums.



**CURRICULUM VITAE**

<b>NAME</b>	Steven G. Lehmann	
<b>BUSINESS ADDRESS</b>	2817 Reed Road, Suite 2 Bloomington, Illinois 61704 Phone: (309) 807-2302 Fax: (309) 807-2301 e-mail: <a href="mailto:slehmann@pinnacleactuaries.com">slehmann@pinnacleactuaries.com</a>	
<b>EDUCATION</b>	UNIVERSITY OF ILLINOIS Bachelor of Science, Cum Laude – 1970 Major – Actuarial Science Minor – Finance	
<b>CONTINUING EDUCATION</b>	Estimated study time exceeding 3,000 hours necessary for completion of qualifying exams for membership in the Casualty Actuarial Society (CAS)  Participation as an attendee and on the faculty of the CAS Ratemaking Seminar, and other CAS educational seminars on special topics, such as Rate of Return  Meet all continuing education requirements of the American Academy of Actuaries necessary to sign public statements of actuarial opinion	
<b>MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS</b>	Casualty Actuarial Society (CAS)	
	Associate Member	1975
	Fellow	1979
	Society of Actuaries – Fellow	1974
	American Academy of Actuaries (AAA)	1977
	Canadian Institute of Actuaries	1991
	Midwestern Actuarial Forum	1975
<b>EMPLOYMENT HISTORY</b>	Capital Holding Corporation	1970-1973
	State Farm Insurance	1973-1997
	Miller, Herbers, Lehmann, & Assoc, Inc.	1997-2002
	Pinnacle Actuarial Resources, Inc.	2003-Present

Steven G. Lehmann – Curriculum Vitae  
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<b>PROFESSIONAL ACTIVITIES</b>	CAS President	1998-1999
	AAA Vice President – Casualty	2001-2002
	CAS Syllabus Committee	1980-1989
	Chairman	1987-1989
	CAS Long-Range Planning Committee	1988-1989
	CAS Board of Directors	1997-2000
	Chairman	1999-2000
	CAS Officer, Vice President-Admissions	1990-1993
	CAS President-Elect	1997-1998
	CAS Task Force on Education, Chairman	1995-1997
	Board of Directors, Actuarial Education and Research Fund	1985-1986
	CAS Membership Survey Task Force Chairman	1986-1987
	Actuarial Standards Board (ASB) Task Force on Rate of Return	1991-1997
	Chairman of (ASB) Ratemaking Subcommittee	1997-1998
	American Academy of Actuaries Board of Directors	1998-1999
		2001-2002
		2005-2009
	American Academy of Actuaries – President Elect	2005-2006
	American Academy of Actuaries – President	2006-2007
	American Academy of Actuaries - International Sec.	2008 -Present
<b>INDUSTRY COMMITTEES</b>	New Jersey Auto Insurance Risk Exchange	
	Board of Directors	1987-1988
	Actuarial Committee, Chairman	1987-1997
	New Jersey Personal Auto Insurance Plan	
	Actuarial Committee	1992-1997
	New Jersey Commercial Auto Insurance Plan	
	Actuarial Committee	1995-1997
	AIPSO Actuarial and Rating Committees	1988-1990
	North Carolina Rate Bureau Automobile Committee	1987-1990
	California Assigned Risk Plan Actuarial Committee	1988-1991
	Insurance Bureau of Canada Actuarial Committee	1987-1990
	<b>PROFESSIONAL PUBLICATIONS</b>	“Auto Insurance Residual Market Mechanisms,” <i>Actuarial Review</i>
“Building a Public Access PC-Based DFA Model, <i>CAS Forum</i> , Summer 1997, Volume 2		
“Contingency Margins in Rate Calculations” Casualty Actuarial Society Discussion Paper, 1985		

Steven G. Lehmann – Curriculum Vitae  
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**PROFESSIONAL  
PRESENTATIONS**

Faculty member, National Association of Independent Insurers  
Actuarial Research Seminar, 1994

Numerous presentations at educational seminars and meetings conducted by the Casualty Actuarial Society on topics including ratemaking, risk classification, and rate of return.

**EXPERT TESTIMONY**

Rate Regulatory Hearings in California, Florida, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, New Brunswick, New Jersey, New York, Oklahoma, Ontario, Pennsylvania, South Carolina, Tennessee, and Texas

Courts in Louisiana, New Jersey, Tennessee, Utah

Legislative Committees in Florida, Ontario

**APPOINTED  
ACTUARY**

DeSoto and DeSoto Prime Insurance Company	1999 – 2002
Southern Pioneer Property & Casualty Ins Co	1999 – Present
Michigan Basic Property Insurance Association	1999 – 2002
Nodak Mutual Insurance Company	2004 – 2008
American Agri-Business Insurance Company	2004 – 2006
American West Insurance Company	2004 – 2008
Indemnity National Insurance Company	2005 – Present
Oklahoma Property & Casualty Insurance Company	2008 –
Governmental Interinsurance Exchange	2009 – Present
National Fire & Casualty Company	2009 – Present
Homestead Insurance Company	2009 – Present



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

PAGE
1

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

VENDOR

RFQ COPY  
 TYPE NAME/ADDRESS HERE

Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources, Inc.  
 3040 Riverside Drive, Ste. 206  
 Upper Arlington, OH 43221

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
05/02/2011				

BID OPENING DATE: 05/17/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEMNUMBER	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 ... X ...						
NO. 2 .....						
NO. 3 .....						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Stevan G. Schreiner</i>	TELEPHONE (309) 807-2300	DATE May 16, 2011
TITLE 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
INS11014

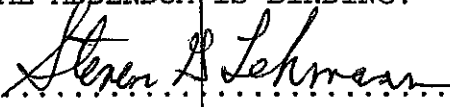
PAGE
2

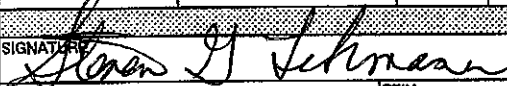
ADDRESS CORRESPONDENCE TO ATTENTION OF
SHELLY MURRAY 304-558-8801

RFQ COPY  
 TYPE NAME/ADDRESS HERE  
 Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources, Inc.  
 3040 Riverside Drive, Ste. 206  
 Upper Arlington, OH 43221

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

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	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
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;">             .....            SIGNATURE            Pinnacle Actuarial Resources, Inc            .....            COMPANY            May 16, 2011            .....            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>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE 	TELEPHONE (309) 807-2300	DATE May 16, 2011	
TITLE 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  
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**Request for Quotation**

RFQ NUMBER  
**INS11014**

PAGE  
**1**

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

VENDOR

RFQ COPY  
 TYPE NAME/ADDRESS HERE

Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources  
 3040 Riverside Dr., Ste. 206  
 Upper Arlington, OH 43221

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;"><b>OPEN END CONTRACT</b></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><b>ACTUARIAL SERVICES</b></p> <p><b>EXHIBIT 3</b></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 <i>Alexander J. Lehmann</i>	TELEPHONE (309) 807-2300	DATE 5/16/2011
TITLE Principal	FEIN 1-1-3669570	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](http://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  
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**Request for  
 Quotation**

RFQ NUMBER  
**INS11014**

PAGE  
**2**

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

MURRAY

RFQ COPY  
 TYPE NAME/ADDRESS HERE  
 Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources  
 3040 Riverside Dr., Ste. 206  
 Upper Arlington, OH 43221

SHIPTO

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

DATE PRINTED <b>04/04/2011</b>	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
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BID OPENING DATE: **05/11/2011** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<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>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Steven J. Lehman</i>	TELEPHONE (309) 807-2300	DATE 5/16/2011
TITLE 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
INS11014

PAGE
3

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

RFQ COPY  
 TYPE NAME/ADDRESS HERE

Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources  
 3040 Riverside Dr., Ste. 206  
 Upper Arlington, OH 43221

INSURANCE COMMISSION

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

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
04/04/2011				
BID OPENING DATE: 05/11/2011		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOF	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<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>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE <i>Steven J. Johnson</i>	TELEPHONE (309) 807-2300	DATE 5/16/2011	
TITLE 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

RFO NUMBER  
**INS11014**

PAGE  
**4**

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

VENDOR

**RFQ COPY  
 TYPE NAME/ADDRESS HERE**

Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources  
 3040 Riverside Dr., Ste. 206  
 Upper Arlington, OH 43221

PROPOSOR

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

DATE PRINTED <b>04/04/2011</b>	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
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BID OPENING DATE: **05/11/2011** BID OPENING TIME: **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p><b>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.</b></p> <p><b>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.</b></p> <p><b>PASS THROUGH PRICE INCREASES WILL BE CONSIDERED AT TIME OF CONTRACT RENEWAL ONLY.</b></p> <p><b>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.</b></p> <p style="text-align: center;"><b>NOTICE</b></p> <p><b>A SIGNED BID MUST BE SUBMITTED TO:            DEPARTMENT OF ADMINISTRATION</b></p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Christopher S. Carlson</i>	TELEPHONE <b>(309) 807-2300</b>	DATE <b>5/16/2011</b>
TITLE <b>Principal</b>	FAX <b>11-3669570</b>	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  
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# Request for Quotation

RFO NUMBER  
**INS11014**

PAGE  
**5**

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

**RFQ COPY  
 TYPE NAME/ADDRESS HERE**

PROPERTY

Attn: Christopher S. Carlson  
 Pinnacle Actuarial Resources  
 3040 Riverside Dr., Ste. 206  
 Upper Arlington, OH 43221

PROPERTY

**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
<p><b>PURCHASING DIVISION            BUILDING 15            2019 WASHINGTON STREET, EAST            CHARLESTON, WV 25305-0130</b></p> <p><b>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF            THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</b></p> <p><b>SEALED BID</b></p> <p><b>BUYER: SHELLY MURRAY</b></p> <p><b>RFQ. NO.: INS11014</b></p> <p><b>BID OPENING DATE: 05/11/2011</b></p> <p><b>BID OPENING TIME: 1:30 PM</b></p> <p><b>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY            TO CONTACT YOU REGARDING YOUR BID:</b></p> <p>----- (309) (807-2301) -----</p> <p><b>CONTACT PERSON (PLEASE PRINT CLEARLY):</b>            ----- Christopher S. Carlson -----</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE <i>Christopher S. Carlson</i>	TELEPHONE (309) 807-2300	DATE 5/16/2011	
TITLE Principal	FEIN 11-3669570	ADDRESS CHANGES TO BE NOTED ABOVE	

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

## REQUEST FOR QUOTATIONS INS11014

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

The West Virginia Offices of the Insurance Commissioner (OIC), an agency of the West Virginia Department of Revenue, is seeking quotations from qualified actuarial firms for actuarial rate review of property and casualty related product filings and consulting services. Property and casualty product filings include, but are not limited to, marine, surety, homeowners, liability, medical malpractice, workers' compensation, product liability, personal auto, commercial auto, credit and title. The firm may provide other management consulting services for the OIC. These additional services may include appearances by the firm's personnel before legislative and executive bodies, or others to respond to questions or give reports. The firm may be required to provide testimony at rate hearings. These services may also include the preparation of related written reports. All work under the proposed contract will be under the direction of the Insurance Commissioner or her designee. Written reports and findings must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance. The actuarial firm may provide other management consulting services and perform special reviews and/or analysis of property and casualty products for the OIC.

#### **"Qualified Actuarial Firm" defined**

Any actuarial firm submitting a quotation under this procurement shall meet or exceed the minimum qualifications set for in this RFQ. Those quotations not meeting the mandatory specifications will be eliminated. Any actuarial firm submitting a quotation under this procurement shall meet or exceed the minimum qualifications as follows:

One or more members assigned to this contract must be a Fellow of the Casualty Actuarial Sciences (FCAS) and/or a Member of the American Academy of Actuaries (MAAA)

Members assigned this contract must have at least five (5) years of experience with property and casualty products

Members assigned this contract must have at least five (5) years of experience specifically with homeowners and private passenger auto

One or more members to be assigned to this contract must be experienced in providing rate review services to state insurance regulators

The firm shall have no conflict of interest with regard to any carrier that is actively writing individual or group life and health products in the West Virginia market.

### **Scope of Services**

The firm awarded the contract as a result of this RFQ will assist the Insurance Commissioner and Director of Rates and Forms in reviewing property and casualty product filings. The review shall include, but may not be limited to, analysis of trending, credibility, development factors, durational factors, geographical factors, loss development, loss ratios, rating bands and all other components of a rate filing. It is expected that the review will document the justification for the rate adjustment, concerns with factors used or selected, support of the factors, identify areas of concern, documentation to support the indicated and requested rate levels, projected premium impact and projected premium impact to consumers. The initial review and related report shall be submitted to the OIC within 30 days of receiving the filing from the OIC. All follow-up questions and correspondence shall be between the OIC and the carrier.

The actuarial firm is to develop a manual of rate review guidelines for use by the OIC staff. The manual should document the essential steps of the rate review process and establish benchmarks for the various components of rates by product line, providing the office with a reference guide that is specifically written with a rate analyst in mind. Statute and rules will continue to dictate review requirements and provide the framework for manual topics; however, the guide should go a step beyond to the level of detail necessary to improve an analyst's review of property and casualty filings. It should be a tool that can be used as a general checklist for the OIC's rate reviews as well as a training guide for future insurance rate and policy analysts.

The actuarial firm may provide other management consulting services and perform special reviews and/or analysis of property and casualty related products to the OIC. These additional services may include appearances by the actuary's personnel before judicial, legislative, and executive bodies, or others to respond to questions of an actuarial nature or to give reports. These services may also include the preparation of written reports concerning actuarial matters as deemed necessary by the OIC. All work under the proposed contract will be under the direction of the Insurance Commissioner or her designee. Written reports and actuarial findings must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance.

### **Bid Amount**

The amount of the bid submitted by each potential vendor shall be a fixed hourly rate for services rendered. This rate shall be the same regardless of which partner or member performs the services and shall be sufficient to cover any and all incidental expenses. Out of pocket travel expenses shall be billed in

accordance with the State of West Virginia's Travel Rules as prescribed by the Travel Management Unit, Purchasing Division.

**Issuing Office/Contact Point for this RFQ**

This RFQ is being issued by the Purchasing Division of the Department of Administration, on behalf of the West Virginia Offices of the Insurance Commissioner. Inquiries about this RFQ, or requests for additional information, must be directed to:

Shelly Murray, Buyer Supervisor  
Purchasing Division  
2019 Washington Street, East  
Charleston, West Virginia 25305-0130  
Telephone: (304) 558-8801  
Facsimile: (304) 558-4115

No contact with the West Virginia Offices of the Insurance Commissioner staff specifically concerning this RFQ is permitted following issuance of this RFQ. Any contact related to this RFQ may disqualify the Vendor who violates this requirement.

**Expenses Incurred**

The State of West Virginia and the West Virginia Offices of the Insurance Commissioner will not be liable for any expenses incurred by any Vendor in the preparation and submission of quotations for this RFQ.

**Assignment**

The relationship of the selected firm to the State of West Virginia and to the West Virginia Offices of the Insurance Commissioner will be that of an independent contractor, with no principal-agent or employer-employee relationships created by the parties to any resultant agreement. The firm shall not assign, convey, transfer, or delegate any of its responsibilities or obligation under the resultant agreement without prior written approval of the Offices of the Insurance Commissioner. Such approval may be granted by the sole discretion of the Offices of the Insurance Commissioner. No assignments, if any are granted, shall release the vendor from its liability for the prompt and effective performance of the obligations hereunder.

**Governing Law**

The contract resulting from this RFQ will be governed by the laws of West Virginia. The State of West Virginia asserts its Eleventh Amendment right not to be sued in any federal court.

**Taxes**

The State of West Virginia and the West Virginia Offices of the Insurance Commissioner are exempt from Federal Excise taxes and from State and local

sales and use taxes on the services to be supplied as a result of any contracts resulting from this RFQ. Consequently, the State of West Virginia and the West Virginia Offices of the Insurance Commissioner will have no responsibilities for the payment of any taxes that become payable by the successful firm.

**Acceptance Period for Quotations**

The quotations submitted in response to the RFQ shall remain fixed and valid for a period of six (6) months commencing on the date the quotations are due.

**Firm Information**

Responding firms should include the following information with their bid proposal submittal. The West Virginia Offices of the Insurance Commissioner reserves the right to request this and any additional information at any time during the bid evaluation process prior to their recommendation of award notification to the West Virginia Purchasing Division.

- (a) Name and address of the firm submitting the quotation along with the federal employer identification number of the vendor.
- (b) Date of registration to do business in the State of West Virginia.

**VENDOR COST:**

\$       \$280       PER HOUR

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: *Steven J. Schmann* Date: 5/16/2011

State of Illinois

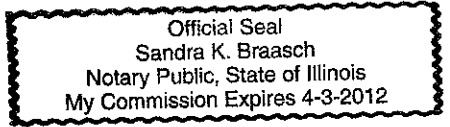
County of McLean, to-wit:

Taken, subscribed, and sworn to before me this 16<sup>th</sup> day of May, 2011.

My Commission expires April 3, 2012.

**AFFIX SEAL HERE**

**NOTARY PUBLIC** *Sandra K. Braasch*







## Certificate

*I, Natalie E. Tennant, Secretary of State of the  
State of West Virginia, hereby certify that*

**PINNACLE ACTUARIAL RESOURCES, INC.**

**Control Number: 99F3R**

a corporation formed under the laws of Illinois has filed its "Application for Certificate of Authority" to transact business in West Virginia as required by the provisions of the West Virginia Code. I hereby declare the organization to be registered as a foreign corporation from its effective date of June 11, 2009.

Therefore, I issue this

### **CERTIFICATE OF AUTHORITY**

to the corporation authorizing it to transact business in West Virginia



*Given under my hand and the  
Great Seal of the State of  
West Virginia on this day of  
June 11, 2009*

*Natalie E. Tennant*

Secretary of State