



STEVEN P. LATTANZIO, FCAS, MAAA, FCA
CONSULTING ACTUARY

June 11, 2014

VIA UPS

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

Re: Proposal to Provide Professional Actuarial Services to West Virginia Offices of the Insurance Commissioner
Solicitation Number: INS14020

Dear Sir or Madam:

Actuarial & Technical Solutions, Inc. (Actuarial Solutions) wishes to be considered to assist the West Virginia Offices of the Insurance Commissioner (OIC) by providing actuarial rate review of property and casualty product filings and consulting services. It is our understanding that the firm selected would enter into a 1-year contract with the option for two annual renewals.

It is the purpose of this proposal to demonstrate the qualifications, competence and capacity of Actuarial Solutions to provide the OIC with actuarial services in conformity with the requirements of the Request for Quotation (RFQ). Actuarial Solutions affirms that we have adhered to the instructions of the RFQ in the preparation and submission of this proposal.

We look forward to the possibility of working with the OIC. We are happy to answer any questions you may have concerning this proposal.

Very truly yours,

A handwritten signature in black ink, reading "Steven P. Lattanzio", written in a cursive style.

Steven P. Lattanzio, FCAS, MAAA, FCA
President and Consulting Actuary

06/12/14 09:55:17AM
West Virginia Purchasing Division

Proposal to Provide
Professional Actuarial Services to
West Virginia
Offices of the Insurance Commissioner

June 2014

Solicitation Number: INS14020

Submitted by:
Actuarial & Technical Solutions, Inc.
3900 Veterans Memorial Highway
Suite 300
Bohemia, New York 11716

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PROPOSAL TO PROVIDE
PROFESSIONAL ACTUARIAL SERVICES TO
WEST VIRGINIA
OFFICES OF THE INSURANCE COMMISSIONER

TABLE OF CONTENTS

A. INTRODUCTION	1
B. QUALIFICATIONS OF THE FIRM	2
C. RELEVANT EXPERIENCE.....	5
D. ASSIGNED PROFESSIONALS.....	8
E. APPROACH AND METHODOLOGY	10
F. CHARACTERISTICS THAT DIFFERENTIATE ACTUARIAL SOLUTIONS.....	13
G. REFERENCES.....	14
H. MISCELLANEOUS.....	15

Forms/Attachments:

Pricing Page (Attachment A)
Certification and Signature Page
Addendum Acknowledgement
Purchasing Affidavit
Proof of Workers Compensation Insurance
FCAS and MAAA certifications

PROPOSAL TO PROVIDE
PROFESSIONAL ACTUARIAL SERVICES TO
WEST VIRGINIA
OFFICE OF THE INSURANCE COMMISSIONER

A. INTRODUCTION

Actuarial & Technical Solutions, Inc. (Actuarial Solutions) welcomes the opportunity to submit this proposal to the West Virginia Offices of the Insurance Commissioner (OIC) in response to its request for quotation (RFQ) for professional actuarial services. The OIC seeks an independent actuary to provide actuarial rate review of property and casualty related product filings. Actuarial Solutions wishes to be considered to perform the requested actuarial services.

This proposal includes sections which discuss our qualifications and experience as well as our approach and methodology. We are happy to provide additional information or respond to questions concerning our proposal.

B. QUALIFICATIONS OF THE FIRM

Actuarial & Technical Solutions, Inc. (Actuarial Solutions) is a property-casualty actuarial consulting firm founded in 1990; Steve Lattanzio is a founding partner and continues to be actively involved in client work. We are headquartered in the United States with our main office in New York and an additional office in North Carolina. Our actuarial engagements are spearheaded by three credentialed actuaries, with three actuarial analysts providing support. We are small enough to provide exceptionally personalized service to each of our clients and large enough to handle complex assignments under tight timeframes. Actuarial Solutions' flexible organization along with the commitment and expertise of our staff allows for a high degree of responsiveness in meeting the needs of our clients. Our actuaries are actively involved in each project, directing and reviewing the work performed. In addition, all work is peer reviewed in order to ensure the actuarial integrity of our work product and the satisfaction of our clients.

Actuarial Solutions' staff is experienced and hard-working, with a strong commitment to providing the best possible service to its clients. While we have worked for many small and medium-sized companies, we have also provided actuarial consulting services to large, more recognizable corporations. We have established and maintained relationships with the General Electric, H&R Block, the Kentucky Workers Compensation Funding Commission, Vermont Department of Financial Regulation - Captive Division, Indiana University, the District of Columbia Department of Insurance, Securities and Banking and the National Council on Compensation Insurance.

We offer a full range of services to meet the needs of our diverse client base. Our clients, located throughout the country, include captives, regulators, rating bureaus, insurance companies, reinsurers, state funds, self-insurance funds and law firms involved with insurance litigation.

The work we have done for large companies, as well as in litigation support where the financial stakes are high, serves as an indication of the confidence others have in Actuarial Solutions. We are equally committed to those clients who engage our services for relatively small projects, including annual reserve analyses for individual self-insured entities. We are committed to providing an exceptional level of service and work of the highest quality, regardless of the size of the project undertaken.

Actuarial Solutions has vast and extensive knowledge of all aspects of workers compensation insurance. Steve Lattanzio, President and principal of Actuarial Solutions, worked at the NCCI, as well as at a workers compensation-only consulting branch of the NCCI, prior to founding our company; therefore, our company's background in workers compensation is tremendous. For insurance companies, including captives and RRGs, we have: projected ultimate loss and needed reserves; prepared feasibility studies; issued Statements of Actuarial Opinion; estimated future loss and premium; calculated the timing of future claim payments; and prepared rate and deductible filings. We have extensive background with individual risk rating, including: the

calculation of experience modification factors; determination of retrospective rating values; and assistance with the establishment and approval of rating plans. We have also been involved with numerous litigation support assignments concerning workers compensation. For example, we were engaged to participate in a class action lawsuit involving the appropriateness of retrospective rating factors, serving as an expert for both the plaintiffs and defendants; in this capacity we reviewed thousands of retrospectively rated policies. We have also testified in bench and jury trials and at an arbitration, as well as actively participated in mediation talks.

We have additionally been involved with several large industry-wide projects. For instance, principals of Actuarial Solutions have assisted the MWCIA since the mid-1980s with the underlying analysis which supports the loss costs used by all carriers writing workers compensation in Minnesota. We have also been engaged by the Kentucky Workers Compensation Funding Commission on several recent occasions to estimate the liabilities and calculate the assessment needs for three funds for which the KWCFC has responsibility.

Actuarial Solutions also has a broad range of experience involving a number of general property & casualty lines of insurance. While our company's origins go back to workers compensation, as a result of that work and the satisfaction of our clients, our scope of services has expanded over the years. It is now commonplace for us to be involved in engagements which include a wide variety of property/casualty coverages. We work with numerous captives, self-insureds and insurance/reinsurance companies which provide general liability, property, errors & omissions, mortgage insurance, medical malpractice, various excess coverages, commercial auto liability and physical damage, and/or other insurance. For these entities, we have: projected ultimate loss; derived needed reserve levels; prepared Statements of Actuarial Opinion; determined funding levels; calculated rates; performed feasibility studies which include a forecast of prospective loss, expense needs, premium and needed capitalization; undertaken risk transfer, reinsurance and dividend studies; and assisted with loss portfolio transfer and commutation calculations.

In addition, we have a depth of knowledge from our work with regulatory bodies. In Vermont and the District of Columbia, for example, we have assisted with both the actuarial portions of financial examinations and with the review of applications for entities wishing to become licensed as a captive (including Risk Retention Groups) in those domiciles. These engagements have involved many lines of insurance. We have reviewed projections of future loss, expense and premium; assessed needed levels of capital; reviewed financial ratios; commented upon loss reserve needs and Statements of Actuarial Opinion; reviewed reinsurance protection; and provided additional support concerning the prospective viability of proposed and existing captive insurance companies. We also have been retained by the North Carolina Department of Insurance to provide the actuarial review of a Form D filing submitted by a primary mortgage insurer seeking to change aspects of its business plan.

We have prepared hundreds of rate filings for submission to and approval by nearly every domicile in the United States. This experience gives us an understanding of all aspects of the filing process. Our rate filing engagements have included submissions for workers compensation, general liability, property, auto and other

property/casualty coverages. Among the companies we have assisted are: Electric Insurance Company (which provides insurance exclusively for General Electric); American Alternative Insurance Corporation (a subsidiary of American Reinsurance); two subsidiaries of General Re Corporation; Gerling America Insurance Company; and Leading Insurance Services, Inc. We have additionally been retained by the Missouri Department of Insurance in the past year to review two workers compensation residual market rate filings.

C. RELEVANT EXPERIENCE

The following presents a sample of Actuarial Solutions' relevant experience.

Missouri Department of Insurance, Financial Institutions and Professional Registration

Actuarial Solutions entered into a contract with the Missouri Department of Insurance, Financial Institutions and Professional Registration in early 2013 to provide actuarial services related to the review of insurance company product filings and other related matters. In the fall of 2014 we reviewed the proposed 1/1/14 Workers Compensation Residual Market filing on behalf of the Office of the Commissioner of Insurance (OCI). We are currently reviewing the 7/1/14 Workers Compensation Residual Market filing on behalf of the OCI; Steve Lattanzio will testify at the rate hearing upon conclusion of our review and preparation of our findings.

National Council on Compensation Insurance (NCCI)

NCCI has retained Actuarial Solutions numerous times to assist with the analysis of workers compensation loss cost and/or rate filings and attend rate hearings. From 1990 to 1995 (when the Kentucky assigned risk pool was legislated out of business by the introduction of a State Fund) Actuarial Solutions analyzed the Kentucky workers compensation residual market data, prepared workers compensation residual market rate filings (for both traumatic as well as coal occupational disease) and attended rate hearings to defend and explain the rate filings. Over an approximate three year period, Actuarial Solutions prepared the coal traumatic and occupational disease portion of the NCCI's Virginia loss cost filings and testified at the hearings regarding this analysis. In 2008 and 2012, NCCI retained Actuarial Solutions to do an independent analysis of its South Carolina loss cost filing and to attend the hearing. For the past 6 years, NCCI also retained Actuarial Solutions to independently analyze its Florida rate filing and to attend and testify at the rate hearing before Commissioner McCarty.

General Electric (Electric Insurance Company)

Since 1983, principals of Actuarial Solutions have prepared workers compensation rate filings for both the Electric Mutual Liability Insurance Company and the Electric Insurance Company (EIC), which provide insurance to General Electric, their sole commercial insured. Actuarial Solutions has also developed a countrywide retrospective rating plan for General Electric's workers compensation, general liability and commercial auto liability exposure, set up a large deductible program for use in conjunction with its workers compensation insurance in several states, and computed factors to adjust workers compensation premium from company to designated statistical reporting levels. Actuarial Solutions was additionally retained to project loss and expense reserves for management's use in establishing IBNR reserve levels for all property and casualty coverages. Actuarial Solutions provided such services until 2006 when in-house actuaries were retained to perform these assignments; we have consulted for EIC on an as-needed basis since that time.

North Carolina Department of Insurance

During 2010, Actuarial Solutions assisted the North Carolina Department of Insurance in evaluating the financial impact of a proposed major restructuring of an insurance group domiciled in North Carolina. Actuarial Solutions was tasked with evaluating the actuarial issues of this restructuring while Rector & Associates, Inc. was responsible for all non-actuarial issues. The scope of our services relating to this Form D filing review included the review of the company's actuarial reserve analysis, Statements of Actuarial Opinion, prospective loss and premium forecasts, proposed business plan and other relevant actuarial materials. A report was provided to the Department summarizing our findings and recommendations.

In early January 2013, Actuarial Solutions was accepted by the North Carolina Department of Insurance to be one of several actuarial consulting firms to assist the Department with 1) financial analysis, compliance and other related services; 2) examination services; and 3) professional staff training services.

Vermont Department of Financial Regulation

Since 2001, Actuarial Solutions has been approved by the Vermont Insurance Department to assist its financial examiners with actuarial issues relating to financial examinations of captives, including risk retention groups (RRGs). As part of the financial examination process, we have reviewed loss reserve analyses, Statements of Actuarial Opinion and financial statements prepared for captive insurance companies domiciled in Vermont. In this capacity, actuarial projections have been reviewed for numerous lines of coverage, including workers compensation, professional liability, various casualty coverages, property, financial lines and mortgage insurance. Additionally, Actuarial Solutions is one of the actuarial consulting firms approved by Vermont to review feasibility studies submitted to Vermont for companies wishing to become licensed as a Vermont captive insurance company.

Catholic Health Services of Long Island (CHSLI)

CHSLI is composed of five hospitals, two nursing homes and a number of other entities. Actuarial Solutions has provided services on a number of occasions to CHSLI by performing reviews to determine the financial stability of RRGs wishing to provide medical professional liability insurance to physicians employed by CHSLI. These reviews include, but are not limited to, an inspection of all relevant actuarial material, a review of policy forms and coverage provided, and commentary on financial ratios after a review of financial statements.

District of Columbia Department of Insurance, Securities and Banking

Since 2009, the District of Columbia has selected Actuarial Solutions to undertake the actuarial portion of financial examinations for twenty-two captive insurance companies (including risk retention groups) under review by the DISB. This involves a review of the actuarial report and Opinion prepared by the Company's actuary, as well as financial statements and other relevant documentation. Since the DISB's adoption of the NAIC's risk-focused examination procedures, we have expanded the scope and approach to our review to incorporate this broader-based review structure. We have assisted the examiners-in-charge with the actuarial aspects of all phases of a given examination.

Additionally, Actuarial Solutions has been retained on an as needed basis since 2005 by the District of Columbia to review actuarial feasibility studies submitted to the District for companies wishing to become licensed as a DC captive insurance company; this includes both initial licenses and redomestications. We review all aspects of the captive application and provide a summary of our review and recommendations to the District regulators.

H&R Block

H&R Block operates a captive insurance company domiciled in Bermuda; the captive provides workers compensation, general liability, property, errors and omissions and tax liability guarantee coverages to both H&R Block's corporate operations and its franchises. Annually, Actuarial Solutions analyzes the loss reserves for this captive and prepares a formal opinion letter to the Bermuda regulators regarding the adequacy of the reserves. Actuarial Solutions also provides interim reviews of H&R Block's liabilities, both those insured through its captive and those which are self-insured. Loss forecasts for the prospective fiscal period are also annually projected for each program.

Kentucky Workers' Compensation Funding Commission (KWCF)

Actuarial Solutions has been engaged by the KWCF to perform five of the last seven biennial evaluations of the workers compensation liabilities of the Special Fund, the Uninsured Employers' Fund (UEF) and the Coal Workers' Pneumoconiosis Fund (CWPF), as well as interim updates during 2012 and 2014 of our 2011 and 2013 full analyses. This project also involves the determination of: 1) the appropriate assessment rate on all workers compensation premium for the Special Fund (including the UEF); and 2) the assessment rates on coal workers compensation premium and on severed coal tonnage for the CWPF. The results are provided in a report to the KWCF for use in its mandated report to the General Assembly and in a presentation to the KWCF's

Board of Directors by Steve Lattanzio. In previous years, Steve has provided testimony to the Kentucky legislature. The liabilities for these funds have exceeded \$2 billion. This engagement requires an in-depth understanding of Kentucky statutory benefit provisions. In addition, benefit changes have been reviewed for their potential impact on the CWPF's liabilities.

Suffolk County, New York

Since 2004, Actuarial Solutions has annually derived the liabilities associated with Suffolk County's self-insurance program. This program includes the following coverages: workers compensation; general liability; commercial auto liability and physical damage; personal injury; medical malpractice; bus liability and property. We also project Suffolk County's annual budget for each of the next five prospective calendar years; this includes loss, defense and cost containment expense (DCCE) and other program operating expenses. Additionally, we allocate the budget to departments within Suffolk County.

Indiana University

Actuarial Solutions provided Indiana University with a study to determine the feasibility of its proposed captive. The lines of coverage reviewed include general liability, directors' and officers' liability, medical malpractice, auto and property. After the Captive was licensed, we have been retained annually to project ultimate loss and expense, review the Captive's needed reserve level and issue a Statement of Actuarial Opinion to be submitted to the Vermont regulators.

Minnesota Workers' Compensation Insurers Association (MWCI)

Actuarial Solutions provided the actuarial analysis that underlies the Minnesota Ratemaking Reports from its inception in 1990 through the January 1, 2014 Ratemaking Report. The reports contain the industry advisory loss costs provided to all insurers writing workers compensation in Minnesota. The annual premium for the Minnesota voluntary market was approximately \$1.5 billion.

D. ASSIGNED PROFESSIONALS

Steve Lattanzio, Kristine Fitzgerald and David Raikowski would be the individuals primarily responsible for the actuarial analysis requested by the OIC. Steve is a Fellow of the Casualty Actuarial Society (FCAS), a member of the American Academy of Actuaries (MAAA), a Fellow of the Conference of Consulting Actuaries (FCA) and President and Consulting Actuary of Actuarial Solutions. Kristine Fitzgerald and David Raikowski are Consulting Actuaries at Actuarial Solutions, and are Associates of the Casualty Actuarial Society (ACAS), with the MAAA designation. Work will be performed by or under the direction of Steve with the assistance of Kristine or David. Biographies for each of these individuals follow.

Steven P. Lattanzio, FCAS, MAAA, FCA, Principal

Steven Lattanzio has been a Fellow of the Casualty Actuarial Society since 1979, a Member of the American Academy of Actuaries since 1980 and a Fellow of the Conference of Consulting Actuaries since 1997. He holds degrees from Adelphi University and New York University.

Steve has served as President and Consulting Actuary of Actuarial Solutions since the company's inception in 1990 and has almost 40 years of property-casualty actuarial experience. Prior to his current position, he was Consulting Actuary and Manager of the New York office of Presley & Associates; Senior Vice President and Actuary for the Insurance Technical & Actuarial Consultants Corporation, an actuarial consulting subsidiary of the National Council on Compensation Insurance (NCCI); and Senior Vice President and Actuary at the NCCI.

Steve's experience includes reviews of reserve adequacy, the projection of ultimate loss and loss liability, formal Statements of Actuarial Opinion, the projection of funding levels, ratemaking, captive feasibility studies, financial examinations, the development of class rates, the production of rate filings and technical items related to workers compensation, projects relating to individual risk rating plans (this includes projects involving both experience rating plan and the retrospective rating plans).

In addition, Steve has been recognized by regulators in each state in which he has applied to be a loss reserve specialist. Steve has provided expert testimony on numerous occasions including bench and jury trials, hearings, arbitrations and mediations.

Kristine M. Fitzgerald, ACAS, MAAA, FCA

Kristine Fitzgerald is an Associate of the Casualty Actuarial Society, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. She graduated from Villanova University with a B.S. degree in Mathematics.

Kristine has been employed with Actuarial Solutions since 1993 and has extensive actuarial consulting experience in the area of property-casualty insurance. Her experience includes: projection of ultimate loss; analysis of reserve adequacy; preparation of Statements of Actuarial Opinion; financial examinations; preparation of feasibility studies; ratemaking; reinsurance analyses; FASB 113 risk transfer analysis; prospective funding levels; analysis of individual risk rating plans (including retrospective rating plans, experience rating plans and loss rating plans); workers compensation rate filing review; and litigation support. Clients range from small self-insureds to captives, insurance companies, reinsurers, large public sector clients and regulators. Such engagements include workers compensation, general liability, mortgage guaranty insurance, auto liability and physical damage, errors and omissions liability, property, directors and officers liability, patent infringement, employment practices liability and various excess liability coverages.

Kristine serves as a primary contact for many of Actuarial Solutions' clients. Kristine has participated in legal mediations; has presented actuarial concepts and results to various audiences, including client risk managers, auditors, regulators, finance departments and legislative bodies; and has testified in a jury trial. Kristine has the ability to explain complex actuarial concepts to both technical and non-technical audiences in a clear and understandable manner.

David Raikowski, ACAS, MAAA

Dave is an Associate of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. He has been employed with Actuarial Solutions since 2002. He graduated from Hofstra University with degrees in Mathematics and Psychology.

Dave has significant experience with a variety of property/casualty coverages including workers compensation, general liability, medical professional liability, auto liability and physical damage, mortgage guaranty insurance, construction defects and property. The clients with which he works include self-insureds, captives and public sector entities. He has substantial experience with loss reserve analyses, captive feasibility studies, risk transfer analyses, estimation of premium deficiency reserves, pricing, financial reviews and has also assisted in litigation support engagements on numerous occasions. Dave has considerable experience in the area of loss modeling, most notably in the area of pricing, through the use of statistical distributions and simulation techniques. Additionally, he has assisted with financial examination engagements.

E. APPROACH AND METHODOLOGY

A rate filing first seeks to project a proper overall level of rates, and then to produce a complete set of rates that are equitable from one class of business to the next. The rate filing itself is the product of numerous assumptions and decisions as well as an assessment of their reasonability. The review of a rate filing therefore involves the review of such assumptions and judgments and the determination of whether they are reasonable.

Typically, depending upon the line of coverage, there are two general approaches a filer might take in determining the overall rate level to be reflected in its filing: a reference filing to another insurer or rating body such as the NCCI or ISO; or a filing based upon its own historical experience. The following provides detail regarding the review of a medical malpractice filing, to illustrate the process which could be undertaken.

First, if the filer has limited loss experience, it may opt to make a reference filing, where the filer would base its loss costs upon the rate filing of another insurer (insurer x) in that state. General operating expenses for the insurer can usually be identified in its filing and be removed from the base rate, leaving expected loss and loss adjustment expense. The expense needs (both variable and fixed) of the filer can then be reflected to produce the filer's base rate.

A review of such a filing approach would warrant a series of questions and investigations:

- Why does the filer feel that insurer x's base loss cost is appropriate for its book of business?
- Have insurer x's expenses been appropriately removed? Have the filer's expenses been appropriately reflected?
- Have the filer's rates for all other classes of business been generated based on the relativities in insurer x's filing?
- Are the rating programs that the filer intends to use consistent with the rating programs reflected in insurer x's base rate?

Second, the filer may, with sufficient loss experience, choose to project the base class loss cost by reviewing its own loss experience. Such an approach might generate the following questions:

- How many years of the filer's loss experience have been reflected? Why were these years selected? How are these years weighted in determining with a selected loss cost?
- How were exposures for different classes of physicians adjusted to the level of the base class?
- What are the sources for the loss development and trend factors? Are these based on the filer's experience? Are the loss development factors and trend factors applied correctly? Are the factors reasonable?
- In determining the base loss cost, has the filer's experience been given 100% credibility or has a lower credibility value been applied? What is the justification for the credibility factor reflected? If less than 100% credibility is utilized, to what is the complement of credibility applied?
- Are the expense provisions to be reflected in the rates appropriate for the filer and have they been properly included?

- What profit and contingencies provision is reflected and what is its justification?
- Are the proposed increased limits factors reasonable? Are the proposed claims-made factors reasonable?
- Have the rating programs been properly reflected in the proposed rates?
- What is the basis for the class relativities reflected in the filer's rates?

For other lines of business, we would undertake a similar process, with the questions geared toward the attributes of the given coverage. For example, for workers compensation, an insurer may choose to adopt NCCI loss costs, with or without deviation, and file a loss cost multiplier (LCM). A review of the rate deviation would incorporate an assessment of the Company's loss experience as compared to the industry; a review of the LCM would involve an analysis of the insurer's expenses as well as how the applicable taxes, fees and assessments have been incorporated. In a full independent filing, a review would include the elements that comprise the frequency, severity and ultimately, the indicated loss ratio: loss, claim and premium development; trend; benefit and premium on-level factors; and expenses.

Actuarial Solutions would seek to understand the pertinent facts of the situation for each company and would read through the filing material provided to determine any questions we may have of the information/analysis under review. Actuarial Solutions would then perform a more detailed evaluation of the material to be reviewed with special attention to the soundness of the assumptions, methodologies and judgments reflected in the analysis, in keeping with the scope defined by the OIC.

If a rate filing that is being reviewed by Actuarial Solutions raises issues, Actuarial Solutions will discuss such issues and their possible resolution with the OIC. The form of the discussion (verbal, written, verbal followed by written) will be decided upon by the OIC.

The OIC requires a written document conveying our findings for each rate filing reviewed. Actuarial Solutions will prepare such a report and will gear it for the technical level of the audience for which it is intended. The report will be thorough, clear and will contain an Executive Summary. All reports would be initially provided in draft form, to be finalized after review by and discussion with the OIC.

As requested, Actuarial Solutions would prepare a manual of rate review guidelines for the OIC staff. The pertinent steps of the rate review process will be outlined, with appropriate detail added specific to each line of coverage, as applicable. The manual would include an overall checklist as well as a description of the relevant components of the review.

Steve Lattanzio would be available to testify, as required, before judicial, legislative and executive bodies. Steve has testified at many public rate hearings; prior hearings have sometimes involved a dozen people or less, while others have been filmed for closed circuit TV. Since 2008, Steve Lattanzio has reviewed the NCCI's workers

compensation rate filings for Florida commercial insurers and testified before a panel including the Insurance Department's workers compensation actuary and Commissioner McCarty. These hearing have been televised within the state and may be available to the OIC for its review to gauge the quality of Steve Lattanzio's presentation at such a hearing. Steve also recently testified at a rate hearing before the Missouri Department of Insurance, Financial Institutions and Professional Registration regarding Actuarial Solutions' review of a workers compensation residual market filing.

F. CHARACTERISTICS THAT DIFFERENTIATE ACTUARIAL SOLUTIONS

We believe there are several advantages to the OIC if Actuarial Solutions is selected to provide actuarial services.

- a. Actuarial Solutions has considerable previous experience with rate filings, both in their creation and their review.
- b. Steven Lattanzio, a founding partner of Actuarial Solutions, worked at the NCCI, as well as at what began as a workers compensation-only consulting branch of the NCCI, prior to founding our company. As a result of this experience, Actuarial Solutions has vast and extensive knowledge of all aspects of workers compensation insurance.
- c. With a full-time actuarial staff which includes three credentialed actuaries and three actuarial analysts, Actuarial Solutions offers clear advantages over a single practitioner actuarial firm and offices of large, national firms. In particular, we are sufficiently staffed so that a consultant familiar with the project would always be available to discuss all aspects of the analysis with representatives of the OIC. Further, we are able to maintain a system of peer review which helps ensure the actuarial integrity of our work. However, we believe Actuarial Solutions is also small enough to provide exceptionally personalized service.
- d. Ability to communicate technical issues to both people with an actuarial background as well as individuals who are less familiar with actuarial terms and concepts.
- e. Actuarial Solutions' reports contain an Executive Summary for those looking for an overview or those who are not technically oriented. For those who seek a more detailed appreciation of the analysis, we also provide a full report which includes supporting appendices and exhibits, each with a complete set of footnotes so that the source of figures will always be clear.
- f. Actuarial Solutions is able and willing to meet as needed with the OIC via teleconference or online through video conferencing.

We believe our expertise will allow us to provide excellent actuarial consulting services to the OIC.

G. REFERENCES

Joan W. Dutill, Manager
Missouri Department of Insurance,
Financial Institutions and Professional Registration
Property & Casualty Section
Division of Market Regulation
301 West High Street, Room 530
P.O. Box 690
Jefferson City, Missouri 65102-0690
573-751-1947

Mike Crasnick, Vice President Commercial Lines
Electric Insurance Company
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75 Sam Fonzo Drive
Beverly, MA 01915
978-524-5168

Lori Lovgren, State Relations Executive
National Council on Compensation Insurance (NCCI)
901 Peninsula Corporate Circle
Boca Raton, FL 33487
561-893-3337

Bill Riggs, Executive Director
Kentucky Workers' Compensation Funding Commission (KWCFC)
42 Millcreek Park
P.O. Box 1128
Frankfort, KY 40602
502-782-1713

Ethan Harrington, Manager of Insurance and Financial Risk Management
H&R Block
One H&R Block Way
Kansas City, MO 64105
816-854-4205

H. MISCELLANEOUS

1. *Contract Manager:*

Contract Manager:	<u>Steven P. Lattanzio, FCAS, MAAA, FCA</u>
Telephone Number:	<u>(631) 471-8655 x11</u>
Fax Number:	<u>(631) 471-9404</u>
Email Address:	<u>slattanzio@actuarialsolutions.com</u>

2. *Forms and Attachments*

In addition to the required forms, we have also included at the end of this proposal proof of workers compensation insurance, as well as actuarial certifications for Steve Lattanzio, Kristine Fitzgerald and David Raikowski.

3. *Registered to do Business*

Actuarial Solutions is registered to conduct business within the state of West Virginia.

4. *Conflict of Interest*

Actuarial Solutions is not aware of any conflict of interest with any carrier writing property and casualty insurance products in West Virginia.

ATTACHMENT A
INS14020 - PRICING PAGE

ITEM #	DESCRIPTION	Rate per Hour
1	Actuarial Rate Review of Property and Casualty Product Filings and Consulting Services	\$225.00
LOWEST FIXED RATE PER HOUR		

Award will be made to the responsible Vendor with the lowest fixed rate per hour meeting specifications.

Actuarial & Technical Solutions, Inc.

VENDOR NAME: _____

VENDOR ADDRESS: 3900 Veterans Memorial Highway, Suite 300

Bohemia, NY 11716

VENDOR TELEPHONE: (631) 471-8655 FAX: (631) 471-9404

VENDOR EMAIL: slattanzio@actuarialsolutions.com

REMIT TO ADDRESS: SAME AS ABOVE

SIGNATURE: Steven P. Lattanzio

DATE: June 11, 2014

CERTIFICATION AND SIGNATURE PAGE

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

Actuarial & Technical Solutions, Inc.

(Company)

Steven P. Lattanzio
(Authorized Signature)

Steven P. Lattanzio, President & Consulting Actuary

(Representative Name, Title)

(631) 471-8655 x11

(631) 471-9404

(Phone Number)

(Fax Number)

June 11, 2014
(Date)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: INS14020

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

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

Addendum Numbers Received:

(Check the box next to each addendum received)

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

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

Actuarial & Technical Solutions, Inc.

Company

Steven P. Lattagis

Authorized Signature

June 11, 2014

Date

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

RFQ No. INS14020STATE OF WEST VIRGINIA
Purchasing Division**PURCHASING AFFIDAVIT**

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

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

DEFINITIONS:

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

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

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

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

WITNESS THE FOLLOWING SIGNATURE:Vendor's Name: Actuarial + Technical Solutions, Inc. (Steven Lattanzio)Authorized Signature: Steven Lattanzio Date: 6/11/14State of New YorkCounty of Suffolk, to-wit:Taken, subscribed, and sworn to before me this 11 day of June, 2014.My Commission expires 8/31, 2014.

AFFIX SEAL HERE

NOTARY PUBLIC

DONNA G. REILLY
Notary Public, State of New York
No. 01RE4634159
Qualified in Suffolk County
Commission Expires Aug. 31, 2014


Purchasing Affidavit (Revised 07/01/2012)

STATE OF NEW YORK - WORKERS' COMPENSATION BOARD
ESTADO DE NUEVA YORK - JUNTA DE COMPENSACION OBRERA
NOTICE OF COMPLIANCE

www.wcb.state.ny.us 27644
 Statewide Fax Line: 877-533-0337

AVISO DE CUMPLIMIENTO

TO EMPLOYEES

IMPORTANT INFORMATION FOR EMPLOYEES WHO ARE INJURED OR SUFFER AN OCCUPATIONAL DISEASE WHILE WORKING.

1. By posting this notice and information concerning your rights as an injured worker, your employer is in compliance with the Workers' Compensation Law.
2. If you do not notify your employer within 30 days of the date of your injury your claim may be disallowed, so do so immediately.
3. You are entitled to obtain any necessary medical treatment and should do so immediately.
4. You may choose any doctor, podiatrist, chiropractor or psychologist referred by a medical doctor that accepts NY State Workers' Compensation patients and is Board authorized. However, if your employer is involved in a certified preferred provider organization (PPO) you must first be treated by a provider chosen by your employer and your employer must give you a written statement of your rights concerning further medical care.
5. You should tell your doctor to file copies of medical reports concerning your claim with the Workers' Compensation Board and with your employer's insurance company, which is indicated at the bottom of this form.
6. You may be entitled to lost time benefits if your work-related injury keeps you from work for more than seven days, compels you to work at lower wages or results in permanent disability to any part of your body. You may be entitled to rehabilitation services if you need help returning to work.
7. You should not pay any medical providers directly. They should send their bills to your employer's insurance carrier. If there is a dispute, the provider must wait until the Board makes a decision before it attempts to collect payment from you. If you do not pursue your claim or the Board rules that your injury is not work-related, you may be responsible for the payment of the bills.
8. You are entitled to be represented by an attorney or licensed representative, but it is not required. If you do hire a representative do not pay him/her directly. Any fee will be set by the Board and will be deducted from your award.
9. If you have difficulty in obtaining a claim form or need help in filling it out, or if you have any other questions or problems about a job-related injury, contact any office of the Workers' Compensation Board.

WORKERS' COMPENSATION BOARD OFFICES

Albany, 12241 - 100 Broadway-Menands - (866) 750-5157
 Brooklyn, 11201 - 111 Livingston St. - Brooklyn - (800) 877-1373
 Binghamton, 13901 - State Office Bldg.-44 Hawley St.- (866) 802-3604
 Buffalo, 14202 - 369 Franklin Street - (866) 211-0645
 *Hauppauge, 11788 - 220 Rabro Drive - Suite 100 - (866) 681-5354
 *Hempstead, 11550 - 175 Fulton Avenue - (866) 805-3630
 New York, 10027 - 215 W.125th St. - Manhattan - (800) 877-1373
 *Peekskill, 10566 - 41 North Division St. - (866) 746-0552
 *Queens, 11432 - 168-46 91st Ave. - Jamaica (800) 877-1373
 Rochester, 14614 - 130 Main Street West - (866) 211-0644
 Syracuse, 13203 - 935 James St. - (866) 802-3730

DOWNSTATE MAIL ADDRESS

Claims-related mail for the Hauppauge, Hempstead, Peekskill and all NYC offices should be mailed to:

PO Box 5205 Binghamton, NY 13902-5205

A EMPLEADOS

INFORMACION IMPORTANTE PARA EMPLEADOS QUE SEAN LESIONADOS O SUFRAN UNA ENFERMEDAD OCUPACIONAL MIENTRAS TRABAJAN.

1. Su patrono está cumpliendo la Ley de Compensación Obrera cuando despliega este comunicado concerniente a sus derechos como trabajador lesionado.
2. Si usted no notifica a su patrono dentro del término de 30 días de haber sufrido su lesión su reclamación podría ser desestimada, por eso notifique inmediatamente.
3. Usted tiene derecho a recibir cualquier tratamiento médico necesario relacionado con su lesión y debe gestionarlo inmediatamente.
4. Para el tratamiento de cualquier lesión o enfermedad relacionada con el trabajo, usted puede escoger cualquier médico, podiatra, quiroprático o psicólogo (si es referido por un médico autorizado) que esté autorizado y acepte pacientes de la Junta de Compensación Obrera. Sin embargo, si su patrono está autorizado a participar una organización certificada de proveedores preferidos (PPO) usted deberá obtener tratamiento inicial para cualquier lesión o enfermedad relacionada con el trabajo de la correspondiente entidad. Patronos que participen en cualquier de estos programas establecidos por ley están obligados a proveer a sus empleados notificación escrita explicando sus derechos y obligaciones bajo el programa a que esté acogido.
5. Usted deberá requerir de su Médico que radique copias de los informes médicos de su caso en la Junta de Compensación Obrera y en la compañía de seguros de su patrono, que se indica al final de esta forma.
6. Usted tiene derecho a compensación si su lesión relacionada con el trabajo le impide trabajar por más de siete días, le obliga a trabajar a sueldo más bajo o resulta en incapacidad permanente de cualquier parte de su cuerpo. Usted puede tener derecho a servicios de rehabilitación si necesita ayuda para regresar al trabajo.
7. No pague a ningún proveedor médico directamente por tratamiento de su lesión o enfermedad relacionada con el trabajo. Ellos deben enviar sus facturas al asegurador de su patrono. Si el caso es cuestionado, el proveedor deberá esperar hasta que la Junta decida el caso, antes de iniciar gestión de cobro alguna contra usted. Si usted no tramita su caso o la Junta falla que su lesión o enfermedad no está relacionada con el trabajo, usted podría ser responsable del pago de las facturas.
8. No es obligatorio el estar representado en ninguno de los procedimientos de la Junta, pero es un derecho que usted tiene, el estar representado por abogado o por representante licenciado si usted así lo desea. Si es representado, no pague al abogado o al representante licenciado. Cuando la Junta decida su caso, los honorarios serán determinados por la Junta y descontados de sus beneficios.
9. Si tiene dificultad en conseguir un formulario de reclamación o necesita ayuda para llenarlo o tiene dudas sobre cualquier situación relacionada con una lesión o enfermedad comuníquese con la oficina mas cercana de la Junta.



Robert E. Beloten
 Chair (Presidente)

Workers' Compensation Benefits, when due, will be paid by

(Los beneficios de Compensacion Obrera, cuandos debidos, seran pagados por):

THE STATE INSURANCE FUND

199 Church Street, New York, N. Y. 10007
 (212) 312-9000

Effective From 4/01/2013 To cancellation
 (En Vigor Desde) (Hasta cancellation)

Policy No. I 969 384-7
 (Poliza No.)

Name of employer (Nombre de patrono)

ACTUARIAL & TECHNICAL SOLUTIONS INC
3900 VETERANS HIGHWAY
SUITE 300
BOHEMIA NY 11716

**THIS NOTICE MUST BE POSTED CONSPICUOUSLY
 IN AND ABOUT THE EMPLOYER'S PLACE OR
 PLACES OF BUSINESS.**

Failure by an employer to post this notice in and about the employer's place or places of business may result in a \$250 penalty for each violation.

C-105 (08-2009)

S. I. F. U-30
 U30SIF/SN

PRESCRIBED BY CHAIR
 WORKERS' COMPENSATION BOARD
 STATE OF NEW YORK

www.wcb.state.ny.us

CASUALTY · ACTUARIAL · SOCIETY

· ORGANIZED · 1914 ·

DEVOTED · TO · THE · PROMOTION · OF · ACTUARIAL · AND · STATISTICAL · SCIENCE
AS · APPLIED · TO · THE · PROBLEMS · OF · INSURANCE · OTHER · THAN · LIFE

· THIS · CERTIFIES ·
· THAT ·

Steven · Paul · Lattanzio

HAVING · SATISFIED · THE · REQUIREMENTS · PRESCRIBED · BY
THE · CONSTITUTION · OF · THE · SOCIETY · WAS · ON · THE
fifteenth · DAY · OF · November
NINETEEN · HUNDRED · AND · *seventy-nine*

ADMITTED · AS · A

FELLOW · OF · THE · CASUALTY · ACTUARIAL · SOCIETY

BY · AUTHORITY · OF · THE · BOARD · OF · DIRECTORS

Ruth E. Salzman
PRESIDENT

David P. Lynn
SECRETARY

NEW · YORK · November · 15 · 1979

AMERICAN ACADEMY OF ACTUARIES

THIS IS TO CERTIFY THAT

Steven P. Lattanzio

HAVING MET THE EDUCATION AND EXPERIENCE REQUIREMENTS
FOR ADMISSION IS HEREBY ENROLLED AS A

MEMBER OF THE AMERICAN ACADEMY OF ACTUARIES

IN WITNESS WHEREOF THIS CERTIFICATE HAS BEEN ISSUED UNDER THE SEAL
OF THE AMERICAN ACADEMY OF ACTUARIES AS OF MAY 23, 1980.



Ronald L. Bon Luet

PRESIDENT

Charles B. H. Watson

SECRETARY

AMERICAN ACADEMY OF ACTUARIES

This is to certify that

Kristine Marie Fitzgerald

*having met the education and experience requirements
for admission is hereby enrolled as a*

MEMBER OF THE AMERICAN ACADEMY OF ACTUARIES

*in witness whereof this certificate has been issued
under the seal of the
American Academy of Actuaries*

September 30, 2002



PRESIDENT





SECRETARY/TREASURER

AMERICAN ACADEMY *of* ACTUARIES

This is to certify that

David Kenneth Raikowski

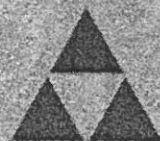
*having met the education and experience requirements
for admission is hereby enrolled* as a*

MEMBER OF THE AMERICAN ACADEMY *of* ACTUARIES

*in witness whereof this certificate has been issued
under the seal of the
American Academy of Actuaries*

September 30, 2011


PRESIDENT



AMERICAN ACADEMY
of ACTUARIES


SECRETARY

*Continued enrollment requires continuing annual membership in the Academy.