



West Virginia Purchasing Division

2019 Washington Street, East
Charleston, WV 25305
Telephone: 304-558-2306
General Fax: 304-558-6026
Bid Fax: 304-558-3970

The following documentation is an electronically-submitted vendor response to an advertised solicitation from the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal at ***wvOASIS.gov***. As part of the State of West Virginia's procurement process, and to maintain the transparency of the bid-opening process, this documentation submitted online is publicly posted by the West Virginia Purchasing Division at ***WVPurchasing.gov*** with any other vendor responses to this solicitation submitted to the Purchasing Division in hard copy format.

Header 1

List View

General Information | [Contact](#) | [Default Values](#) | [Discount](#) | [Document Information](#)

Procurement Folder: 254226

SO Doc Code: CRFQ

Procurement Type: Central Master Agreement

SO Dept: 0704

Vendor ID: VS0000011142

SO Doc ID: INS1700000002

Legal Name: Actuarial & Technical Solutions Inc

Published Date: 10/14/16

Alias/DBA:

Close Date: 10/27/16

Total Bid: \$0.00

Close Time: 13:30

Response Date: 10/27/2016

Status: Closed

Response Time: 11:34

Solicitation Description: Addendum No. 1 - Actuarial Rate & Review

Total of Header Attachments: 1

Total of All Attachments: 1



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

**State of West Virginia
 Solicitation Response**

Proc Folder : 254226
Solicitation Description : Addendum No. 1 - Actuarial Rate & Review
Proc Type : Central Master Agreement

Date issued	Solicitation Closes	Solicitation Response	Version
	2016-10-27 13:30:00	SR 0704 ESR10271600000001868	1

VENDOR
VS0000011142 Actuarial & Technical Solutions Inc

Solicitation Number: CRFQ 0704 INS1700000002

Total Bid : \$0.00 **Response Date:** 2016-10-27 **Response Time:** 11:34:42

Comments:

FOR INFORMATION CONTACT THE BUYER
 Michelle L Childers
 (304) 558-2063
 michelle.l.childers@wv.gov

Signature on File	FEIN #	DATE
--------------------------	---------------	-------------

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

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Actuarial consulting services	0.00000	HOUR	\$175.000000	\$0.00

Comm Code	Manufacturer	Specification	Model #
80101512			

Extended Description :	Actuarial consulting services
-------------------------------	-------------------------------

Comments: see pricing sheet and proposal for hourly rates and deadlines

Proposal to Provide
Actuarial Rate Review to
The West Virginia Offices of the Insurance Commissioner

October 2016

Solicitation Number: CRFQ 0704 INS 1700000002

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

Contact: Steven P. Lattanzio, FCAS, MAAA, FCA
Telephone: (631) 471-8655
Fax: (631) 471-9404
Email: slattanzio@actuarialsolutions.com

**PROPOSAL TO PROVIDE
ACTUARIAL RATE REVIEW TO
THE 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.....	9
E. APPROACH AND METHODOLOGY.....	11
F. CHARACTERISTICS THAT DIFFERENTIATE ACTUARIAL SOLUTIONS.....	14
G. REFERENCES.....	15
H. MISCELLANEOUS.....	16

Forms/Attachments:

- Pricing Page (Exhibit A)
- RFQ Cover Page (WV-PRC-CRFQ-001)
- Purchasing Affidavit
- Certification and Signature Page (including Designated Contact)
- Addendum Acknowledgement Form
- FCAS and MAAA certifications

**PROPOSAL TO PROVIDE
ACTUARIAL RATE REVIEW TO
THE 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 actuarial rate review services. The OIC seeks an open end contract for actuarial rate review of property and casualty related product filings and consulting services. Actuarial Solutions wishes to be considered to perform the requested actuarial services.

We understand the initial contract is for a term of one-year; subsequent renewals are limited to three (3) successive one-year periods.

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 four 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 our clients. While we have worked for many small and medium-sized companies, we have also provided actuarial consulting services to large, more recognizable organizations. 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 a joint 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. We have been engaged by the Kentucky Workers Compensation Funding Commission on numerous occasions to estimate the liabilities and calculate the assessment needs for three funds for which the KWCFE 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, 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. More recently, we have been engaged by the Missouri Department of Insurance to review the four most recent rate filings submitted by its workers compensation residual market carrier, review the two most recent NCCI workers compensation loss cost filings, and participate in the review of a potential merger of medical professional liability carriers.

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.

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 subsequently reviewed the 7/1/14, 7/1/15 and 7/1/16 Workers Compensation Residual Market filings on behalf of the OCI; Steve Lattanzio testified at the 7/1/14 rate hearing upon conclusion of our review and preparation of our findings.

In 2015, Actuarial Solutions was selected to review the NCCI's 1/1/16 workers compensation advisory loss cost filing. We analyzed this filing and provide a written report to the Missouri Insurance Department summarizing our observations and conclusions. We are currently reviewing the 1/1/17 NCCI Missouri filing.

In early 2016, we were awarded a contract to perform actuarial reviews of specific property/casualty insurance companies. We have since been engaged to provide actuarial assistance on four financial examinations. Three of these related to traditional insurance companies and one is for a risk retention group. All four companies write only medical malpractice coverage; independent liability projections were prepared for one such insurer. We were also engaged to provide actuarial support concerning a proposed merger.

National Council on Compensation Insurance (NCCI)

The 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 associated hearing. For the past 8 years, the NCCI has retained Actuarial Solutions to independently analyze its Florida rate filing, and Steve Lattanzio has attended and testified at rate hearings before the Commissioner.

Most recently in Florida, Steve was asked to review the NCCI's proposed rate increase as a result of two significant Florida Supreme Court decisions and provide expert testimony.

General Electric (Electric Insurance Company)

Beginning in 1983, principals of Actuarial Solutions prepared workers compensation and general liability rate filings for both the Electric Mutual Liability Insurance Company and the Electric Insurance Company, which provide insurance to General Electric, their sole commercial insured. Actuarial Solutions has also developed countrywide retrospective rating plans for General Electric's workers compensation, general liability and 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. Beginning in 2003, Actuarial Solutions was retained to project loss and expense reserves for management's use in establishing IBNR reserve levels; this analysis includes projections for workers compensation, general liability, commercial auto liability, auto physical damage, excess general liability,

and several personal lines. In late 2005, EIC retained in-house actuaries to take responsibility for these tasks; Actuarial Solutions has provided consulting services 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.

Since 2013, Actuarial Solutions has been 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. We were also awarded a contract in May 2015 to assist the Department with market regulation examination services.

Minnesota Workers' Compensation Insurers Association (MWCIA)

Actuarial Solutions provided the actuarial analysis that underlies the Minnesota Ratemaking Reports from its inception in 1990 through the January 1, 2014 Ratemaking Report. Since 1986, Steven Lattanzio provided actuarial consulting services in connection with the preparation of the report, which contains the industry advisory loss costs provided to all insurers writing workers compensation in Minnesota. Actuarial Solutions had the responsibility for the actuarial analysis to determine the needed change in the overall level of loss costs and to make a recommendation to the Actuarial Committee. This includes derivation of ultimate costs by experience period and the undertaking of retrospective testing to identify the best indicated rating approach. We also developed excess loss pure premium factors and a unique class ratemaking formula for use in Minnesota. Actuarial Solutions was engaged to evaluate the impact of numerous statutory changes in the benefits provided to injured workers in Minnesota. The annual premium for the Minnesota voluntary market was approximately \$1.5 billion.

Vermont Department of Financial Regulation (DFR)

Since 2001, Actuarial Solutions has been approved by the Vermont DFR 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 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 were 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. A written report was also provided to CHSLI for each RRG reviewed.

District of Columbia Department of Insurance, Securities and Banking (DISB)

Since 2009, the District of Columbia has selected Actuarial Solutions to undertake the actuarial portion of financial examinations for 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 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, which was originally domiciled in Bermuda and has recently redomesticated to Missouri. 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 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 (KWCFC)

Actuarial Solutions has been engaged by the KWCFC to perform six of the last eight biennial evaluations (2001, 2003, 2005, 2009, 2011, 2013, 2015) 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, 2014 and 2016 of our respective full analyses. This project 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 KWCFC for use in its mandated report to the General Assembly and in a presentation to the KWCFC's Board of Directors. In order to determine an assessment rate, the loss liability must first be estimated, the liabilities for these funds exceed \$2 billion. This engagement requires an in-depth understanding of Kentucky statutory benefit provisions. In addition, benefit changes and court findings have been reviewed for their potential impact on the CWPF's liabilities.

Michigan Department of Insurance and Financial Services (DIFS)

Since 2014, Actuarial Solutions has been under contract with the State of Michigan DIFS, prequalifying us to perform the actuarial portion of captive and traditional insurance company financial examinations. To date, we have been engaged to participate on the financial examination of one captive insurance company and two traditional insurance groups performed by DIFS.

Connecticut Insurance Department

Since June 2013 Actuarial Solutions has been under contract with the Connecticut Insurance Department to assist with financial examinations of both traditional insurance companies and captive insurers. For each exam on which we are requested to provide actuarial support, we review all actuarial elements and related materials, participating in each of phase of the risk-focused process.

Suffolk County, New York

Actuarial Solutions has annually derived the liabilities associated with Suffolk County's self-insurance program since 2004. 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, (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.

D. ASSIGNED PROFESSIONALS

Steven Lattanzio and Kristine Fitzgerald would be the individuals primarily responsible for providing the OIC with the requested actuarial services. Steve is a Fellow of the Casualty Actuarial Society (FCAS), Member of the American Academy of Actuaries (MAAA), Fellow of the Conference of Consulting Actuaries (FCA) and President of Actuarial Solutions. Kristine is an Associate of the Casualty Actuarial Society (ACAS), MAAA and FCA. David Raikowski, an ACAS and MAAA, would also be available to assist should the need arise.

All work would be performed by or under the direction of Steve with Kristine and/or Dave serving in a peer review capacity. Additional actuarial staff would be utilized where effective. Biographies for each of Steve Lattanzio, Kristine Fitzgerald and David Raikowski 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. Steve holds a Bachelor of Science degree from New York University in Operations Research and a Bachelor of Arts degree from Adelphi University in Physics.

Steve has served as President and Consulting Actuary of Actuarial Solutions since the company's inception in 1990 and has over 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; and Senior Vice President and Actuary at NCCI.

Steve's experience includes the projection of ultimate loss, reviews of reserve adequacy, captive feasibility studies, financial examinations, analysis of expense needs, development of rates, creation and review of individual risk rating plans (retrospective and experience rating), evaluation of whether an entity can afford a dividend, and the production of rate filings and technical items related to workers compensation. In addition, Steve has been recognized by regulators in each domicile in which he has applied as 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, Consulting Actuary

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 Bachelor of Science degree in Mathematics.

Kristine has been employed with Actuarial Solutions since 1993 and has extensive property-casualty actuarial consulting experience. Her experience includes: projection of ultimate loss; analysis of reserve adequacy;

preparation of Statements of Actuarial Opinion; financial examinations; 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); and litigation support. Clients range from small self-insureds to captives, insurance companies, reinsurers, large public sector clients to regulators. Such engagements include workers compensation, general liability, mortgage guaranty insurance, auto liability and physical damage, professional liability, property, 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 and at a regulatory hearing. 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, Consulting Actuary

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 bachelor 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 insurance companies, self-insureds, captives and public sector entities. He has substantial experience with loss reserve analyses, pricing, captive feasibility studies, risk transfer analyses, estimation of premium deficiency reserves and has also assisted in litigation support and financial examination engagements on numerous occasions. Further, 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.

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. The review of a rate filing therefore involves the review of such assumptions and judgments and the assessment 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; such elements could include: 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. As part of our analysis, we will provide interrogatories to, and engage in other dialogue with, the company regarding their filing and any data they may provide for our examination. 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 raises issues, Actuarial Solutions will discuss such issues and their possible resolution with the OIC. We will also be in communication with the OIC regarding the progress of the review. 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 conveying our findings for each rate filing reviewed and will address it for the technical level of the audience for which it is intended. Our report will include comments, where appropriate, regarding the data, methods and assumptions employed by the insurance company, and the extent to which the resulting rates are both actuarially sound and meet applicable requirements of law. Supporting exhibits will be included to the extent necessary to demonstrate our findings. All reports will be provided initially 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 or Kristine Fitzgerald would be available to testify, as required, before judicial, legislative and executive bodies. Steve has testified at numerous public rate hearings; 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. 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 testified at a 2014 rate hearing before the Missouri Department of Insurance, Financial Institutions and Professional Registration regarding Actuarial Solutions' review of a workers compensation residual market filing. Kristine Fitzgerald has testified at a jury trial and for a hearing officer in a potential insurance company acquisition matter.

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 four 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 is able and willing to meet as needed with the OIC via teleconference or video conferencing.

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

G. REFERENCES

The following individuals can provide an evaluation of the work performed by Actuarial Solutions' consultants.

National Council on Compensation Insurance (NCCI)

Lori Lovgren, Division Executive, State Relations
901 Peninsula Corporate Circle
Boca Raton, FL 33487
561-893-3337

Missouri Department of Insurance, Financial Institutions & Professional Registration

Julie Lederer, FCAS, MAAA, Property & Casualty Actuary
301 West High Street
Jefferson City, MO 65102
573-751-1265

Kentucky Workers' Compensation Funding Commission (KWFC)

Reuben Jones, Executive Director
42 Millcreek Park
P.O. Box 1128
Frankfort, KY 40602
502-782-1713

Electric Insurance Company (General Electric)

Mike Crasnick, Retired
75 Sam Fonzo Drive
Beverly, MA 01915
978-460-1394

H&R Block

Ethan Harrington, Manager of Insurance and Financial Risk Management
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 the actuarial certifications for Steve Lattanzio, Kristine Fitzgerald and David Raikowski.

We have however, not included Form WV-10 (Vendor Preference Certificate) as Actuarial Solutions does not have any offices or employees located in West Virginia.

3. *Registered to do Business*

Actuarial Solutions is registered with the Secretary of State's office and the tax department to conduct business within the state of West Virginia; Actuarial Solutions is also registered with the West Virginia Purchasing Division.

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.

5. *Insurance Requirement*

Actuarial Solutions understands that proof of insurance will be required prior to the awarding of the contract, including workers compensation insurance.

Exhibit A
Pricing Page

West Virginia Insurance Commission					
Actuarial Rate Review					
Item	Description	Unit of Measure	Cost per Unit	Estimated Quantity	Extended Cost
1	Actuarial Rate Review of Property and Casualty Product Filings and Consulting Services	Per Hour	175.00	400	70000.00
				TOTAL BID AMOUNT	70,000.00

Vendor Information:

Name: Actuarial Solutions

Address: 3900 Veterans Memorial Highway, Suite 300

Bohemia, New York 11716

Phone# : 631-471-8655

Email Address: slattanzio@actuarialsolutions.com

Authorized Signature: 

** Estimated quantities are for bidding purposes only, more or less may be purchased by the agency.



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

State of West Virginia
 Request for Quotation
 10 – Consulting

Proc Folder: 254226

Doc Description: Addendum No. 1 - Actuarial Rate & Review

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2016-10-14	2016-10-27 13:30:00	CRFQ 0704 INS1700000002	2

BID RECEIVING LOCATION

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

VENDOR

Vendor Name, Address and Telephone Number:

Actuarial & Technical Solutions, Inc.
 3900 Veterans Memorial Highway, Suite 300
 Bohemia, New York 11716
 (631) 471-8655

FOR INFORMATION CONTACT THE BUYER

Michelle L Childers
 (304) 558-2063
 michelle.l.childers@wv.gov

Signature X

FEIN # 13-3539401

DATE 10/18/16

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

ADDITIONAL INFORMATION:

The West Virginia Purchasing Division is soliciting bids on behalf of The West Virginia Offices of the Insurance Commissioner (OIC) to establish an open end contract for actuarial rate review of property and casualty related product filings and consulting services. Property and casualty product filings include, but not limited to, marine, surety, homeowners, liability, medical malpractice, workers compensation, product liability, personal auto, commercial auto, credit and title insurance. The firm may provide other management consulting services for the OIC. The 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 will be under the direction of the Insurance Commissioner or his designee. Written reports and findings must be submitted 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/ analysis of property and casualty products for the OIC.

INVOICE TO		SHIP TO	
ACCOUNTS PAYABLE MANAGER OFFICES OF THE INSURANCE COMMISSIONER PO BOX 50540 CHARLESTON WV25305-0540 US		OFFICES OF THE INSURANCE COMMISSIONER 900 PENNSYLVANIA AVE CHARLESTON WV 25302 US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Actuarial consulting services	0.00000	HOURLY		

Comm Code	Manufacturer	Specification	Model #
80101512			

Extended Description :
 Actuarial consulting services

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

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

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

DEFINITIONS:

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

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

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

Authorized Signature: Steven Lattanzi Date: 10/18/2016

State of New York

County of Suffolk, to-wit:

Taken, subscribed, and sworn to before me this 12 day of October, 2016.

My Commission expires 03/05, 2019.

AFFIX SEAL HERE

NOTARY PUBLIC [Signature]

JENNIFER L FREVELS
NOTARY PUBLIC-STATE OF NEW YORK
No. 01FR6055716
Qualified in Suffolk County
My Commission Expires March 05, 2019

Purchasing Affidavit (Revised 08/01/2015)

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

Steven Lattanzio
 (Name, Title)
Steven Lattanzio, President
 (Printed Name and Title)
3900 Veterans Memorial Highway, Suite 300, Bohemia, New York 11716
 (Address)
631-471-8655 x11 631-471-9404
 (Phone Number) / (Fax Number)
slattanzio@actuarialsolutions.com
 (email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Actuarial Solutions
(Company)

Steven Lattanzio, President
(Authorized Signature) (Representative Name, Title)

Steven Lattanzio, President & Consulting Actuary
(Printed Name and Title of Authorized Representative)

October 18, 2016
(Date)

631-471-8655 x11 631-471-9404
(Phone Number) (Fax Number)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFQ 0704 INS1700000002

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

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

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input 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 Solutions
Company

Steven Kottayil
Authorized Signature

October 26, 2014
Date

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

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. Ben-Lueth

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*

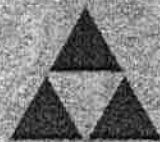
MEMBER OF THE AMERICAN ACADEMY *of* ACTUARIES

*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 education requirements apply to all membership in the Academy.