Proposal to Perform Risk Management Actuarial Services

State of Tennessee
Department of Treasury
RFP # 30901-34417
Technical Response Copy
February 14, 2017

Select Actuarial Services
Cheryl White, Partner & Consulting Actuary
28 White Bridge Road, Suite 205
Nashville, Tennessee 37205
(615) 269-4469 ex. 111
(615) 269-4878 (fax)
## TECHNICAL RESPONSE & EVALUATION GUIDE

**SECTION A: MANDATORY REQUIREMENTS.** The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

<table>
<thead>
<tr>
<th>Response Page # (Respondent completes)</th>
<th>Item Ref.</th>
<th>Section A—Mandatory Requirement Items</th>
<th>Pass/Fail</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A.1.</td>
<td>Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>A.2.</td>
<td>Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict. NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>A.3.</td>
<td>Provide a current bank reference indicating that the Respondent’s business relationship with the financial institution is in positive standing. Such reference must be written in the form of a standard business letter, signed, and dated within the past three (3) months.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A.4.</td>
<td>Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A.5.</td>
<td>Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a</td>
<td></td>
</tr>
<tr>
<td>Response Page # (Respondent completes)</td>
<td>Item Ref.</td>
<td>Section A—Mandatory Requirement Items</td>
<td>Pass/Fail</td>
</tr>
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<tr>
<td></td>
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<td>satisfactory credit rating for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will not be considered responsive.)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A.6.</td>
<td>Provide a statement that the Respondent has at least five (5) years of experience performing workers' compensation and tort liability actuarial studies for a public entity and has experience with a client, public or private, with at least fifty thousand (50,000) employees.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A.7.</td>
<td>Provide a statement confirming that the Respondent will be able to travel to Nashville, Tennessee, a minimum of four (4) times per year to present the actuarial report and for other requested meetings.</td>
<td></td>
</tr>
</tbody>
</table>

*State Use – Solicitation Coordinator Signature, Printed Name & Date:*
<table>
<thead>
<tr>
<th>Response Page #</th>
<th>Item Ref.</th>
<th>Section B— General Qualifications &amp; Experience Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>B.1.</td>
<td>Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the response.</td>
</tr>
<tr>
<td>3</td>
<td>B.2.</td>
<td>Describe the Respondent's form of business (i.e., individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).</td>
</tr>
<tr>
<td>3</td>
<td>B.3.</td>
<td>Detail the number of years the Respondent has been in business.</td>
</tr>
<tr>
<td>3</td>
<td>B.4.</td>
<td>Briefly describe how long the Respondent has been providing the goods or services required by this RFP.</td>
</tr>
<tr>
<td>4</td>
<td>B.5.</td>
<td>Describe the Respondent's number of employees, client base, and location of offices.</td>
</tr>
<tr>
<td>4</td>
<td>B.6.</td>
<td>Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.</td>
</tr>
<tr>
<td>5</td>
<td>B.7.</td>
<td>Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled nolo contendere to any felony. If so, include an explanation providing relevant details.</td>
</tr>
<tr>
<td>5</td>
<td>B.8.</td>
<td>Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.</td>
</tr>
</tbody>
</table>
| 5              | B.9.      | Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP.  

**NOTE:** All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions. |
| 6              | B.10.     | Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP. |
RFP ATTACHMENT 6.2. — SECTION B (continued)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>NOTE:</td>
<td>All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.</td>
</tr>
<tr>
<td>6</td>
<td>B.11.</td>
<td>Provide a brief, descriptive statement detailing evidence of the Respondent’s ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).</td>
</tr>
<tr>
<td>7</td>
<td>B.12.</td>
<td>Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP.</td>
</tr>
<tr>
<td>8</td>
<td>B.13.</td>
<td>Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent’s requirements under this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual’s title, education, current position with the Respondent, and employment history.</td>
</tr>
<tr>
<td>16</td>
<td>B.14.</td>
<td>Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent’s requirements of any contract awarded pursuant to this RFP, and if so, detail: (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform; and (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent’s response to this RFP.</td>
</tr>
<tr>
<td>16</td>
<td>B.15.</td>
<td>Provide documentation of the Respondent’s commitment to diversity as represented by the following: (a) Business Strategy. Provide a description of the Respondent’s existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises. Please also include a list of the Respondent’s certifications as a diversity business, if applicable. (b) Business Relationships. Provide a listing of the Respondent’s current contracts with business enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises. Please include the following information: (i) contract description; (ii) contractor name and ownership characteristics (i.e., ethnicity, gender, Tennessee service-disabled); (iii) contractor contact name and telephone number. (c) Estimated Participation. Provide an estimated level of participation by business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information: (i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and DO NOT INCLUDE DOLLAR AMOUNTS); (ii) anticipated goods or services contract descriptions; (iii) names and ownership characteristics (i.e., ethnicity, gender, Tennessee service-disabled...</td>
</tr>
<tr>
<td><strong>RESPONDENT LEGAL ENTITY NAME:</strong></td>
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<tr>
<td><strong>Response Page # (Respondent completes)</strong></td>
<td><strong>Item Ref.</strong></td>
<td><strong>Section B— General Qualifications &amp; Experience Items</strong></td>
</tr>
<tr>
<td><strong>veterans) of anticipated subcontractors and supply contractors.</strong></td>
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<tr>
<td><strong>NOTE:</strong> In order to claim status as a Diversity Business Enterprise under this contract, businesses must be certified by the Governor’s Office of Diversity Business Enterprise (Go-DBE). Please visit the Go-DBE website at <a href="https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&amp;XID=9810">https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&amp;XID=9810</a> for more information.</td>
<td></td>
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</tr>
<tr>
<td>(d) <strong>Workforce.</strong> Provide the percentage of the Respondent’s total current employees by ethnicity and gender.</td>
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<tr>
<td><strong>NOTE:</strong> Respondents that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and subcontractors. Response evaluations will recognize the positive qualifications and experience of a Respondent that does business with enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises and who offer a diverse workforce.</td>
<td></td>
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<tr>
<td><strong>B.16.</strong> Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:</td>
<td></td>
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<tr>
<td>(a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract;</td>
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<td>(b) the procuring State agency name;</td>
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<td>(c) a brief description of the contract’s scope of services;</td>
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<td>(d) the contract period; and</td>
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<tr>
<td>(e) the contract number.</td>
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<td><strong>NOTES:</strong></td>
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<tr>
<td>• Current or prior contracts with the State are not a prerequisite and are not required for the maximum evaluation score, and the existence of such contracts with the State will not automatically result in the addition or deduction of evaluation points.</td>
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<tr>
<td>• Each evaluator will generally consider the results of inquiries by the State regarding all contracts noted.</td>
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<tr>
<td><strong>B.17.</strong> Provide customer references from individuals who are not current or former State employees for projects similar to the goods or services sought under this RFP and which represent:</td>
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<tr>
<td>• two (2) accounts Respondent currently services that are similar in size to the State; and</td>
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<td>• three (3) completed projects.</td>
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<tr>
<td>References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The standard reference questionnaire, which must be used and completed, is provided at RFP Attachment 6.4. References that are not completed as required may be deemed non-responsive and may not be considered.</td>
<td></td>
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<tr>
<td>The Respondent will be solely responsible for obtaining fully completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.</td>
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<td></td>
</tr>
<tr>
<td>(a) Add the Respondent’s name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.</td>
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<tr>
<td>(b) Send a reference questionnaire and new, standard #10 envelope to each reference.</td>
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<tr>
<td>(c) Instruct the reference to:</td>
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<tr>
<td>(i) complete the reference questionnaire;</td>
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<td></td>
</tr>
<tr>
<td>(ii) sign and date the completed reference questionnaire;</td>
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<td></td>
</tr>
<tr>
<td>(iii) seal the completed, signed, and dated reference questionnaire within the envelope.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## RESPONDENT LEGAL ENTITY

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>provided;</td>
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<td></td>
<td></td>
<td>(iv) sign his or her name in ink across the sealed portion of the envelope; and</td>
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<tr>
<td></td>
<td></td>
<td>(v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required references in time to include them within the sealed Technical Response).</td>
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<tr>
<td></td>
<td></td>
<td>(d) Do NOT open the sealed references upon receipt.</td>
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<tr>
<td></td>
<td></td>
<td>(e) Enclose all sealed reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.</td>
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<td></td>
<td>NOTES:</td>
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<tr>
<td></td>
<td></td>
<td>• The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required.</td>
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<td></td>
<td></td>
<td>• The State will not review more than the number of required references indicated above.</td>
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<td>• While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The State is under no obligation to clarify any reference information.</td>
</tr>
</tbody>
</table>

### B.18.

Provide a statement and any relevant details addressing whether the Respondent is any of the following:

(a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;

(b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.

### B.19.

Provide a list of customers for whom the Respondent has performed the services that are requested in this RFP. For each customer, provide:

- Name and type of entity or entities;
  - For public sector entities, please label entities as follows:
    - State governments (i.e., State of Tennessee)
    - If not entire state government, agency within state government (i.e., Department of Correction)
    - County government
    - City government
    - All other public sector entities
  - Entity size (number of employees);
  - Actuarial service performed; and
  - Date services were performed.

### SCORE (for all Section B—Qualifications & Experience Items above):

(maximum possible score = 10)
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>(Respondent completes)</td>
<td></td>
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</tbody>
</table>

*State Use – Evaluator Identification:*
**TECHNICAL RESPONSE & EVALUATION GUIDE**

SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH. The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

- 0 = little value
- 1 = poor
- 2 = fair
- 3 = satisfactory
- 4 = good
- 5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item’s Raw Weighted Score for purposes of calculating the section score as indicated.

<table>
<thead>
<tr>
<th>Respondent Legal Entity Name:</th>
<th>Response Page # (Respondent completes)</th>
<th>Item Ref.</th>
<th>Section C— Technical Qualifications, Experience &amp; Approach Items</th>
<th>Item Score</th>
<th>Evaluation Factor</th>
<th>Raw Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C.1.</td>
<td>23</td>
<td>Provide a comprehensive narrative that illustrates how the Respondent will manage the project, complete the scope of services, accomplish required objectives, and meet the State’s project schedule. Include a description that outlines: A. Expected Fund Liability Study. Describe how the Respondent will perform the self-insured funding study of the expected liability of the Risk Management Fund as required under Section A.2.b(1)(A) of the <em>pro forma</em> contract, RFP Attachment 6.6. For each step in the process, please describe in detail any expected tasks to be performed by the State and any documentation expected to be provided by the State, in addition to the tasks and data currently described in Section A.2.a of the <em>pro forma</em> contract, RFP Attachment 6.6. Please include a description of the proposed work product resulting from completion of this study and submit a sample funding study. This sample may be a copy of the Respondent’s previous work product done for another client. B. Cumulative Outstanding Fund Liability. Describe how the Respondent will perform the self-insured funding study of the cumulative outstanding liability of the Risk Management Fund as required under Section A.2.b(1)(B) of the <em>pro forma</em> contract, RFP Attachment 6.6. For each step in the process, please describe in detail any expected tasks to be performed by the State and any documentation expected to be provided by the State, in addition to the tasks and data described in Section A.2.a of the <em>pro forma</em> contract, RFP Attachment 6.6. Please include a description of the proposed work product resulting from completion of this study and submit a sample funding study. This sample may be a copy of the Respondent’s previous work product done for another client.</td>
<td>35</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C.2.</td>
<td>28</td>
<td>Attachment 6.14 contains the exposure data and format of such data that the State current presents to the actuary. Describe the Respondent’s recommended best practices for the exposure data elements to be captured by the State and the presentation format of such exposure data to the actuary.</td>
<td>25</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C.3.</td>
<td>28</td>
<td>Provide a narrative that illustrates any recommended best practices or changes to the current protocol as described in</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Response Page # (Respondent completes)</td>
<td>Item Ref.</td>
<td>Section C—Technical Qualifications, Experience &amp; Approach Items</td>
<td>Item Score</td>
<td>Evaluation Factor</td>
<td>Raw Weighted Score</td>
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<td></td>
<td></td>
<td>Section A.2. of the <em>pro forma</em> contract in Attachment 6.6.</td>
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<td></td>
<td>28</td>
<td>C.4. Provide an example of an innovative solution the Respondent has provided to help solve a client's issue or problem.</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>29</td>
<td>C.5. Describe the level of advisory support the State can expect to receive from the Respondent as the State's Risk Management actuary on various actuarial issues that may arise during the year relative to the Risk Management Study, and describe the process and time frame for responding to such questions from the State. Describe how the Respondent will notify the State if additional information and/or time is needed to answer question.</td>
<td></td>
<td>20</td>
<td></td>
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</tbody>
</table>

The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.

**Total Raw Weighted Score:**

\[
\text{Total Raw Weighted Score} = \left( \sum \text{Raw Weighted Scores above} \right) 
\]

\[
\text{Total Raw Weighted Score} \times 60 = \text{SCORE:} 
\]

State Use – Evaluator Identification:

State Use – Solicitation Coordinator Signature, Printed Name & Date:
Mandatory Requirements

A.1 Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.

Proposal Transmittal and Statement of Certification and Assurances (Attachment 6.1) is signed by Select Actuarial Services’ Chief Manager, Mary Frances Miller, and follows this section.

A.2 Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict.

NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.

Select Actuarial Services has no conflict of interest affecting its ability to fulfill the requirements of the RFP, nor does any individual who shall perform work under the contract.

A.3 Provide a current bank reference indicating that the Respondent’s business relationship with the financial institution is in positive standing. Such reference must be written in the form of a standard business letter, signed, and dated within the past three (3) months.

A current bank reference from Ms. Brande Thomas, Senior Vice President of Pinnacle Financial Partners, is provided following this section.
A.4 Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.

Current credit references from Ms. Pam Stanford, First Insurance Partners, LLC, and Ms. Megan Long, Concept Technology Inc., are provided following this section.

A.5 Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a satisfactory credit rating for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will not be considered responsive.)

Please find following this section a credit report indicating a positive credit rating from Dun & Bradstreet Credibility Corp obtained on February 6, 2017.

A.6 Provide a statement that the Respondent has at least five (5) years of experience performing workers’ compensation and tort liability actuarial studies for a public entity and has experience with a client, public or private, with at least fifty thousand (50,000) employees.

All 5 of the partners of Select Actuarial Services have at least five years of experience performing workers compensation and tort liability actuarial studies for a public entity. Mary Frances Miller, Laura Sprouse and Cheryl White, all have over 20 years of experience performing the same type of actuarial study as required by the State of Tennessee.

Select Actuarial Services also has experience working with clients having at least 50,000 employees.

A.7 Provide a statement confirming that the Respondent will be able to travel to Nashville, Tennessee, a minimum of four (4) times per year to present the actuarial report and for other requested meetings.

Select Actuarial Services is headquartered in Nashville and we are less than 10 miles away from the State of Tennessee’s office. We are available to meet with the State four or more times per year.
RFP # 30901-34417 STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of Services of the RFP Attachment 6.6., Pro Forma Contract for the total contract period.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., Pro Forma Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the contract.
5. The Respondent will comply with:
   (a) the laws of the State of Tennessee;
   (b) Title VI of the federal Civil Rights Act of 1964;
   (c) Title IX of the federal Education Amendments Act of 1972;
   (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
   (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each Respondent is not on the list created pursuant to §12-12-106." For reference purposes, the list is currently available online at: http://www.tn.gov/generalservices/article/Public-Information-library.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company President or Chief Executive Officer, this document must attach evidence showing the individual's authority to bind the Respondent.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT

SIGNATURE:  

PRINTED NAME & TITLE:  Mary Frances Miller, Partner & Chief Actuary

DATE:  February 10, 2017

RESPONDENT LEGAL ENTITY NAME:  SAS, LLC doing business as Select Actuarial Services
RESPONDENT FEDERAL EMPLOYER IDENTIFICATION NUMBER (or SSN): FEIN 62-1767300
January 18, 2017

Dawn Rochelle
RFP Coordinator
State of Tennessee, Treasury Department
11th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243-0225

RE: Select Actuarial Services

Dear Ms. Rochelle:

I am pleased to provide you with the following information about our relationship with SAS, LLC dba Select Actuarial Services. SAS has maintained a depositary account with Pinnacle Financial Partners (successor in merger with PrimeTrust Bank) since April 2005. Our relationship began at The Bank of Brentwood in January 1999. The deposit account has averaged a low five figure balance and has been handled in a satisfactory manner with no overdrafts or non-sufficient items.

In addition to the depositary account, SAS has a low six figure revolving line of credit that originally opened with The Bank of Brentwood in April 1999. The current outstanding principal balance on this line of credit is zero ($0). To date, the line of credit has been handled entirely as agreed with no late payments.

I hope this information is helpful to you. Please feel free to contact me if I can be of further assistance.

Very truly yours,

[Signature]

Brande Thomas
Senior Vice President

---

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is: Office of the Comptroller. Customer Assistance Group, 1301 McKinney Street, Houston, TX 77010-9050
January 18, 2017

Ms. Dawn Rochelle
RFP Coordinator
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville TN 37243-0225

RE: Select Actuarial Services

Dear Ms. Rochelle:

Select Actuarial has been a very valued client of our agency since January, 1999. We handle their professional liability and other commercial insurance needs. Their payment record is excellent. They have always paid their premiums upon receipt of invoice.

If we can be of further assistance, please do not hesitate to contact our office at (615)446-2814.

Best Regards,

Pam Stanford
Pam Stanford
Customer Services
February 3, 2017

To Whom It May Concern:

It is a pleasure to provide a positive credit reference for Select Actuarial Services.

Select Actuarial Services has been a customer of Concept Technology Inc. since January 2015. We have had the pleasure of watching Select Actuarial Services grow and thrive over the past two years they have been a client. Select Actuarial Services have always paid in a timely manner.

We, Concept Technology Inc., enthusiastically recommend Select Actuarial Services to you with no reservations.

Please feel free to contact me with any questions.

Sincerely,

[Signature]

Megan C. Long, CPA
Director of Business Operations
Credit Information

Risk Summary

Risk of Late Payment

Payment Performance Trend

The payment performance trend for this company is Unchanged. Payment Trend currently is Unchanged compared to payments three months ago. The most recent payment information in D&B's files is:

- Payments currently: generally within terms
- Payments 3 months ago: GENERALLY WITHIN terms
- Industry average: GENERALLY WITHIN terms

*Note: Payments to suppliers are averaged weighted by dollar amounts.

Credit Limit Recommendation

Recommendation Date: 06/30/2016

Risk Category

Conservative Credit Limit

$5K

Aggressive Credit Limit

$15K

Company Profile

Chief Executive: NA
Type of Business: LIMITED LIABILITY COMPANY
Years in Business: PERPETUAL
Annual Sales: NA
Employees Total: 11

Line of Business:
Actuarial consulting

Legal Filings and Other Important Information
Bankruptcies: None  
Judgements: 0  
Liens: 0  
Suits: None  
Suits/Judgments/Liens Amounts: None 

Negative Payment Experience: None  
Negative Payment Experience Amount:  
Payments Placed for Collection: 0 

The public record items reported may have been paid, terminated, vacated or released prior to the date this data is transmitted. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Special Events

We currently do have any information to be displayed for this business.

This report is prepared and provided under contract for the exclusive use of  
This report may not be reproduced in whole or in part by any means of reproduction.

Payment Trends

Summary

Address:
28 White Bridge Rd Ste 205
Nashville, TN 37205

D-U-N-S Number:
07-164-3840

Primary Industry SIC:
8999

Description:
Actuarial consulting

This is a single location.

Payment Activity

Total payment Experiences in D&Bs File: 5
Payments Within Terms: 100%
(not dollar weighted)

Total Placed For Collection: NA
Average Highest Credit: $75
Largest High Credit: $100
Highest Now Owing: $0
Highest Past Due: $0

Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

PAYDEX® Score Not Available
We are unable to display a PAYDEX® for this company.

24 Month PAYDEX®
When weighted by dollar amount, payments to suppliers average ON TERMS terms.

Based on payments collected over the last 24 months

PAYDEX® Trends - This Company, 12 Months

This Company (80)

- Current PAYDEX® for this Business is 80, or equal to ON TERMS terms.
- The 12-month high is 80, or equal to GENERALLY WITHIN terms.
- The 12-month low is 80, or equal to GENERALLY WITHIN terms.

PAYDEX® Score Comparison - This Company to Primary Industry Comparison, 4 Quarters

- My Company (80)
- Industry Upper Quartile (80)
- Industry Median (80)
- Industry Median (71)
Based on payments collected over the last 4 quarters:
- Current PAYDEX® for this Business is 80, or equal to generally within terms
- Current PAYDEX® for this Business is 80, or equal to GENERALLY WITHIN terms
- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

### Business Payment Habit by Amount of Credit Extended, 24 Months

<table>
<thead>
<tr>
<th>$ Credit Extended</th>
<th>% of Payments Within Terms</th>
<th># Payment Experiences</th>
<th>Total $ Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 100,000</td>
<td>0%</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>50,000-100,000</td>
<td>0%</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>15,000-49,999</td>
<td>0%</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>5,000-14,999</td>
<td>0%</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>1,000-4,999</td>
<td>0%</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>under 1,000</td>
<td>100%</td>
<td>2</td>
<td>$150</td>
</tr>
</tbody>
</table>

### How to Read the D&B PAYDEX® Score

- **Score**: Days sooner than terms
- **Payment Habit**: Days before due date
- **Risk Interpretation**:
  - Green: 80 - 100
    - LOW risk of late payment (averages prompt to 30 days within terms)
  - Yellow: 50 - 79
    - MEDIUM risk of late payment (averages 30 or less beyond terms)
  - Red: 0 - 49
    - HIGH risk of late payment (averages 30 to 120 days beyond terms)

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General Qualifications and Experience

B.1  Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the response.

Cheryl White, FCAS, MAAA
Partner & Consulting Actuary
SAS, LLC d/b/a Select Actuarial Services
28 White Bridge Road, Suite 205
Nashville, Tennessee 37205
615-269-4469 ext. 111
615-269-4878 (fax)
e-mail: cheryl.white@selectactuarial.com

B.2  Describe the Respondent’s form of business (i.e., individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).

SAS, LLC d/b/a Select Actuarial Services is a Limited Liability Company and is domiciled in Tennessee. We are located at 28 White Bridge Road, Suite 205, Nashville, Tennessee 37205.

B.3  Detail the number of years the Respondent has been in business.

Select Actuarial Services has been in business for 18 years (since February 1999).

B.4  Briefly describe how long the Respondent has been performing the services required by this RFP.

Select Actuarial Services has been performing the services required by this RFP since its inception in 1999. Prior to 1999, members of Select have five years of additional experience providing these same services as employees of a large national broker. Select’s business is 100% property and casualty actuarial consulting services.
B.5 Describe the Respondent’s number of employees, client base, and location of offices.

Select Actuarial Services currently employs eight actuaries in our Nashville office. Five of the eight actuaries are Fellows of the Casualty Actuarial Society and Members of the American Academy of Actuaries. One employee is an Associate of the Casualty Actuarial Society and we also have one Associate of the Society of Actuaries.

We currently serve a base of more than 175 active clients, for whom we conduct approximately 300 studies each year. Ninety percent of the studies Select performs are reserve analyses and loss forecasts for workers compensation and liability lines of business. These studies are very similar in content to those described in the RFP. Client retention for Select Actuarial Services exceeds 90%, and we have worked with many of our clients for more than 15 years.

Governmental entities make up about twenty-five percent of Select Actuarial Services’ client base. Our experience with these entities has given us insight into how the issues facing governmental clients differ from those of the private sector. Our work with the State of Tennessee, the Metropolitan Government of Nashville and Davidson County, Tennessee and many other Tennessee counties and cities has afforded us a greater understanding of the unique characteristics of governmental entities in the State.

Our office is located in Nashville, Tennessee, at the following address:
28 White Bridge Road, Suite 205
Nashville, TN 37205
(615) 269-4469
(615) 269-4878 fax

B.6 Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.

There have been no mergers, acquisitions or sales of the company since the inception of Select Actuarial Services in February 1999. We do not anticipate any sale, merger or acquisition of any kind in the foreseeable future.
B.7 Provide a statement of whether the Respondent or, to the Respondent’s knowledge, any of the Respondent’s employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled nolo contendere to any felony. If so, include an explanation providing relevant details.

Neither Select Actuarial Services nor to Select’s knowledge has any of its employees, agents, independent contractors or subcontractors been convicted of, pled guilty to, or pled nolo contendere to any felony.

B.8 Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.

Select Actuarial Services has not filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, nor undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors.

B.9 Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent’s financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent’s performance in a contract pursuant to this RFP.

NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.

There is no pending litigation against Select Actuarial Services. We have not been involved in any type of litigation in our history.
B.10 Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent’s performance in a contract pursuant to this RFP.

NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.

There are no pending Securities and Exchange Commission investigations involving Select Actuarial Services.

B.11 Provide a brief, descriptive statement detailing evidence of the Respondent’s ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).

Select Actuarial Services has been performing the services required by this RFP since its inception in 1999. Prior to 1999, members of Select had five years of additional experience providing these same services as employees of a large national broker.

All seven of the credentialed actuaries at Select complete at least 30 hours of continuing education each year in order to stay informed on the latest methods and innovations in actuarial science. This is accomplished by attending national actuarial meetings, regional actuarial meetings, in-house educational meetings and self-guided study. Mary Frances Miller, Select’s Chief Manager, served as the President of the Casualty Actuarial Society in 2004 and completed her term in 2011 as the President of the American Academy of Actuaries. Several members of Select have served on committees of the Casualty Actuarial Society, the American Academy of Actuaries, and other professional bodies, and have been instrumental in the development of standards regarding both qualification and practice in the United States. The actuarial analysts at Select are all currently pursuing their credentials through the examination process of the Casualty Actuarial Society.

Peer Review is an integral part of the services provided by Select Actuarial Services. All Select studies undergo a thorough peer review by a credentialed actuary not otherwise involved in the analysis. We also hold internal meetings every other week to review our projects and ensure consistency in our analyses.

Reports for Select Actuarial Services all contain a comparison of the current analysis with the prior analysis on a year-by-year basis as an additional check of
the data and the reasonableness of our selections. Reported and paid losses as of the current evaluation date are compared with projected reported and paid losses based on the prior analysis. Changes in ultimate losses are also detailed. Any large changes and the reasons for them are investigated and communicated to our client.

B.12 Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP.

Mary Frances Miller will serve as overall project manager and will oversee the liability studies. Laura Sprouse will provide peer review for the liability studies. Cheryl White will be the assistant overall project manager and will supervise the analysis of the workers compensation studies, in addition to providing peer review for the medical malpractice liability study. Thomas Meyer will provide peer review for the workers compensation studies. Danny Linton will oversee the medical malpractice liability study. Each individual listed above is a Partner at Select Actuarial Services and is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries.

Account Team Flow Chart
B.13 Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent’s requirements under this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual’s title, education, current position with the Respondent, and employment history.

<table>
<thead>
<tr>
<th>Name</th>
<th>Years with Firm</th>
<th>Title</th>
<th>Credentials/ Years of Service</th>
<th>Projected Work Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary Frances Miller, FCAS, MAAA</td>
<td>18</td>
<td>Chief Manager</td>
<td>FCAS 1988 30+ Years experience</td>
<td>40+</td>
</tr>
<tr>
<td>Cheryl White, FCAS, MAAA</td>
<td>18</td>
<td>Partner</td>
<td>FCAS 1999 20+ Years experience</td>
<td>80+</td>
</tr>
<tr>
<td>Danny Linton, FCAS, MAAA</td>
<td>10</td>
<td>Partner</td>
<td>FCAS 2013 11+ Years experience</td>
<td>10+</td>
</tr>
<tr>
<td>Laura Sprouse, FCAS, MAAA</td>
<td>18</td>
<td>Partner</td>
<td>FCAS 2008 20+ Years experience</td>
<td>10+</td>
</tr>
<tr>
<td>Thomas Meyer, FCAS, MAAA</td>
<td>18</td>
<td>Partner</td>
<td>FCAS 2007 15+ Years experience</td>
<td>10+</td>
</tr>
<tr>
<td>Jack Pipa, ACAS, MAAA</td>
<td>4</td>
<td>Actuarial Analyst</td>
<td>ACAS 2016 6+ Years experience</td>
<td>100+</td>
</tr>
<tr>
<td>Alex Craig, ASA, MAAA</td>
<td>2</td>
<td>Actuarial Analyst</td>
<td>ASA 2016 5+ Years experience</td>
<td>50+</td>
</tr>
</tbody>
</table>

Resumes for team members follow in the next few pages.
Mary Frances Miller, FCAS, MAAA, Hon FIA, CPCU, ARè, AIM
Overall Project Manager & Liability Project Manager

Mary Frances is a founder and the senior consulting actuary with Select Actuarial Services. With over 30 years of property and casualty actuarial experience, she provides actuarial consulting services on several major accounts and is additionally responsible for the professional development of the other members. Her expertise is frequently called upon to assist clients in making decisions regarding the maintenance and design of their risk management programs.

Prior Experience

- Senior Vice President and Chief Actuary at Sedgwick Actuarial Services
- Reinsurance actuary with American States Insurance Companies

Credentials & Education

- Bachelor of Arts degrees in Mathematics and Linguistics with highest honors from the Honors College at Michigan State University
- Fellow of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Chartered Property and Casualty Underwriter
- Honorary Fellow of the Institute of Actuaries (UK)
- Chaired the CAS Professionalism Education Committee, the Education Policy Committee, and task forces on mutual recognition and future education planning
- Past President of the Casualty Actuarial Society
- Past President of the American Academy of Actuaries
- Served on the Board of Directors of the Conference of Consulting Actuaries and numerous committees and Councils of the CAS and the Academy
- Drafter of the United States standards of practice for reserve opinions (#36) and unpaid claim estimates (#43)
- Six-year term as chair of the International Actuarial Association’s Education Committee and as a member of the IAA’s international standards of practice drafting group
- 2013 recipient of the Casualty Actuarial Society’s Above and Beyond Achievement Award for volunteers
Cheryl White, FCAS, MAAA
Assistant Overall Project Manager, Workers Compensation Project Manager & MedMal Peer Review

Cheryl is a founder and consulting actuary with Select Actuarial Services. She has over twenty years of experience in the property casualty actuarial field. As a member of Select Actuarial Services, she provides expert consulting services to many of our clients and provides leadership as the signing actuary for numerous projects produced by other members of the practice. Her experience includes reserve analyses, loss forecasting, probability analyses, and large loss modeling. In addition to consulting, Cheryl helps to keep Select Actuarial Services running by handling many of the day-to-day responsibilities involved in managing a small business.

Prior Experience

- Associate Consulting Actuary with Sedgwick Actuarial Services
- Property and Casualty Rating section of the Tennessee Department of Insurance

Credentials & Education

- Bachelor of Science degree in Mathematics from the University of Mississippi
- Master of Science degree in Mathematics from Vanderbilt University
- Fellow of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Served on the Casualty Actuarial Society Examination Committee for many years.
Danny A. Linton, FCAS, MAAA
MedMal Project Manager

With over eleven years of experience, Danny has become quite established evaluating a variety of property/casualty exposures including workers compensation, general and auto liability, property, directors & officers liability, and medical malpractice. Danny joined Select in 2007 and became a partner in January of 2010.

Danny has always had an affinity for mathematics and the elegance by which its processes can be used to solve complex real world problems. He is particularly interested in improving the Enterprise Risk Management framework of an organization through capital modeling. He enjoys meetings with clients and getting to know them better.

Prior Experience

- Actuarial consultant for Willis of Tennessee, Inc.

Credentials & Education

- Fellow of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Casualty Actuarial Society’s Professionalism committee as a facilitator at the society’s Course on Professionalism
- Casualty Actuarial Society’s examination committee
- Bachelor of Science degree in Mathematics and a Master of Education degree from the University of Notre Dame
Laura T. Sprouse, FCAS, MAAA
Liability Peer Review

Laura is one of the founding members of Select Actuarial Services. She has over 21 years of property casualty consulting experience with self-insured entities including corporations, governmental entities, risk pools and captive insurance companies. She has provided both reserving and loss forecasting services for a variety of lines of business including automobile liability, auto physical damage, general liability, hospital and professional liability, E&O, property, and workers compensation. Laura’s clients appreciate the straightforward manner in which she communicates the results of the actuarial studies, both in written form and in presentations to management.

Prior Experience

- Actuarial consultant for Sedgwick Actuarial Services

Credentials & Education

- Fellow of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Bachelor of Arts degree in Mathematics from Centre College
- Master of Science Degree in Mathematics from Vanderbilt University
Thomas E. Meyer, FCAS, MAAA
Workers Compensation Peer Review

Thomas has over seventeen years of property/casualty actuarial consulting experience and is one of the founding members of Select Actuarial Services. As a senior consulting actuary he provides expert services to a wide range of Select clients helping them maintain and design strong risk management programs.

Along with traditional property/casualty actuarial work, Thomas also has experience with more non-traditional coverages such as trade credit risk, management risk, pollution, product liability, and health insurance stop loss. His experience with these lines includes reserve analyses, loss forecasting, probability analyses, rate level analyses, large loss modeling, and capital adequacy analyses.

Prior Experience

- Actuarial analyst for Sedgwick Actuarial Services

Credentials & Education

- Fellow of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Casualty Actuarial Society Examination Committee
- Bachelor of Science in Mathematics from the University of Notre Dame; summa cum laude
Jack Pipa, ACAS, Actuarial Analyst
Workers Compensation and MedMal Analyst

Jack assists in providing professional actuarial consulting services to a wide variety of clients. He has experience with reserve analysis and loss forecasting in workers compensation, automobile and general liability, and property. He is interested in troubleshooting data quality issues and improving the efficiency of data analysis. Jack began his career with Select in 2012 and earned his Associate of the Casualty Actuarial Society in 2016.

Prior Experience

- Actuarial Analyst at Appalachian Underwriters, Inc.
- Middle school mathematics teacher

Credentials & Education

- Associate of the Casualty Actuarial Society
- Bachelor of Science degree in Mathematics with a minor in Secondary Education from Middle Tennessee State University; summa cum laude
- Qualified for Validation by Educational Experience in Economics, Corporate Finance, and Applied Statistical Methods
Alex Craig, ASA, MAAA, Actuarial Analyst
Liability Analyst

Alex assists in providing professional actuarial consulting services to a wide variety of clients. He has experience with reserve analysis and loss forecasting in workers compensation, automobile and general liability, property and group health. Alex began his career with Select Actuarial Services in 2011 before going to Blue Cross Blue Shield of Tennessee where he was the lead analyst for the filing of the company’s Small Group Affordable Care Act premium rates as well as its monthly and annual forecasting. Alex returned to Select Actuarial Services in 2015.

Prior Experience

- Lead analyst on Small Group Affordable Care Act pricing at Blue Cross Blue Shield of Tennessee

Credentials & Education

- Associate of the Society of Actuaries and Member of the American Academy of Actuaries
- Graduated Summa Cum Laude from Middle Tennessee State University with a Bachelor of Science degree in Mathematics with a concentration in Actuarial Science and a minor in Insurance
- Pursuing membership in the Casualty Actuarial Society
- Completed five of the required seven CAS examinations
- Qualified for Validation by Educational Experience in Economics, Corporate Finance, and Applied Statistical Methods
B.14 Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent’s requirements of any contract awarded pursuant to this RFP.

Select Actuarial Services does not intend to use subcontractors to accomplish the required work for the State.

B.15 Provide documentation of the Respondent’s commitment to diversity as represented by the following:

(a) Business Strategy. Provide a description of the Respondent’s existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises. Please also include a list of the Respondent’s certifications as a diversity business, if applicable.

Select Actuarial Services has successfully met the certification requirements as a Woman Business Enterprise as determined by the Governor’s Office of Diversity Business Enterprise for the State of Tennessee. While Select has no specific programs or procedures in place when choosing its vendors, Select certainly recognizes the value that business enterprises owned by minorities, women, persons with a handicap or disability and small business enterprises bring and encourages the use of such vendors.

(b) Business Relationships. Provide a listing of the Respondent’s current contracts with business enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises. Please include the following information:

(i) contract description;
(ii) contractor name and ownership characteristics (i.e., ethnicity, gender, Tennessee service-disabled);
(iii) contractor contact name and telephone number.

IBT Tech Services, LLC is a small, minority-owned business that has assisted Select Actuarial Services with its communication hardware needs since 2002. While Select has no formal contract with IBT, Select has used their services exclusively for issues with communication hardware. T. Fletcher is the owner of IBT and is of African-American descent.
(c) Estimated Participation. Provide an estimated level of participation by business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information:

(i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and DO NOT INCLUDE DOLLAR AMOUNTS);

(ii) anticipated goods or services contract descriptions;

(iii) names and ownership characteristics (i.e., ethnicity, gender, Tennessee service-disabled veterans) of anticipated subcontractors and supply contractors.

Select Actuarial Services does not plan to use any subcontractors. However, 100% of the work will be done by a women owned business since Select qualifies as such.

(d) Workforce. Provide the percentage of the Respondent’s total current employees by ethnicity and gender.

Select Actuarial Services employs a total of nine people. Four (44%) of these individuals are Caucasian women and five (56%) are Caucasian men. We are a certified women owned business. Our Partnership consists of three women and two men.

B.16 Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:

In the past five years, Select Actuarial Services has performed services for the following three contracts with The State of Tennessee:

(a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract;

Kim Morrow
Director of Accounting
615-532-3840
Kimberly.Morrow@tn.gov
(b) the procuring State agency name;
Tennessee Treasury Department

(c) a brief description of the contract’s scope of services;
Select Actuarial Services performs Annual Reserve Analysis, Loss Forecast and Allocation for workers compensation, auto liability, general liability and medical malpractice.

(d) the contract period; and
July 1, 2012, and ending on June 30, 2017

(e) the contract number.
32051

(a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract;
Mike Shinnick, Directors, Workers Compensation
615-741-0472
Mike.Shinnick@tn.gov

(b) the procuring State agency name;
Tennessee Department of Commerce and Insurance

(c) a brief description of the contract’s scope of services;
Select Actuarial Services reviewed most carriers’ homeowners and personal automobile rate filings, some commercial rate filings, workers compensation loss cost filings, workers compensation self-insured group rate filings, and the annual NCCI loss cost filing, providing the Department with our expert opinion on whether the proposed rates, rate level or loss costs were actuarially sound. We also consulted with the Department on the development of its annual workers compensation loss cost filing form.

(d) the contract period; and
July 1, 2004, and ending on June 30, 2014

(e) the contract number.
7327
(a) the name, title, telephone number and e-mail address of the State
contact knowledgeable about the contract;
Michael A. Corbett, Director Captive Insurance Section
(615) 741-6253
michael.corbett@tn.gov

(b) the procuring State agency name;
Captive Insurance Section

(c) a brief description of the contract’s scope of services;
Actuarial review of captive applications for the state. We work with the State
to identify the risks inherent to the business plan and pinpoint critical make or break decision points. We then ensure that those scenarios are reflected in pro formas that evaluate whether to go forward or not.

(d) the contract period; and
2011 to present

(e) the contract number.
NA

B.17 Provide customer references from individuals who are not current or former
State employees for projects similar to the goods or services sought under
this RFP and which represent:

• two (2) accounts Respondent currently services that are similar in size to
  the State; and

• three (3) completed projects.
Sealed customer reference letters from two of our larger clients, American Red Cross and International Paper Company, are included as well as from three other clients for whom we have completed projects: Metropolitan Government of Nashville, Counties of Ohio Risk Sharing Authority and Cox Communications.
B.18 Provide a statement and any relevant details addressing whether the Respondent is any of the following:

(a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;

(b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.

Select Actuarial Services as a company and our employees as individuals are not currently and have never been debarred, suspended or excluded from any federal or state agency. We have never had any judgments brought against nor have we been indicted or charged with any legal offense.

B.19 Provide a list of customers for whom the Respondent has performed the services that are requested in this RFP. For each customer, provide:

- Name and type of entity or entities;
- Entity size;
- Actuarial service performed; and
- Date services were performed.

Select Actuarial Services currently serves a base of more than 175 active clients and about 90% of the work done for these clients is the same type of service as requested by this RFP. The following is just a sample of some of these clients.
<table>
<thead>
<tr>
<th>Client</th>
<th>Type</th>
<th>Client Size</th>
<th>Services</th>
<th>Dates of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO School Districts Self Insurance Pool</td>
<td>Governmental</td>
<td>88,000</td>
<td>AL, GL, Property Reserve, Forecast and Allocation</td>
<td>Since 2011</td>
</tr>
<tr>
<td>Virginia Assoc. of Counties</td>
<td>Governmental</td>
<td>75,000</td>
<td>WC, AL, GL, Property Reserve, Forecast and Allocation</td>
<td>Since 1999</td>
</tr>
<tr>
<td>AutoZone</td>
<td>Corporate</td>
<td>65,000</td>
<td>WC, AL, GL Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>International Paper Company</td>
<td>Corporate</td>
<td>61,500</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Dillard's, Inc.</td>
<td>Corporate</td>
<td>38,900</td>
<td>WC, AL, GL Reserve, Forecast, and Allocation</td>
<td>Since 2006</td>
</tr>
<tr>
<td>American Red Cross</td>
<td>Nonprofit</td>
<td>35,000</td>
<td>WC, AL, GL, D&amp;O Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Mohawk Industries</td>
<td>Corporate</td>
<td>26,200</td>
<td>WC, AL, GL Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Nebraska Assoc. of School Boards</td>
<td>Governmental</td>
<td>24,700</td>
<td>WC, AL, GL, Property Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Metro Government Nashville</td>
<td>Governmental</td>
<td>22,950</td>
<td>AL, GL, Property Reserve, Forecast and Allocation</td>
<td>Since 2001</td>
</tr>
<tr>
<td>Cox Enterprises</td>
<td>Corporate</td>
<td>22,000</td>
<td>WC, AL, GL Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Asurion Corporation</td>
<td>Corporate</td>
<td>17,000</td>
<td>WC Reserve and Forecast</td>
<td>Since 2015</td>
</tr>
<tr>
<td>Travel Centers of America</td>
<td>Corporate</td>
<td>16,000</td>
<td>WC, GL Reserve and Forecast</td>
<td>Since 2008</td>
</tr>
<tr>
<td>G6 Hospitality</td>
<td>Corporate</td>
<td>15,000</td>
<td>WC, GL Reserve and Forecast</td>
<td>Since 2003</td>
</tr>
<tr>
<td>ClubCorp USA, Inc.</td>
<td>Corporate</td>
<td>14,000</td>
<td>WC, AL, GL Reserve, Forecast and Allocation</td>
<td>Since 2000</td>
</tr>
<tr>
<td>Arrow Electronics</td>
<td>Corporate</td>
<td>13,000</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 2005</td>
</tr>
<tr>
<td>General Cable</td>
<td>Corporate</td>
<td>12,000</td>
<td>WC Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>OK Municipal Assurance Group</td>
<td>Governmental</td>
<td>10,000</td>
<td>WC, AL, GL, APD Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Thomas &amp; Betts</td>
<td>Corporate</td>
<td>9,400</td>
<td>WC, AL, GL Reserve and Forecast</td>
<td>Since 1999</td>
</tr>
<tr>
<td>United Rentals</td>
<td>Corporate</td>
<td>7,500</td>
<td>WC, AL, GL Reserve and Forecast</td>
<td>Since 2010</td>
</tr>
<tr>
<td>Rutherford County</td>
<td>Governmental</td>
<td>5,600</td>
<td>WC, OJI Reserve and Forecast</td>
<td>Since 2005</td>
</tr>
<tr>
<td>Client</td>
<td>Type</td>
<td>Client Size</td>
<td>Services</td>
<td>Dates of Service</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------</td>
<td>-------------</td>
<td>-----------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>Governmental</td>
<td>5,400</td>
<td>WC Reserve and Forecast</td>
<td>Since 2000</td>
</tr>
<tr>
<td>Boise Paper</td>
<td>Corporate</td>
<td>5,400</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Hard Rock Cafe</td>
<td>Corporate</td>
<td>4,500</td>
<td>WC, GL Reserve and Forecast</td>
<td>Since 2008</td>
</tr>
<tr>
<td>Blount County, TN</td>
<td>Governmental</td>
<td>4,500</td>
<td>WC, AL, GL Reserve, Forecast and Allocation</td>
<td>Since 2006</td>
</tr>
<tr>
<td>Boise Cascade</td>
<td>Corporate</td>
<td>4,200</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Cott Corporation</td>
<td>Corporate</td>
<td>4,000</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 2005</td>
</tr>
<tr>
<td>Lifeway Christian Resources</td>
<td>Nonprofit</td>
<td>4,000</td>
<td>WC Reserve</td>
<td>Since 2005</td>
</tr>
<tr>
<td>Columbia Forest Products</td>
<td>Corporate</td>
<td>2,500</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 2000</td>
</tr>
<tr>
<td>Johnson City</td>
<td>Governmental</td>
<td>2,250</td>
<td>WC, AL, GL Reserve, Forecast and Allocation</td>
<td>Since 2005</td>
</tr>
<tr>
<td>Warren County, TN</td>
<td>Governmental</td>
<td>2,000</td>
<td>WC Reserves</td>
<td>Since 2005</td>
</tr>
<tr>
<td>Town of Smyrna, TN</td>
<td>Governmental</td>
<td>1,800</td>
<td>WC Reserve and Forecast</td>
<td>Since 2014</td>
</tr>
<tr>
<td>DFW Airport</td>
<td>Governmental</td>
<td>1,700</td>
<td>WC Reserve, Forecast and Allocation</td>
<td>Since 1999</td>
</tr>
<tr>
<td>Reddy Ice</td>
<td>Corporate</td>
<td>1,600</td>
<td>WC, AL Reserve and Forecast</td>
<td>Since 2006</td>
</tr>
</tbody>
</table>
Technical Qualifications, Experience and Approach

C.1 Provide a comprehensive narrative that illustrates how the Respondent will manage the project, complete the scope of services, accomplish required objectives, and meet the State’s project schedule. Include a description that outlines:

A. Expected Fund Liability Study. Describe how the Respondent will perform the self-insured funding study of the expected liability of the Risk Management Fund as required under Section A.2.b(1)(A) of the pro forma contract, RFP Attachment 6.6. For each step in the process, please describe in detail any expected tasks to be performed by the State and any documentation expected to be provided by the State, in addition to the tasks and data currently described in Section A.2.a of the pro forma contract, RFP Attachment 6.6. Please include a description of the proposed work product resulting from completion of this study and submit a sample funding study. This sample may be a copy of the Respondent’s previous work product done for another client.

Communication and a team-based approach to consulting are keys to providing the services the State requires in a timely manner. Select Actuarial Services ensures communication by:

- Regular e-mails to update the State on progress;
- Weekly internal project meetings to assess progress and update team members on issues that may arise;
- Daily interaction between team members and project manager; and
- Requesting feedback from the State regarding validation of assumptions and draft studies.

Select Actuarial Services’ team-based approach benefits the State by:

- Allowing more than one person to have knowledge of the project and thus leading us to be responsive to client needs;
• Requiring peer-review of all studies to ensure the best selection of assumptions and techniques, to avoid errors and to make certain the entire scope of services required has been provided; and

• Spreading the work among all team members to enable us to meet requested deadlines.

As your current actuary, we already have a good understanding of the programs to be evaluated. However, we need and value the State’s insights into how the programs have evolved between studies. Thus we will begin each study with a discussion with the State regarding changes we should look for in the data.

Next, we will perform a thorough check of the data for reasonableness and consistency by comparing with last year’s analysis. Any issues that are found will be discussed with the State to gain an understanding of possible causes.

Both the Expected Fund Liability Study and the Cumulative Outstanding Fund Liability Study will rely heavily on the loss development history of the State. Payment and reserving patterns apparent in historical data will be evaluated and supplemented with insurance industry patterns, where necessary, in order to select loss development patterns that are representative of how we expect the State’s current losses to develop in the future. These patterns will be utilized in the estimation of ultimate losses for past program years.

The State has experienced some changes in its workers compensation reserving philosophy, including a new third party administrator, in recent years. These changes have led to a heavy reliance on the State’s payment patterns in estimating ultimate losses. We would expect this to continue for future studies until a new reserving pattern can be established.

In order to forecast the losses for 2018-19, the experience of the State will be developed to ultimate and trended to the 2018-19 loss level using the State’s own loss development patterns and trend factors based on insurance claim costs. These ultimate trended losses will then be divided by the corresponding exposure to derive pure premiums for each year. A pure premium will then be selected for the 2018-19 period and multiplied by the forecast exposure to provide an estimate of ultimate losses for this period.

The forecast analysis will include an estimation of the statistical variability inherent in the actuarial estimates, providing for projections at various confidence levels including the 75th and 90th percentiles. Provision of estimates at other than expected allows the State to evaluate the variability inherent in the estimates. While expected losses provide an adequate basis for funding, clients wishing to reduce the potential for adverse results include a risk margin. The choice of risk margins is dependent upon the client’s risk tolerance and the size of the retention. We understand that the State currently funds the loss portion of its
premiums at the discounted 75th percentile of the aggregate loss distribution, using an interest rate provided by the State.

Once an overall funding level has been established, premiums will be allocated to the various departments. Premiums will be calculated based on each department’s loss experience and exposure to loss so that the total premiums collected equal the recommended overall funding level. Administrative expenses will be added to the premiums using the allocation method provided by the State. We will further assist in identifying the cause of any large (>10%) changes in the amount allocated to a particular department.

Finally, a reconciliation to the prior forecast (for 2017-18) will be completed to detail how the forecast for 2018-19 has changed. Changes attributable to trend, exposures and experience will be identified.

Our analysis of the medical malpractice experience will be conducted somewhat differently from the other studies. Medical malpractice claims, unlike workers compensation and liability experience, are of relatively low frequency and high severity. The number of claims reported to date for a single accident year tends not to be particularly indicative of the number of unreported claims for that year. In addition, studies show that the size of a medical malpractice claim is more closely associated with the year in which the claim is reported than with the year in which the incident occurred. For these reasons, we estimate the expected development on known claims separately from the number and size of unreported claims. Known claims are analyzed by year of report, while unreported claims are projected both by year of incident and expected year of (future) report. The various components are then recombined by occurrence year so that each fund year can be evaluated.

Similarly, our forecast of future experience will be based on a projection of the number of claims to occur, the expected size based on past experience and an estimation of when the claims are expected to be reported.

We do not anticipate any additional tasks to be performed by the State or any additional documentation to be provided by the State beyond that described in the RFP.

Our resulting work product will consist of an Executive Summary that details the high level results of all of the studies along with four separate reports (two for workers compensation and two for liability) that provide the full details of the expected fund liability study and outstanding fund liability study.

We have included a separate sample report that shows our typical workers compensation study. The sample report has both an expected fund liability study (loss forecast) and outstanding fund liability study (reserve analysis) as well as an allocation.
B. Cumulative Outstanding Fund Liability. Describe how the Respondent will perform the self-insured funding study of the cumulative outstanding liability of the Risk Management Fund as required under Section A.2.b(1)(B) of the pro forma contract, RFP Attachment 6.6. For each step in the process, please describe in detail any expected tasks to be performed by the State and any documentation expected to be provided by the State, in addition to the tasks and data described in Section A.2.a of the pro forma contract, RFP Attachment 6.6. Please include a description of the proposed work product resulting from completion of this study and submit a sample funding study. This sample may be a copy of the Respondent’s previous work product done for another client.

We will next perform an analysis of the cumulative outstanding fund liability as of June 30, 2017. Outstanding fund liability is the dollars yet to be paid on accidents which occurred prior to the date of the actuarial study. This estimate includes both case reserves and incurred but not reported losses (IBNR). Properly accounting for outstanding liabilities allows the State to match expenses to the time period in which the incidents occurred and to ensure that adequate funds are reserved to provide for the needed payments.

Estimates of outstanding losses will be provided at various confidence levels, or percentiles, including estimates at the 75th and 90th percentiles. Estimates will also be provided on a discounted basis using the discount rate to be provided by the State. The recommendations in the reserve analysis will serve to ensure conformance with Governmental Accounting Standards Board Statement #10 (GASB 10) requirements for recognizing retained liabilities.

Standard actuarial techniques, often referred to as "link ratio methods," will be utilized to estimate ultimate losses for past accident years. Ultimate losses will be derived utilizing both paid and reported (paid plus case reserves) historical loss development patterns. In order to dampen the effect of fluctuations in reporting and payment patterns from year to year, particularly for the more recent experience periods, an additional technique known as the "Bornhuetter/Ferguson method" will be used to produce estimates of ultimate losses which blend current experience with previous estimates of ultimate losses. For workers compensation, where new reserving patterns are not yet fully established, we will look at the paid losses another way using an incremental method in addition to the methods mentioned above.

An important part of our analysis will be a comparison of the results with those of the previous actuarial study. We will account for the effect of changes in exposures and changes in experience. We will compare the actual reported losses and paid losses for each historical year with projections based on the prior
study, showing clearly where there has been more or less development than expected and the effect on the selected ultimate losses.

If there are indicated material changes in the estimates due to changes in assumptions or methods used, Select will discuss the implications of such changes with the State before submitting a final report to make sure that they accurately reflect the State's program and that the revised assumptions are an improvement over the previous assumptions.

Finally, we will complete a reconciliation of the prior cumulative outstanding fund liability (as of June 30, 2016) with the value as of June 30, 2017. This will break down the change into losses paid on old years, changes in ultimate losses on old years, payments on the 2016-17 year and the additional ultimate losses for the 2016-17 year.

Select’s reports will include several additional calculations that may be of interest to the State. We will include a frequency/severity analysis, estimates of short-term vs. long-term reserves and an analysis of the large loss experience and small loss experience expected for 2018-19.

Technical analysis represents only the first step in this engagement, however. The studies’ conclusions must be clearly presented both to State risk management staff and possibly in a wider context to State agencies' staff. The actuary must be able to explain actuarial concepts in a concise, non-technical manner appropriate to the level of sophistication of the particular audience, without reliance upon insurance industry jargon. Our presentations will focus on overall funding adequacy, trends in experience, projections of future losses and funding recommendations, rather than on the technical actuarial methodology employed to reach the conclusions. We will tailor our presentations to match the needs of the particular audience with input from the State.

We understand that the State of Tennessee may require additional technical advice in connection with miscellaneous problems and questions that may arise relative to the funding and operation of the Risk Management Fund. Select provides this type of consulting to many of its clients, and we are prepared to assist the State in this way.

We do not anticipate any additional tasks to be performed by the State or any additional documentation to be provided by the State beyond that described in the RFP.

Our resulting work product will consist of an Executive Summary that details the high level results of all of the studies along with four separate reports (two for workers compensation and two for liability) that provide the full details of the expected fund liability study and outstanding fund liability study.
We have included a separate sample report that shows our typical workers compensation study. The sample report has both an expected fund liability study (loss forecast) and outstanding fund liability study (reserve analysis) as well as an allocation.

C.2 Attachment 6.14 contains the exposure data and format of such data that the State currently presents to the actuary. Describe the Respondent’s recommended best practices for the exposure data elements to be captured by the State and the presentation format of such exposure data to the actuary.

Since becoming the State’s actuary in 2012, we have worked together to capture the State’s data in a format that is comprehensive and easy for us to utilize. We do not recommend any changes to the way that the State presents the data to Select Actuarial Services.

C.3 Provide a narrative that illustrates any recommended best practices or changes to the current protocol as described in Section A.2. of the pro forma contract in Attachment 6.6.

Select Actuarial Services has been satisfied with the method that the State provides its reports and data. We do not foresee any reason to change the way that the State reports to us.

C.4 Provide an example of an innovative solution the Respondent has provided to help solve a client’s issue or problem.

The State of Tennessee made a major change in its workers compensation reserving philosophy in 2014. The third party administrator had historically only reserved lifetime medical claims for the next one to two years of anticipated costs. The State made the decision to reserve these claims for lifetime anticipated costs which caused a large increase in the reported losses. We were unable to rely on the old reported loss development patterns for estimating ultimate losses. We could rely on the paid loss development patterns and paid methods for estimating ultimate losses, but the ultimate losses produced for many years were smaller than the reported losses creating negative IBNR (incurred but not reported losses), which is very rare for workers compensation. In order to get a better sense of how much negative IBNR would make sense, we calculated “adjusted reported” losses to account for lifetime medical claims that we anticipated would close between 12 and 192 months maturity for reasons other than death based on the State’s claim closure pattern. This solution allowed us to use the paid loss methods, but also reflect the additional information gained by the new reserving philosophy.
C.5 Describe the level of advisory support the State can expect to receive from the Respondent as the State’s Risk Management actuary on various actuarial issues that may arise during the year relative to the Risk Management Study, and describe the process and time frame for responding to such questions from the State. Describe how the Respondent will notify the State if additional information and/or time is needed to answer question.

We know that there will be questions, ad hoc reports and onsite meetings that are necessary throughout the year. Select Actuarial Services is prepared to respond to the State in a timely and effective manner. For requests that require some additional research on our part, we will immediately provide both a timeframe and a list of any additional information that we will need in order to get the request taken care of.

As you can see in section B.12 of this proposal, we are dedicating a large portion of our staff to the State’s needs so that no issue or question goes unattended. One of Select’s team members will be available for questions, discussion or meetings as needed. Our office is less than 10 miles from the State’s office and Capital building and we can attend onsite meetings with little advance notice.

Summary

Select Actuarial Services has the experience with the State of Tennessee and the technical capability and communication skills necessary to provide the services required under this Request for Proposal. We will continue to work with the Risk Management Department as a partner consultant that coordinates and communicates with Department staff during all phases of each assignment. We will complete all studies in a timely manner so that the Department can carry out its responsibilities within its required time frames. We appreciate the opportunity to submit this proposal to continue to work with you in this important area.