STATE OF TENNESSEE
TREASURY DEPARTMENT

REQUEST FOR PROPOSALS # 30901-65626 AMENDMENT # 1 FOR INSURANCE BROKER AND CAPTIVE MANAGEMENT SERVICES FOR THE STATE'S RISK MANAGEMENT PROGRAM

DATE: October 26, 2026

RFP # 30901-65626 IS AMENDED AS FOLLOWS:

1. **This RFP Schedule of Events updates and confirms scheduled RFP dates.** Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE	UPDATED OR CONFIRMED
1. RFP Issued		October 1, 2026	CONFIRMED
2. Disability Accommodation Request Deadline	2:00 p.m.	October 6, 2026	CONFIRMED
3. Pre-response Teleconference	10:00 a.m.	October 7, 2026	CONFIRMED
4. Notice of Intent to Respond Deadline	2:00 p.m.	October 8, 2026	CONFIRMED
5. Written "Questions & Comments" Deadline	2:00 p.m.	October 19, 2026	CONFIRMED
6. State Response to Written "Questions & Comments"		October 26, 2026	CONFIRMED
7. Technical Response and Cost Proposal Deadline	2:00 p.m.	November 2, 2026	CONFIRMED
8. State Completion of Technical Response Evaluations Sections B and C		November 13, 2026	CONFIRMED
9. State Schedules Respondent Oral Presentations (Respondent Finalists Only)		November 16, 2026	CONFIRMED
10. Respondent Oral Presentations (Respondent Finalists Only)	8:00 a.m. – 4:30 p.m	November 18 – November 19, 2026	CONFIRMED
11. State Completion of Technical Response Evaluations		November 19, 2026	CONFIRMED
12. State Opening & Scoring of Cost Proposals (Respondent Finalists Only)		November 20, 2026	CONFIRMED

13. Negotiations (Optional to the State)	4:30 p.m.	November 23 – November 24, 2026	CONFIRMED
14. State Notice of Intent to Award Released and RFP Files Opened for Public Inspection		December 15, 2026	CONFIRMED
15. End of Protest Period		December 22, 2026	CONFIRMED
16. State sends contract to Contractor for signature		December 23, 2026	CONFIRMED
17. Contractor Signature Deadline	2:00 p.m.	December 30, 2026	CONFIRMED

2. **State responses to questions and comments in the table below amend and clarify this RFP.**

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
1. We would also appreciate clarification on the following questions concerning Attachment 6.2, Section A: May a broker serving as prime contractor and a captive management subcontractor collectively satisfy the experience requirements in A.4–A.9, or must the prime independently satisfy each requirement?	A broker serving as prime contractor and a captive manager serving as the prime contractor's subcontractor may collectively satisfy the experience requirements in Items A.4 – A.9 of RFP Attachment 6.2. provided that the prime contractor meets the broker experience requirements and the prime contractor's subcontractor meets the captive manager experience requirements in those items.
2. The RFP contemplates insurance brokerage and captive insurance management services under a single contract. Would the State consider edits aligning a respondent as the prime contractor for brokerage services to the Department of Treasury with an affiliate providing captive management services to the State of Tennessee Captive Insurance Company, and with the contract separately delineating the respective services and responsibilities of each entity to the appropriate State entity?	No. As provided in Section 4.4.5 of the RFP and Section D.7 of the *Pro Forma* Contract (RFP Attachment 6.6), the successful respondent will be the prime contractor and responsible for all work under the contract and for compliance with all terms and conditions of the contract, regardless of whether the successful respondent uses a subcontractor to perform a part of the services the respondent is otherwise required to provide under the contract. The State will only enter into a contract with the respondent that is awarded a contract under this RFP. The State will not enter into more than one contract under this RFP.
3. With respect to the artificial intelligence provisions, will the State consider	No. As provided in Sections 1.6.1 and 1.6.2 of the RFP and as was explained during the pre-response

QUESTION / COMMENT	STATE RESPONSE
reasonable revisions necessary to align those provisions with a respondent's established responsible AI governance framework, including its privacy, security, intellectual property and risk-management requirements?	teleconference, each potential respondent to the RFP was required to carefully review not only the general RFP for any comments or questions, but also the contract that is included as Attachment 6.6 of the RFP. That is the contract the State expects the successful respondent to sign, unless it is amended during the written comments period. Consequently, any proposed changes had to be requested and delineated by no later than the Written Questions & Comments Deadline.
4. Will the State permit the successful respondent a reasonable opportunity to review and propose revisions necessary to address applicable legal and regulatory requirements and respondent's current enterprise policies and controls before contract execution?	See response to Question 3 above.
5. With respect to privacy and information security requirements, will the State consider reasonable revisions or substantially equivalent controls where necessary to align with a respondent's current enterprise privacy and information security framework?	See response to Question 3 above.
6. The RFP permits Respondents to utilize subcontractors under Attachment 6.2, Section B.14. Please confirm whether the State will permit two affiliated legal entities to submit a single response under a teaming arrangement, with each affiliate responsible for a defined portion of the Scope of Services. If permitted, please confirm whether the State requires one entity to serve as the prime Contractor, or whether the State would consider separate contracts with the affiliated entities for their respective scopes.	See response to Question 2 above.
7. In section C.1. Maximum Liability the contract states the following as the definition of Maximum Liability. This appears to be an error and would like clarification as to how this should be read. "In no event shall the maximum liability of the State under this Contract exceed WRITTEN DOLLAR AMOUNT ($NUMBER) ("Maximum Liability")"	This was not an error. The maximum liability is the amount of compensation that will be payable by the State to the successful respondent for the additional professional risk management consulting services described in Section A.5.b. of the *Pro Forma* Contract (RFP Attachment 6.6). This amount cannot be determined until after the opening of the cost proposals.

QUESTION / COMMENT	STATE RESPONSE
8. Can a contractor provide a redacted version of its proposal to protect trade/confidential information?	Yes. As provided in Section 4.8.1 of the RFP, "(a)ll materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Respondents are cautioned not to provide any materials in response to this RFP that are trade secrets, as defined under Tenn. Code Ann. § 47-25-1702 and any other applicable law. . .. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee".
9. Certain terms applicable specifically to captive management services may not be addressed in the State's Pro Forma Contract. Would the State permit the successful Respondent, following award, to enter into a mutually acceptable Terms of Business Agreement (TOBA) with the State addressing those captive-specific terms, provided that the TOBA does not supersede or conflict with the State Contract and is incorporated into the Contract through an approved attachment, exhibit, or amendment?	No. See response to Question 3 above. However, if the concern is how the successful respondent will perform the Captive insurance manager services under the contract, Section A.3.f. of the *Pro Forma* Contract (RFP Attachment 6.6) allows the successful respondent and the State to mutually develop any necessary or desirable operating procedures to effectuate the performance those services.
10. How many hours of risk management services does the State currently receive as part of its current contract?	The current contract provides: A.5. <u>Other Professional Risk Management Consulting Services</u>. a. At the State's request, the Contractor shall provide to the State up to 500 hours of professional risk management consulting services each year that are described in pages 137 – 143 of the Contractor's Proposal. The services and any resulting deliverables shall be provided to the State in the manner and within the timeframes as shall be mutually agreed to in writing by the Parties. b. The State may request, and the Contractor shall provide additional professional risk management consulting services that exceed the hours specified in Section A.5.a above. Remuneration for such additional services shall be based on the payment rate(s) detailed in Section C.3.b.(1) of this Contract. The services and any resulting deliverables shall be provided to the State in the manner and within the timeframes as shall be mutually agreed to in writing by the Parties.
How many hours has the State used?	The State has used 500 hours under Section A.5.a. above.

QUESTION / COMMENT	STATE RESPONSE
What is the incumbent broker's hourly rate per hour for professional risk management consulting services?	For the professional risk management consulting services under Section A.5.b above, $245 per hour.
11. Please provide a 5-year analysis of the State's insurance premium spend by line of coverage.	Please see attached.
12. The property program information provided in the RFP is as of the renewal 10/15/2025. Given the recent renewal for this year, can you provide a summary of program changes – coverage and premium as of 10/15/2026?	We increased our limit to $1 billion and our earthquake and flood to a limit of $150 million. See attachment in response to question 11 above.
13. Per Attachment 6.7., Property Program as of October 15, 2025, the captive's aggregate limit for the captive property placement is $25M excess of a $7.5M self-insured retention (excess of various maintenance deductibles). If the captive's aggregate limit is exhausted in a given policy year, how does the excess property capacity respond to additional loss that would have otherwise impacted the captive layer?	For property coverage, the deductible for an individual Tennessee state agency is based on a tiered deductible system that accounts for averaged losses over a three-year period, and the type of loss. The Risk Management Fund is responsible for property losses of $7.5 million per occurrence for all perils. The Captive Insurance Company is responsible for property losses in excess of the Risk Management Fund limits up to an annual aggregate of $25 million. Purchased insurance coverage is responsible for losses exceeding these limits to the current maximum insurance coverage of $1 billion per year for perils other than earthquake and flood, which are currently capped at $150 million each per year.
14. What are the current fees under the existing contract for: a. Broker's annual fixed fee for brokerage services b. Commission rate – both the broker's proposed commission in the contract; versus the global commission received via wholesale, London, Bermuda or other foreign intermediaries c. Current annual fee for Captive Management services d. Current bi-annual fee for the TPA audit services	See the attached for the entire compensation arrangement with the State's current insurance broker/captive manager. **NOTE:** There are only two types of payments the contractor receives, as will be the case in any contract awarded under this RFP; namely, (i) the additional professional risk management consulting services described in Section A.5.b. of the *Pro Forma* Contract, and (ii) ALL other services. For "ALL other services", the compensation to the successful respondent is a percentage of the ***total aggregate*** insurance premiums payable to **all** insurance carriers (regardless of whether they are or whether they are not wholesale, London, Bermuda, or a foreign intermediary) as a result of insurance placed on behalf of the State. **Note:** A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information. Pursuant to Section C.3.d of the *Pro Forma* Contract (RFP Attachment 6.6), the successful respondent must provide the State with a written report fully accounting of its revenues related to the contract upon the initial placement of the insurance policies, and annually thereafter at the time of policy renewal. The State may request the report at such other times as it may determine. Each report must breakdown and allocate the successful respondent's revenues between the services performed relative to the

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	Captive versus the other services performed under the contract.
15. Section A Mandatory Requirements, Item A.9, What does $100 million in revenue represent, is this premium?	The $100 million in revenue is from commissions earned through the placement of insurance in the global reinsurance marketplace.
16. Please confirm that the Captive Manager does not need to be physically located in TN.	Confirmed.
17. Proposed Contract exceptions Draft Contract, D. Mandatory Terms and Conditions, Section D.32., Add Cyber Liability Insurance to the Additional Insured Exception o Language: Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance and cyber liability insurance o Justification: Cyber policies are built to cover the named insured's own cyber losses and liability, so adding another party often provides little protection and may create confusion over coverage and shared limits. Please confirm that as long as respondent maintains cyber coverage appropriate to their operations, the State will waive the additional insured requirement.	See Item 3 below for an amendment to Section D.32 of the *Pro Forma* Contract (RFP Attachment 6.6).
18. Proposed Contract exception: Draft Contract, D. Mandatory Terms and Conditions, Section D.32., Remove $50,000 deductible or SIR requirement. o Language: ~~Any deductible or self-insured retention ("SIR") over fifty thousand dollars ($50,000) must be approved by the State.~~ o Justification: Most large insurance brokerages will maintain a self-insured retention well in excess of $50,000. Please confirm that the State will accept a higher SIR.	See Item 3 below for an amendment to Section D.32 of the *Pro Forma* Contract (RFP Attachment 6.6).
19. Proposed Contract exception: Draft Contract, D. Mandatory Terms and Conditions, Section D.32., Strike	See Item 3 below for an amendment to Section D.32 of the *Pro Forma* Contract (RFP Attachment 6.6).

QUESTION / COMMENT	STATE RESPONSE
requirement for copies of complete policies/endorsements o Language: ~~The State reserves the right to require complete copies of all required insurance policies, including endorsements required by these specifications, at any time~~. o Justification: Policies are considered confidential documents for the named insured. Please confirm that the state will waive this requirement.	
20. Proposed Contract exception: Draft Contract, D. Mandatory Terms and Conditions, Section D.32, Cyber Liability - change form type from "per occurrence" to "per claim" o The Contractor shall maintain cyber liability insurance in an amount not less than three million dollars ($3,000,000) per ~~occurrence~~ claim and five million dollars ($5,000,000) o Justification: Cyber liability is typically written on a claims made form, please confirm that the State will accept a claims made policy.	This is unnecessary. Section D.32.e. of the *Pro Forma* Contract relative to cyber liability insurance states: "The Contractor shall maintain cyber liability insurance in an amount not less than three million dollars ($3,000,000) per occurrence or claim and five million dollars ($5,000,000) annual aggregate".
21. Proposed Contract exception: Draft Contract, D. Mandatory Terms and Conditions, Section D.19., Hold Harmless – Add "defend"; Add "to the extent resulting from"; Add "the performance of its obligation under"; strike language o Language: Hold Harmless. The Contractor agrees to indemnify, defend, and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action to the extent resulting from ~~which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of~~ the negligent or willful acts or omissions on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to the performance of its	Tennessee state law (Tenn. Code Ann. § 12-3-515(a)(2)) prohibits the State from entering into a contract that contains a term or condition that permits a person, other than the Tennessee Attorney General and Reporter, to serve as legal counsel for the state or a state governmental entity, except as provided in Tenn. Code Ann. § 8-6-106. With respect to the other matters, the State respectfully declines.

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obligations under this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract. o Justification: The hold harmless language should limit the contractor's obligation to actions that result from the contractor's negligence or willful acts or omissions related to the performance obligations of the contract.	
22. Proposed Contract exception: Draft Contract, E. Special Terms and Conditions, Section E.2., Intellectual Property Indemnity, Add language, Strike language o Language: The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against third-party claims alleging that a deliverable created by the Contractor and provided to the State under this Contract infringes a United States patent, copyright, or trade secret, but only to the extent the claim arises from the Contractor-provided deliverable as furnished to the State. This obligation does not apply to a claim arising from (i) materials, instructions, or specifications supplied by the State; (ii) modification of the deliverable by anyone other than the Contractor; (iii) combination with materials not provided by the Contractor, where the claim would not have arisen from the deliverable alone; or (iv) continued use after the Contractor has provided a non-infringing replacement or modification ~~any and all claims or suits which may be brought against the State concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement.~~	The State respectfully declines.

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o Justification: The proposed edits limit the contractor's responsibility to third-party claims that are the contractor's own deliverable/work product, as provided, infringes specified U.S. intellectual property rights, and excludes claims caused by the State's materials, later modifications, or combinations—avoiding the original's broad exposure to claims outside of the Contractor's control.	
23. A. Reinsurance / Risk Financing A1 Please confirm the order of application among agency deductibles, the $7.5 million State retention, the $25 million captive aggregate, and the commercial property program, including when the commercial policies attach.	See response to Question 13 above.
24. A. Reinsurance / Risk Financing A2 Does the two-admitted-carrier declination requirement and the A-/VI rating minimum apply to reinsurance placed for the captive, including London and Bermuda markets?	Yes.
25. A. Reinsurance / Risk Financing A3 For Mandatory Item A.9, what does "$100 million in revenue" mean, and what evidence should respondents provide?	See response to Question 15 above. The evidence could be a list of the total earned per year during the last five years.
26. A. Reinsurance / Risk Financing A4 Please provide or identify the analysis supporting the increase in the property retention from $2.5 million to $7.5 million.	There was no analysis completed. This was a proactive response to protect the capital of the Captive.
27. B. Captive Management B1 What records, data exports, system access, and incumbent support will be available for transition before March 1, 2027?	The contract with our incumbent states: "Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer, at the State's request and in accordance with the State's instructions, all records pertaining to the State's insurance program, including the Captive, to whomever the State may designate in writing to the Contractor. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. To ensure continuous operation of the State's insurance program

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	(including the Captive) and upon thirty (30) calendar days' notice, this information shall be provided to the State or its designated agent at least forty-five (45) calendar days prior to the termination or expiration date of this Contract. Further, the State may require the Contractor to provide this information at various other times prior to or after the termination or expiration date of this Contract. It shall be the responsibility of the Contractor to continue to service claims until they are closed as well as provide loss runs for up to five (5) years on policies placed by the Contractor before the termination or expiration of the Contract".
28. B. Captive Management B2 Which additional coverage lines, if any, should be prioritized for captive feasibility analysis?	Workers' compensation and tort.
29. B. Captive Management B3 Please reconcile the June 30, 2025 audited equity to the comparative balance in the December 31, 2025 management statements, and provide a reconciled reserve roll-forward through December 31, 2025.	See attached. We are on a June 30th fiscal year.
30. C. TPA Auditing / Claims C1 Please confirm the separate scope and deliverables for (1) Sedgwick property/cyber claim reviews and (2) the biannual CorVel workers' compensation incentive audits.	The successful respondent will be responsible for the performance of all the services specified in the contract. This includes routinely auditing the State's insurance claims adjuster as provided in Section A.3.c of the *Pro Forma* Contract to ensure that insurance claims made against polices issued by the Captive are being handled effectively and for auditing the workers' compensation TPA performance levels as stated in Section A.4. of the *Pro Forma* Contract.
31. C. TPA Auditing / Claims C2 Please provide the two most recent CorVel audit reports and confirm whether the contractor must independently recalculate each incentive metric or may use sampling and TPA reports.	The State does not believe the audit reports are necessary in order for the respondents to respond to the RFP. The contractor must independently calculate each incentive metric, but the calculation may be based on a sampling of workers' compensation claims.
32. D. Consulting / Advisory D1 Please confirm whether the contract includes 500 or up to 1,000 consulting hours per year and how excess-hour pricing will be evaluated.	The State may request up to 500 hours of "other professional risk management consulting services" each year. The types of such consulting services are to be described in the respondent's technical proposal in response to Section C.20 of Attachment 6.2 of the RFP. The respondent <u>will not</u> charge an additional fee for those services. <u>In addition to those 500 hours</u>, the State may request additional hours of "other professional risk management consulting services", whereby the respondent will be paid a fee. The fee for those additional services will be based on the hourly fee amount that is entered on the Cost Proposal (RFP Attachment 6.3) by the successful respondent.

<table>
<tr><th>QUESTION / COMMENT</th><th>STATE RESPONSE</th></tr>
<tr><td></td><td>Other than that hourly fee amount, the only other compensation the respondent will receive for performing the services under the contract is the percentage of the total aggregate insurance premiums that are entered on the Cost Proposal (RFP Attachment 6.3.) by the successful respondent.</td></tr>
<tr><td>33. D. Consulting / Advisory D2
Please identify the first-two-year priorities for property valuations, inspections, flood planning, and emergency-response work, including the estimated number of locations requiring field work.</td><td>Property Valuation: Year 1:
• Complete desktop valuations for all portfolio assets.
• Conduct field valuations for high-value, high-risk, and special-use facilities (e.g., correctional facilities, hospitals, universities).
Year 2:
• Expand field valuations to moderate-risk facilities.
• Refine replacement-cost methodologies and update unit-cost data.
Flood Planning: Year 1: Complete statewide flood-exposure mapping for all assets.
Conduct field assessments of high-exposure facilities in Special Flood Hazard Areas (SFHAs) or areas recently impacted by flooding.
Year 2: Develop facility-level flood-mitigation plans and cost estimates.</td></tr>
<tr><td>34. E. Brokerage / Placement E1
Please explain how commission percentages and hourly rates will be converted into the Total Evaluation Cost Amount.</td><td>See partial <u>example</u> below. For this partial example, the score <u>for evaluation purposes</u> would be 482 + 1.5 = 483.5.
<table><tr><th></th><th></th><th></th><th></th><th></th><th></th><th>Sum</th><th>Evaluation Factor</th><th>Raw Weighted Score (sum x factor)</th></tr><tr><td>For the additional professional risk management consulting services</td><td>90 per hour</td><td>95 per hour</td><td>98 per hour</td><td>99 per hour</td><td>100 per hour</td><td>482</td><td>1</td><td>482</td></tr><tr><td>For all services set forth in the Pro Forma Contract (RFP Attachment 6.6).</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Total aggregate insurance premiums of $1.00 – $1,000,000</td><td>Up to 0.1% of premums</td><td>Up to 0.2% of premiums</td><td>Up to 0.3% of premium</td><td>Up to 0.4% of premium</td><td>Up to 0.5% of premium</td><td>1.5</td><td>1</td><td>1.5</td></tr></table></td></tr>
<tr><td>35. E. Brokerage / Placement E2
Please confirm what compensation is permitted beyond stated carrier commissions, how it must be disclosed</td><td>See response to Question 14 above.</td></tr>
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QUESTION / COMMENT	STATE RESPONSE
or credited, and how the proposed commission cap is applied and reconciled.	
36. F. Cross-Program / Strategic F1 Which systems are the authoritative sources for exposure, policy, claim, reserve, payment, premium, and valuation data, and what ongoing data access will the contractor receive?	We utilize a contractor (Sedgwick) for claims, and payments are made in-house. We use Origami for our statement of values for property. The agencies file claims online and the broker/captive manager is copied on all incoming claims.
37. F. Cross-Program / Strategic F2 What governance is expected to manage conflicts between placement compensation and advice on retentions, capital, market channels, and adding coverage to the captive?	Captive board.
38. F. Cross-Program / Strategic F3 May respondents use affiliated or independent specialist firms under one prime contractor, and if so, what approval, licensing, accountability, data-sharing, and independence requirements apply?	See response to Question 2 above.
39. G. Cyber Program G1 Please provide the complete STNCYB25 captive cyber policy, including all forms and endorsements.	See attached.
40. G. Cyber Program G2 Please provide the cyber loss history used in the actuarial forecasts.	See attached.
41. G. Cyber Program G3 Please describe how higher-education exposures are reflected in the cyber program and related limit-adequacy analysis.	Higher Education is treated the same as state government agencies and the requirements for controls are the same.
42. H. Financial Administration H1 Please provide the most recent financial examination report for the State of Tennessee Captive Insurance Company, if available.	See attached.
43. H. Financial Administration H2 Please confirm the required frequency and delivery deadline for interim Captive financial statements.	The State expects the successful respondent to provide the interim Captive financial statements on an annual basis or upon request from the State, which will be addressed in the Operating Procedures to be developed by the State and the

QUESTION / COMMENT	STATE RESPONSE
	successful respondent pursuant to Section A.3.f. of the *Pro Forma* Contract (RFP Attachment 6.6)
44. H. Financial Administration H3 Will the Captive Manager be responsible for preparing and maintaining Board meeting minutes?	No.
45. H. Financial Administration H4 Approximately how many Captive cash receipts and disbursements are processed annually?	There are two receipts every year for the property and cyber premiums paid. Interest income occurs monthly. Disbursements can vary depending on the claims that are settled in a particular year. However, disbursements will likely be fewer than 10 a year. Our largest year so far was four disbursements. There are two regulatory disbursements annually for reporting and taxes.

3. **Delete Section D.32. of the *Pro Forma* Contract (RFP Attachment 6.6) in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to ~~name~~ include the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement or policy wording for a waiver of subrogation in favor of the State. Any deductible or self-insured retention ("SIR") over fifty thousand dollars ($50,000) must be ~~approved by~~ disclosed to the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars ($2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars ($1,000,000) combined with an umbrella policy for an additional one million dollars ($1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall advise the State and allow the State to view ~~provide~~ a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard

ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. ~~The State reserves the right to require~~The Contractor shall permit the State to review complete copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability ("CGL") Insurance

    1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

       The Contractor shall maintain single limits not less than one million dollars ($1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

b. Workers' Compensation and Employer Liability Insurance

    1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:

i. Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes.

2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

i. The Contractor employs fewer than five (5) employees;
ii. The Contractor is a sole proprietor;
iii. The Contractor is in the construction business or trades with no employees;
iv. The Contractor is in the coal mining industry with no employees;
v. The Contractor is a state or local government; or
vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405

c. Automobile Liability Insurance

1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars ($1,000,000) per occurrence or combined single limit.

d. Professional Liability Insurance

i. Professional liability insurance shall be written on an occurrence basis or on a claims-made basis. If this coverage is written on a claims-made basis, then:

1. The retroactive date must be shown, and must be on or before the earlier of the Effective Date of the Contract or the beginning of Contract work or provision of goods and services;
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) full years from the date of the final Contract payment; and
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date on or prior to the Contract Effective Date, the Contractor must purchase "extended reporting" or "tail coverage" for a minimum of five (5) full years from the date of the final Contract payment.

ii. Any professional liability insurance policy shall have a limit not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) in the aggregate; and

iii. If the Contract involves the provision of services by medical professionals, a policy limit not less than three million ($3,000,000) per claim and three million dollars ($3,000,000) in the aggregate for medical malpractice insurance.

e. Cyber Liability Insurance

1) The Contractor shall maintain cyber liability insurance in an amount not less than three million dollars ($3,000,000) per occurrence or claim and five million dollars ($5,000,000) annual aggregate. Such insurance shall be sufficiently broad to respond to the Contractor's duties and obligations under this Contract, and shall include coverage for all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access,

failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.

2) Such coverage shall include data breach response expenses, in an amount not less than three million dollars ($3,000,000) and payable whether incurred by the State or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.

f. Crime Insurance

1) The Contractor shall maintain crime insurance, which shall be written on a “loss sustained form” or “loss discovered form” providing coverage for third party fidelity, including cyber theft and extortion. The policy must allow for reporting of circumstances or incidents that may give rise to future claims, include an extended reporting period of no less than two (2) years with respect to events which occurred but were not reported during the term of the policy, and not contain a condition requiring an arrest or conviction.

2) Any crime insurance policy shall have a limit not less than one million dollars ($1,000,000) per claim and one million dollars ($1,000,000) in the aggregate. Any crime insurance policy shall contain a Social Engineering Fraud Endorsement with a limit of not less than two hundred and fifty thousand dollars ($250,000). This insurance may be written on a claims-made basis, but in the event that coverage is cancelled or non-renewed, the Contractor shall purchase an extended reporting or “tail coverage” of at least two (2) years after the Term.

4. **RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.