

Vendors must respond to the proposal questions in this section in accordance with the instructions given in Section 2.0, Preparing and Submitting a Proposal.

4.1 General Questions

4.1.1 Organization Capabilities

Describe your organization's ability to implement and administer the Wisconsin Public Employer's Group Life Insurance Program.

- a. What was your group life insurance premium income during 2002 and group life insurance in force on December 31, 2002?
- b. What was your group life insurance premium income in Wisconsin in 2002?
- c. Indicate the ratings given to your company by the following:
 - 1) AM Best
 - 2) Standard & Poor's
 - 3) Moody's
 - 4) Fitch

Has there been any change in your ratings in the last 2 years? If yes, please explain.

- d. What is the financial size category assigned to your company by AM Best?
- e. Provide details of your experience and capabilities in providing services similar to those specified in this RFP. Response should identify plans of similar size, preferable governmental programs with multiple employers and a wide variety of payroll systems.
- f. Has the Examiner Team for the National Association of Insurance Commissioners (NAIC) designated your company as a first or second priority company in any of the last three (3) calendar years?
- g. Describe any pending agreements to merge or sell your firm.
- h. Within the last five years, has your firm ever defaulted on a contract to provide a group life insurance plan? Has your firm been involved in litigation regarding such contract? Have any such contracts ever been canceled or failed to be renewed for alleged fault on the part of your firm? If any of the above is yes, provide specifics.
- i. Provide a description of any current litigation involving other contracts in which the respondent has been or is involved.

- j. Within the last five years, has your firm ever been removed or replaced as life insurance provider of a state or other public group life insurance plan with 10,000 or more employees? If yes, explain the circumstances.

4.1.2 Vendor References

Selected organizations may be contacted to determine the quality of work performed and personnel assigned to the plan. The results of the reference check will be provided to reviewers and used in scoring the written proposal.

Use the Reference Sheet in Attachment 3 to provide at least three (3) references. Each reference must identify the company/agency for which you have provided and administered life insurance plans. Detail should include the services provided including the number of eligible employees and the number of actual participants and contracts. At least one reference should be a public sector employer plan with 50,000 or more participants.

4.1.3 Staff Qualifications

Provide information regarding the staffing levels you propose to provide for the Wisconsin program.

- a. Identify key staff members who would have day-to-day contacts with the Department. Identify their respective duties and scope of authority for each of the key staff assigned to the plan.
- b. Include references and resumes of key staff describing their education and work experience with respect to group life insurance programs.
- c. Include detailed information about staff that would be responsible in each of the following areas: actuarial evaluation, customer service including service to participating employers, enrollments, claims processing, information technology and data processing, investments, marketing, accounts, and legal services.
- d. Provide an organizational chart or charts that indicate current or proposed positions assigned to the Wisconsin plan, at the local and home office level.

Your response to this item will establish the standard for all staff assigned to this RFP.

4.1.4 Financial Stability Documentation

Vendors responding to this RFP must be able to substantiate their financial stability. Furnish a copy of your most recent audited financial statements. Include, at a minimum, a Balance Sheet and a Profit and Loss Statement, together with the name and address of the bank(s) with which you conduct business and the public accounting firm(s) that audit your financial statements. The Department reserves the right to request additional information to verify the vendor's financial status.

4.2 Technical Questions

Appendix C includes, but is not limited to, the functions and services that the Insurer of the State of Wisconsin Public Employers Group Life Insurance Program must provide. Appendices A & B provide a program history and outline of current benefits. The vendor must provide a written response that reflects the vendor's understanding of the stated requirements, procedures used to ensure the requirements will be met and the vendor's current operating environment and experience in providing the required services. Proposals may include alternatives to current procedures, reports, etc. as is deemed appropriate to ensure the effective and efficient administration of the contract.

Scoring will be based on the quality of the approach and the ability of the respondent to meet the needs of the Program.

4.2.1 Program Administration

The vendor must have the ability to administer the life program, respond to and maintain compliance with applicable laws, regulations, rules and policies and provide efficient and effective liaison with the Department. The Insurer must provide services to about 630 participating local employers and 43 state agencies. Employers may require periodic assistance and training in life insurance policies and procedures.

- a. Provide details of your experience servicing programs with multiple employers with a wide variety of payroll systems. Include a list of similar programs with multiple employers and multiple payroll systems that are currently being serviced by your company.
- b. Describe your experience with plans providing post-retirement life insurance benefits. Provide specific examples, clients served, and details regarding these programs.
- c. In each of the areas listed below, describe your company's:
 - Current administrative procedures,
 - Past experience,
 - Current volume of transactions, and
 - System changes that will be necessary in order to administer the Wisconsin program
 1. Enrollment processing
 - New enrollments
 - Continuing enrollment when employee changes employer or retires
 - Underwriting late enrollments
 - Conversion policies
 2. Claims Processing
 - Death benefits
 - Accidental Death and Dismemberment
 - Waiver of premium in periods of disability

3. Maintenance of plan records
 - Individuals' enrollment, coverage, premium payment and claims history
 - Premium remittance by employer
 - Claims experience by employer
 - Administrative expenses
 - Investment credits
 - Reserves balances
 - Tax records

4. Benefits Payable Before Death

- i. A Living Benefit provision. (Include information about how the benefit payment is determined. Are these benefits discounted?)
- ii. A Life to Health or Long-Term Care insurance benefit. (Converting value of life insurance to pay health and/or long-term care insurance premiums.)

- d. Business Recovery

Provide a high-level overview of a business resumption plan in the event of an emergency, such as natural disaster, temporary staffing, (e.g. strike), etc. Include contingency plans for continuation of all business functions during an emergency, including a summary of the provisions for backup and recovery of all electronic information systems.

- e. Turnover Plan

Provide a high-level summary of the steps that would be taken to insure a smooth transition to a successor Insurer at the end of a contract period or in the event of contract default. Include the activities necessary for an orderly and controlled transition, the time-frame required for such a transition, the key business areas that would be involved, and considerations required for the turnover of plan records to the successor Insurer.

4.2.2 Customer Service

- a. Describe your firm's procedures regarding routing of telephone, e-mail, FAX, and written inquiries and complaints from employers and participants.
- b. What staff are assigned to respond to these inquiries? Where are they located?
- c. How do you propose to train staff on the specifics of the WPE Program? Provide sample materials.
- d. What is their authority to resolve problems?
- e. What is the normal turn-around time for each type of inquiry?
- f. Describe any special arrangements you would make to provide customer service for the WPE Program.

- g. Would your firm establish a local Madison area office? If not, where would program administration tasks be carried out? If you have or will establish a local office, which tasks will be performed there?
- h. Do you have a internet site? What information will be made available to employees, employers, and the Department on the site? What other electronic capabilities may be made used for communication to employees, employers, and the Department?

4.2.3 Membership Information/Billing

A membership information/billing system must contain, at a minimum

- The full name, social security number, and address of each insured or formerly insured employee and retiree;
- their employer(s);
- the types of coverage they elected;
- the amount of coverage for each type;
- the current status of the insurance;
- the date through which premiums have been paid; and
- the dates of any changes to coverage or other updates.

For each employer, the system must

- contain address;
- contain participation information;
- be capable of retrieving a list of current insured employees of that employer; and
- the total coverage in force and premium collected for each coverage level.

- a. Describe the membership/billing system that your firm currently uses to administer a large (over 50,000 participants) multi-employer group insurance plan.
- b. How many transactions per year (enrollments, cancellations, changes) does this system handle?
- c. Does the billing system also function as a membership information system? If not, how is the membership data base coordinated with the billing system?
- d. What changes, if any, do you propose to make to your membership information/billing system in order to meet the needs of the Wisconsin Public Employers Program?
- e. How would Department staff have access to the membership information system?
- f. How would employer's gain on-line access to their employees' membership and on-line billing information?
- g. Who would be responsible for resolving access problems (password and authorization problems, slow response time, system down-time, etc.)?

- h. How would you provide for direct billings to group members who cannot pay premiums through an employer or the Wisconsin Retirement System (WRS) annuity system?

4.2.4 Computer and Data Processing Facilities

- a. Describe the computer and data processing facilities that your firm currently owns and would make available for administering the WPE Program. Include a description of any mainframe and network structures that would be available to Department staff.
- b. What additional computer/data processing resources would your firm acquire in order to fulfill the terms of your proposal?
- c. Describe the internal controls you will institute to protect the security and privacy of program data, records, forms, and data processing operations. Describe your policy, procedures and plans for these areas.

4.2.5 Program Information and Communication

This section must address the services to be provided to participating employers and the marketing of the program to eligible, non-participating employers. The marketing philosophy and approach used by the Insurer to market the plan must be approved by the Department. The Insurer may be asked to develop informational bulletins, brochures, or newsletters directed to employers and/or employees containing information pertinent to the Program. The Department retains publishing rights and approval of all material prior to distribution to employers or employees.

- a. Describe the approach that your firm will use to ensure all eligible employers are aware of and offered participation in all coverage types in the program.
- b. Describe your plan for providing continuing service (e.g., training, problem-solving, customized computerized billing) to participating employers in all geographical areas of the State. If available, describe your capabilities for video conferencing or on-line interactive training options.
- c. Detail your experience developing and producing informational materials for employers and employees. Provide sample materials.

4.2.6 Services Provided to the Department

- a. The Department works directly with the Insurer on all administrative matters. The current division of administrative tasks is described in Appendix C.I. A. and B. The Insurer must provide technical and legal expertise to advise the department on issues relating to the program.
 - 1. List any administrative tasks described in Appendix C.I.A. which are not included in your cost proposal.
 - 2. Describe how you will monitor the development of and provide advice concerning state or federal regulations or legislation impacting on the life program.
 - 3. Provide information about the legal and technical staff that will be available to the Department for advice and consultation as needed for program administration.

4.2.7 Reporting

The Department is responsible for monitoring the administration of the program. Reports must be provided to the Department to ensure effective monitoring of all aspects of the program. The reports provided to the Department may include, but will not be limited to those listed in Appendix C.I. A. 26.

- a. Provide samples of the report formats you propose to use.
- b. Provide a description and example of reports other than those specified in Appendix C that you recommend be made available to the Department.

4.2.8 Performance Standards and Penalties

The Insurer will be required to meet performance standards and penalties that may include, but not be limited to, those stated in Appendix C.

- a. Describe the reports currently used internally to measure fulfillment of performance standards such as those described in Appendix C of this RFP. Include a sample of these reports.
- b. Do you have any contracts with other clients which incorporate a penalty for not meeting performance standards? If yes, indicate the types of performance guarantees you have entered into previously and your ability to provide these arrangements to the Department.

4.2.9 Transition and Implementation

- a. Describe in detail, the steps that would be taken to insure a smooth transition when assuming administration of the WPE program from the predecessor Insurer. Provide a work plan and schedule identifying the tasks and time frames required to complete this transition.
- b. Provide a detailed description and history of similar program conversions performed and references for whom these services were provided.
- c. Provide names, resumes, and references for the personnel that would be primarily responsible for this process.

The vendor will comply with the following terms and conditions:

5.1 Legal Relations

- (1) The vendor shall at all times comply with and observe all federal and state laws, local laws, ordinances, and regulations which are in effect during the period of this contract and which in any manner affect the work or its conduct.
- (2) In carrying out any provisions of this RFP or in exercising any power or authority granted to the vendor thereby, there shall be no liability upon the GIB or the Department, it being understood that in such matters the GIB and the Department act as agents and representatives of the State.
- (3) The vendor accepts full liability and agrees to hold harmless the GIB and its members, the Department, its employees, agents and vendors, the Employee Trust Funds Board and their members, and the Public Employee Trust Fund (Chapter 40—Wis. Stats.) for any act or omission of the vendor, or any of its employees, in connection with this contract.
- (4) No employee of the vendor may represent himself or herself as an employee of the GIB or the Department.

5.2 Ownership of Material

- (1) Except for medical records as defined by Wis. Admin. Code § ETF 10.01 (3m), all information, data, reports and other materials as are existing and available from the Department and which the Department determines to be necessary to carry out the scope of services under this contract shall be furnished to the vendor and shall be returned to the Department upon completion of the contract. The vendor shall not use it for any purpose other than carrying out the work described in the contract. The Department shall not disclose medical records.
- (2) It is agreed that the Department will be furnished without additional charge all data, models, information, reports and other materials associated with and generated under this contract by the vendor.

5.3 Examination of Records

- (1) The vendor agrees that the Department shall have access to and the right to examine, audit, excerpt and transcribe any directly pertinent books, documents, papers and records of the vendor, involving transactions relating to this RFP. Such material shall be retained for three years by the vendor following completion of the RFP.
- (2) Throughout the term of this RFP and for three (3) years thereafter, the vendor shall notify the Department of the name, address and telephone number of the vendor's employee who shall serve as custodian of the records produced and collected under this RFP who shall make any public records, as determined by the Department, available for inspection and/or copying as requested by the Department in connection with Wis. Stats. § 19.36 (3).

5.4 Annual Report

The Insurer shall furnish the Department with an annual report, audited by an independent certified public accountant, of the financial status of the Program, disclosing value of Program assets, liabilities, analysis of cash receipt and disbursements, and other relevant information as may be reasonably requested by the Department.

5.5 Compliance Audits

The State may schedule and arrange with independent contract auditors to conduct compliance audits of the Insurer's program administration, claims processing system and accounting system as they apply to the WPE program and accounts. (Such independent contract auditors include ETF Internal Auditors.) Any auditor costs, as contracted for, provided by and/or approved by the State, of compliance audits shall be charged to the Insurer, who shall pay those charges and bill them to the program. Such actual compliance audit expenses will be reimbursed to the Insurer as an add-on expense in addition to the contracted amount for other program services of the Department.

5.6 Actuarial Consultant Fees

The Insurer shall agree that the WPE Program shall pay a share, as determined by the Department, of the fee for the actuarial consultant retained by the GIB. Such fees shall be billed annually to the Insurer, who shall pay these charges and bill them to the program. Such actuarial consulting fees will be reimbursed to the Insurer as an add-on expense in addition to the contracted amount for other program services.

5.7 Business Recovery

The Insurer shall furnish the Department with a detailed contingency plan for business recovery of the Insurer's electronic data processing equipment that assures the system will be back in operation within 48 hours of a disaster or business interruption. In addition, the plan must specify the method used for providing critical business functions in the event of an emergency such as natural disaster, temporary staffing (e.g. strike). Insurer further agrees to file a written contingency plan with the Department within 180 days of the signing of the contract. Said plan is subject to Department approval.

5.8 Accounting

The Insurer shall maintain an accounting system in accordance with Generally Accepted Accounting Principles (GAAP) for the purpose of audit and examination of any books, documents, papers, and records maintained in support of this contract. All funds under this contract shall be fully accounted for separately and independently of any other funds of the Insurer. The Insurer shall establish and maintain separate ledgers and checking accounts for the revenues from this contract, wherein funds shall be clearly identifiable. The Insurer shall not commingle Wisconsin funds with any other funds in the Insurer's administration or control.

5.9 Key Personnel

The Insurer shall notify the Department within three (3) working days of any permanent or temporary (greater than ten (10) consecutive working days) changes to or deletions from the Insurer's named key personnel as specified in Section 4.1.3. The Insurer shall, upon request, provide the Department with a resume of any member of its staff assigned to or proposed to be assigned to any aspect of the performance of the contract. Replacement of any personnel, including those who have terminated employment, shall be with personnel of equal or greater ability and qualifications as those previously approved by the Department.

5.10 Administrative Expenses

In accordance with Wis. Stat. 40.04(2), the Department will be reimbursed annually for administrative expenses incurred by the Department for the operation of the WPE Life Insurance Program. This amount will be billed directly to the WPE Life Insurance Program.

5.10 Standard Terms and Conditions. DOA – 3054 (01/01) Attachment 4

5.11 Supplement to Standard Terms and Conditions. DOA – 3681 (01/01) Attachment 4