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TO: Actuarial Firms Competent in Property and Casualty Insurance Analysis

FROM: Kenneth McGuckin, Acting Deputy Commissioner for Insurance

DATE: December 6, 2010

SUBJECT: Request for Proposal

The Vermont Department of Banking, Insurance, Securities and Health Care Administration (the "Department") is requesting proposals from actuarial analysis consulting firms to perform actuarial reviews of property and casualty insurance as needed by the Department. The scope of work to be done and the information that must be presented in your proposal are described in the enclosed Request for Proposal.

Two copies of each proposal must be submitted no later than Tuesday, January 11, 2011 at 2:00 PM EST to:

Louisa Neveau  
Executive Staff Assistant to the Insurance Division Deputy Commissioner  
Department of Banking, Insurance, Securities and Health Care Administration  
89 Main Street  
Montpelier, Vermont 05620-3301

The Department reserves the right to accept or reject any or all bids. Two or more qualified staff members of the Department will evaluate the proposals. If a firm is selected, representatives will be invited to sign a contract.

If you have any questions about the proposal process, please feel free to call Louisa Neveau at (802) 828-4842.

Enclosure



STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES, AND  
HEALTH CARE ADMINISTRATION

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INSURANCE DIVISION  
89 MAIN STREET  
MONTPELIER, VERMONT 05620-3101  
802-828-3301  
<http://www.bishca.state.vt.us>

**Sealed Bid**  
**Request for Proposal**  
**Actuarial Reviews of Property and Casualty Insurance**

**RFP Issuance Date:** Monday, December 6, 2010

**Questions Due by:** Monday, December 20, 2010

Questions concerning this request for proposal must be in writing and received by Louisa Neveau by 3:00 PM EST Monday, December 20, 2010. Questions may be e-mailed to [Louisa.Neveau@state.vt.us](mailto:Louisa.Neveau@state.vt.us). At the close of the question period, a copy of all questions or comments and the State's responses will be posted on the State's web site <http://bgs.vermont.gov/purchasing/bids>. Every effort will be made to have these available as soon after the question period ends, contingent on the number and complexity of the questions. The Department reserves the right to select which questions it will answer.

**Proposal Due Date:** 2:00 PM EST, Tuesday, January 11, 2010

Two (2) Copies of the proposal must be received by the Department in printed form and delivered to:

Louisa Neveau  
Vermont Department of Banking, Insurance, Securities, and Health Care Administration  
89 Main Street  
Montpelier, Vermont 05620-3101

“Sealed bid instructions” after this page.

**Date of Public Bid Opening:** Tuesday, January 11, 2011  
**Time of Public Bid Opening:** 2:50 PM EST  
**Location of Public Bid Opening:** Department Conference Room, 89 Main Street, 2<sup>nd</sup> Floor,  
Montpelier, VT 05620-3101

Please be advised that all notifications, releases and amendments associated with the RFP will be posted at [www.bgs.state.vt.us/pca/bids](http://www.bgs.state.vt.us/pca/bids). The State will make no attempt to contact vendors with updated information. It will be the responsibility of each vendor to periodically check this site for the latest details.

**RFP Contact Person:**  
Louisa Neveau  
(802) 828-4842 (Phone)  
(802) 828-3306 (Fax)  
[Louisa.Neveau@state.vt.us](mailto:Louisa.Neveau@state.vt.us) (E-mail)



STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES, AND  
HEALTH CARE ADMINISTRATION

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INSURANCE DIVISION  
89 MAIN STREET  
MONTPELIER, VERMONT 05620-3101  
802-828-3301  
<http://www.bishca.state.vt.us>

## Sealed Bid Instructions

All bids must be sealed and addressed to the Insurance Division, Vermont Department of Banking, Insurance, Securities, and Health Care Administration, 89 Main Street, Montpelier, Vermont 05620-3101.

**BID ENVELOPES MUST BE CLEARLY MARKED “SEALED BID” AND SHOW THE BID TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the office of the Vermont Insurance Division (the Division) by the bid due date and time. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to insure receipt by the Division on or before the bid due date. Hand carried bids shall be delivered to a representative of the Division on or before the bid due date. Bids not in possession of the Division by the due date and time will not be considered.

The Division may change the date and/or time of bid opening. If a change is made, the Division will make a reasonable effort to inform all bidders.

All bids will be opened publicly. Any interested party may attend bid openings. Bid results may be requested in writing and are available once an award has been made.

FAXED BIDS: Faxed bids will **NOT** be accepted.

ELECTRONIC BIDS: Electronic bids will **NOT** be accepted.



STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE, SECURITIES, AND
HEALTH CARE ADMINISTRATION

INSURANCE DIVISION
89 MAIN STREET
MONTPELIER, VERMONT 05620-3101
802-828-3301
http://www.bishca.state.vt.us

DATE: \_\_\_\_\_

Request for Proposal
This is a Sealed Bid Response

Actuarial Reviews of Property and Casualty Insurance

BIDS MUST BE RECEIVED BY: Tuesday, January 11, 2011 AT: 2:00 PM EST

\_\_\_\_\_(VENDOR)
\_\_\_\_\_(ADDRESS)
\_\_\_\_\_(ADDRESS)
\_\_\_\_\_(CITY, STATE ZIP)
\_\_\_\_\_(COUNTRY)

THIS FORM MUST BE COMPLETED AND SUBMITTED AS PART OF THE RESPONSE FOR THE BID TO BE CONSIDERED VALID.

THE UNDERSIGNED HAS READ, UNDERSTOOD AND ACCEPTED ALL PROVISIONS, TERMS AND CONDITIONS OF THIS PROPOSAL.

Vermont Tax Certificate

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/individual is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for \_\_\_\_\_ Days Date: \_\_\_\_\_
Name of Company: \_\_\_\_\_
Federal Identification Number: \_\_\_\_\_

Telephone Number: \_\_\_\_\_
Fax Number: \_\_\_\_\_
E-mail Address: \_\_\_\_\_

By: \_\_\_\_\_
Signature (Proposal Not Valid Unless Signed)

Name: \_\_\_\_\_
(Type or Print)



STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES, AND  
HEALTH CARE ADMINISTRATION

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INSURANCE DIVISION  
89 MAIN STREET  
MONTPELIER, VERMONT 05620-3101  
802-828-3301  
<http://www.bishca.state.vt.us>

**Price Quotation Form**  
**Contract Period July 1, 2011 to June 30, 2013**  
**(Billable Rate Only)**

Date: \_\_\_\_\_

<b>Actuarial Review:</b>	<b>Hourly Rate</b>
Principal/Partner:	
Actuary:	
Associate Actuary:	
Actuarial Student:	
Examiner Other:	
Other Staff:	
Other Staff:	

**This form must accompany your Bid Proposal**

In accordance with State of Vermont's Bulletin 3.5, all request for proposal bids for personal service contract must include a price quotation form. **Instructions:** fill out all job classifications pertinent to contract bid, hourly rate (per classification), and any specifications or policies. If job classification is not listed, write the title next to the closest described classification on the list.

A. INTRODUCTION:

The Vermont Department of Banking, Insurance, Securities and Health Care Administration (hereafter the "Department") is seeking bid proposals from firms competent **to perform actuarial reviews of property and casualty rate filings and actuarial analysis consulting work** for the Department during the course of July 1, 2011 - June 30, 2013. The Department recognizes the important contribution and vital impact which small businesses have on the State's economy. In this regard, the Department subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for State contracts for goods and services. The Department also encourages businesses owned by minorities and women to compete for State contracts.

B. BACKGROUND:

The Department is charged with ensuring that rates charged by insurance companies in Vermont are fair, adequate and not excessive. The nature of the work sought by the Department in this Request for Proposal requires a broad range of actuarial and business expertise. The performance of these duties requires sensitivity to, and familiarity with, the Vermont insurance market, familiarity with general financial standards, and Vermont's insurance laws and statutes.

C. KEY ASPECTS:

- i. It is expected that several companies will meet the criteria and be offered contracts. **In accordance with the State of Vermont Bulletin 3.5, all successful bidders will be required to sign a contract substantially in the form of the standard State contract, a copy of which is attached hereto as Exhibit A.**
- ii. The location of the work will be determined by the Department, depending on prevailing circumstances. Although unpredictable, the Department currently expects some of the work to be performed both inside and outside the State of Vermont.
- iii. Firms which sign contracts will be assigned work as needed by the Department. The amount of time and staff level needed for each job will be agreed upon in advance when the job is assigned.
- iv. Cost is a significant factor in selecting successful bidders, but it is not necessarily the determining factor. A bidder's comparative superior experience and knowledge may result in a bid selection other than the lowest bid submitted.
- v. **The Department will require successful bidders to procure and maintain professional liability insurance for any and all services performed under the contract, with minimum coverage of \$1,000,000 per occurrence.** Please see the form of contract attached as Exhibit A for further detail on additional insurance requirements.

D. NATURE OF THE WORK:

The nature of the work includes satisfactory performance of the following under the direction of the Department:

- i. Actuarial review of insurance company rate filings, including professional liability, and Workers' Compensation and auto assigned risk rates.
- ii. The preparation of written reports commenting upon the actuarial methods and rate changes requested by the insurer's filing.
- iii. Verbal or written explanations of reasons behind any critical comments.

Request for Proposal - State of Vermont / BISHCA – INS  
Actuarial Firms Competent in Property and Casualty Insurance Analysis

- iv. Attendance and testimony at public rate hearings.
- v. Attendance at Department management and staff meetings in Montpelier as requested.
- vi. Assisting the Department in drafting legislation, and in writing regulations and bulletins; attendance and testimony at public or legislative hearings.
- vii. Responding by telephone to questions raised by the Department concerning actuarial matters and insurer filings.
- viii. Examining the cost effect of legislation on Vermont insurance rates.
- ix. Summaries of issues raised by the filing and possible resolutions.
- x. Other work as requested by the Department.

E. NATURE OF THE CONTRACT:

- i. Assignment of projects will be at the complete discretion of the State. A firm's selection by the State and execution of a contract bears no commitment by the State to use a Contractor's services during the course of the contract term.
- ii. Payment of services for each contract shall be written for a maximum dollar value determined by the State. The Department reserves the right to establish the dollar value for each contract. It is possible, for example, that two contracts resulting from the request for proposal will have different maximum dollar values. Furthermore, a contract's maximum dollar value shall in no way represent a commitment to the Contractor for services or compensation. Payment to a Contractor will only be for services rendered on projects assigned to a Contractor by the Department. If a Contractor receives no assignments, there shall be no payment to that Contractor.
- iii. All bills requesting payment for services by the Contractor for work rendered must be submitted to the Department **within 30 days** of the close of the month in which services were rendered.
- iv. The working papers of the Contractor for assigned work performed for the Department are the property of the State and shall be turned over to the Department upon request.

F. BASE CONTRACT TERM: July 1, 2011 – June 30, 2013

The State expects to enter into a contract to cover the period commencing July 1, 2011 and ending June 30, 2013. The contract shall further include an option to extend the contract for one year, covering the period between July 1, 2013 and June 30, 2014. Any such extension shall require an amendment to the contract and the approval of both the State and the Contractor.

G. CHARACTERISTICS REQUIRED OF SUCCESSFUL BIDDERS:

- i. Strong actuarial expertise and ability to convey actuarial principles, information, and significant outcomes to non-actuaries.
- ii. Detailed experience with similar engagements.
- iii. Excellent understanding of regulatory and legislative issues.
- iv. Extensive insurance industry financial examination experience.
- v. Strong professional standards and reputation for quality.

#### H. ISSUES THAT MUST BE ADDRESSED IN THE PROPOSAL:

The bid is the Department's primary vehicle for obtaining essential information on which contract award decisions are based. Instructions contained in this Request For Proposal must be met in order to qualify for consideration. Bids that do not meet or comply with all instructions may be considered non-responsive.

Mere reiterations of Request For Proposal stated services are discouraged as they do not provide insight into the bidder's understanding of the required tasks and responsibilities, nor the uniqueness of the bidder's performance capabilities. At a minimum, the bid proposal must address the following issues:

- i. The bidder's approach to providing services.
- ii. Firm qualifications and similar experiences (at least two references – including contact person's name and telephone number) must be provided.
- iii. Primary areas of focus, if any, within the property and casualty insurance area.
- iv. Consultant biographies/credentials.
- v. Staff supervision and work product approval procedures.
- vi. Description of final work products and/or reports.
- vii. Work paper availability and records retention.
- viii. Report issue procedures, timing, and approval.
- ix. State government references and /or insurance industry projects.
- x. Conflict of interest resolution.
- xi. Sample of similar work.
- xii. Compensation:
  - a) Hourly rates by staff level. (Use attached price quotation form.)
  - b) Out-of-pocket expense reimbursement levels and arrangements (when applicable: should be compared to current NAIC recommended values).

#### I. PAYMENT PROVISIONS:

The State requires that a proposal must provide one hourly rate for each staff class identified in the proposal. A blended rate, whereby a proposal identifies one hourly rate for all categories of services is not acceptable. The Department will also not accept a range of hourly compensation for the same staff level or function. The State will reimburse Contractor for travel expenses utilizing the most current General Service Administration (GSA) Per Diem Study for lodging, meals and incidentals. State will reimburse for airfare (receipt required). Vehicle mileage will be reimbursed at a rate determined at the time the contract is executed. The Contractor must bill the Department for work performed at least once a month.

#### J. CONFIDENTIALITY:

The bidder agrees to keep the information related to the Department and all related agencies and companies confidential. Other than the reports submitted to the Department, the bidder agrees not to publish, reproduce, or otherwise divulge such information in whole or in part, in any manner or form, or authorize or permit others to do so. Bidder will take reasonable measures as are necessary to restrict access to the information while in the bidder's possession to those employees on his/her staff and the agency who must have the information on a "need-to-know" basis, and (s)he agrees to immediately notify in writing, the Department's authorized representative in the event (s)he determines, or has reason to suspect, a breach of this requirement.



K. EVALUATION CRITERIA:

The Department will review the proposal and evaluate based on the following criteria:

- i. Prior experience:
  - a) Completed work of similar type.
  - b) Experience working for State regulatory systems.
- ii. Organization size and structure of bidder's firm.
- iii. Quality of staff and supervision:
  - a) Qualifications of staff to be assigned.
  - b) Supervision to be exercised over staff by management.
- iv. Bidder's understanding of the work to be performed:
  - a) Quality of understanding of work.
  - b) Adequate staff to meet deadlines.
- v. Quality of references.
- iv. Billable Rate (See Price Quote Form).

Two or more qualified Department staff members will independently evaluate each proposal on the above criteria. Each criteria is evaluated as either; “doesn’t meet requirements,” “meets requirements,” or “exceeds requirements.” Criteria evaluated as “meets requirements” are assigned a score of one point; criteria evaluated as “exceeds requirements” are assigned a score of three points. Each bidder’s criteria score is totaled and evaluated for Contractor selection. A recommendation for one or more Contractors from this Request for Proposal to the Deputy Commissioner for Insurance is based on this evaluation.

L. ADDITIONAL PROVISIONS:

- i. Statement of Rights: The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a bid.
- ii. Non-Collusion: The State of Vermont is conscious of, and concerned about, collusion. It must therefore be understood by all, that in signing bid and contract documents, they agree that the prices quoted have been arrived at without collusion, and that no prior information concerning these prices has been received from or given to a competitive company. If there is sufficient evidence to warrant investigation of the bid/contract process by the Office of the Attorney General, all bidders must understand that this paragraph might be used as a basis for litigation.
- iii. Public Record: The successful bid will become part of the contract file and will become a matter of public record, as will all other bids received. If a bid includes material that is considered by the bidder to be proprietary and confidential under 1 VSA, Chapter 5, the bidder shall clearly designate the material as such, explaining why such material must be considered confidential. The bidder must identify each exemption from release, including the prospective harm to the competitive position of the bidder if the identified material were to be released. The Division will determine if such designated information meets statutory requirements pertaining to materials exempted from Vermont’s public records law. Under no circumstances can entire bid or price information be marked confidential. Bids so marked may not be considered.

# Exhibit A

**State of Vermont / BISHCA - INS  
STATE OF VERMONT  
STANDARD CONTRACT FOR PERSONAL SERVICES**

1. Parties. This is a contract for personal services between the State of Vermont, Department of Banking, Insurance, Securities and Health Care Administration (hereafter called "State"), and \_\_\_\_\_, with its principal place of business in \_\_\_\_\_ (hereafter called "Contractor"). Contractor's form of business organization is a \_\_\_\_\_. It is the Contractor's responsibility to determine if, by law, the Contractor is required to have a Vermont Department of Taxes Business Account Number.

2. Subject Matter. The subject matter of this contract is personal services, generally on the subject of property and casualty insurance actuarial services. Detailed services to be provided by the contractor are described in Attachment A.

3. Maximum Amount. In consideration of the services to be performed by Contractor, the State agrees to pay Contractor in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$ \_\_\_\_\_.

4. Contract Term. The period of Contractor's performance shall begin on July 1, 2011 and end on June 30, 2013. The period may be extended to June 30, 2014 upon agreement of both parties.

5. Prior Approvals. If approval by the Attorney General's Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

Approval by the Attorney General's Office is/is not required.

Approval by the Secretary of Administration is/is not required.

Approval by the CIO/Commissioner of DII is/is not required.

6. Amendment. No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

7. Cancellation. Either party may cancel this contract by giving written notice at least 30 days in advance.

8. Attachments. This contract consists of seven pages including the following attachments, which are incorporated herein:

Attachment A - Specifications of Work to be Performed

Attachment B - Payment Provisions

Attachment C - Customary State Contract Provisions

Attachment D - Other Provisions

**WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.**

By the STATE OF VERMONT

By the CONTRACTOR

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Commissioner  
Banking, Insurance, Securities &  
Health Care Administration

Business Name: \_\_\_\_\_

Name: Endorser: \_\_\_\_\_

Title of Endorser: \_\_\_\_\_

**ATTACHMENT A**  
**DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND HEALTH CARE ADMINISTRATION**  
**SPECIFICATIONS OF WORK TO BE PERFORMED**

Contractor agrees to perform property and casualty actuarial work for assigned companies. The nature of the work required includes satisfactory performance of the following under the direction of the Department:

- Actuarial review of property and casualty rate filings, including professional liability and Workers' Compensation and automobile assigned risk filings:
- the preparation of written reports commenting upon the methods and rate changes requested by the insurer's filing;
- verbal or written explanations of reasons behind any critical comments;
- summaries of issues raised by the filing and possible resolutions;
- attendance and testimony at public rate hearings;
- attendance at Department management and staff meetings in Montpelier as requested;
- responding by telephone to questions raised by the Department concerning actuarial matters and insurer filings;
- examining the cost effect of legislation on Vermont insurance rates.
- The working papers of the Contractor for assigned work being performed for the Department are the property of the State and shall be turned over to the Department upon request.
- Other work as requested by the Department.

**ATTACHMENT B  
 STATE OF VERMONT CONTRACT FOR PERSONAL SERVICES  
 PAYMENT PROVISIONS**

Contractor may assess and collect fees as follows:

1. Maximum payable amount on the contract, including all fees, charges and expenses shall not exceed: \_\_\_\_\_. The State does not guarantee the assignment of any minimum number of hours or any other work under this contract.
2. The State agrees to pay Contractor an hourly rate as detailed on the form below.

<b>Actuarial Review: P&amp;C</b>	<b>Hourly Rate</b>
Principal/ Partner:	
Actuary:	
Associate Actuary:	
Actuarial Student:	
Other Staff:	

**3. Expenses:** State will reimburse Contractor for reasonable expenses. State will reimburse Contractor for travel expenses utilizing the most current General Service Administration (GSA) Per Diem Study for lodging, meals and incidentals. State will reimburse for airfare (receipt required). Mileage will be reimbursed at current GSA rate. A billing for mileage shall include the points of origin and destination and the number of miles traveled. Only actual charges will be paid.

**4.** Invoices shall include itemized breakdown per assigned job by staff class with their hourly rate, date of work performed, total hours worked, description of work performed and necessary receipts for expenses. Each invoice shall include a unique invoice number. Invoices for services by the Contractor for work rendered must be submitted to the State within 30 days of the closing of the month in which services were rendered.

**5.** Invoices shall be submitted on a monthly basis to Louisa Neveau, Department of Banking, Insurance, Securities and Health Care Administration, 89 Main Street, Montpelier, VT 05620-3101.

## **ATTACHMENT C STANDARD STATE PROVISIONS FOR CONTRACTS AND GRANTS**

**1. Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.

**2. Applicable Law:** This Agreement will be governed by the laws of the State of Vermont.

**3. Definitions:** For purposes of this Attachment, “Party” shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.

**4. Appropriations:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.

**5. No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

**6. Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

**7. Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

- Premises - Operations
- Products and Completed Operations
- Personal Injury Liability
- Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

- \$1,000,000 Per Occurrence
- \$1,000,000 General Aggregate
- \$1,000,000 Products/Completed Operations Aggregate
- \$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

**8. Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.

**9. Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

A Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year. The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the sub-recipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal year. These forms are also available on the Finance & Management Web page at:

<http://finance.vermont.gov/forms>

**10. Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.

**11. Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.

**12. Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

**13. Taxes Due to the State:**

- a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

**14. Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

**15. Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in all subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

**16. No Gifts or Gratuities:** Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.

**17. Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.

**18. Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.



## **Exhibit A**

### **ATTACHMENT D**

#### **OTHER CONTRACT PROVISIONS**

1. Confidentiality. Contractor agrees to keep information related to the State and all agencies and companies related to this contract confidential. Other than the reports submitted to the State, the Contractor agrees not to publish, reproduce, or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so. Contractor will take reasonable measures as are necessary to restrict access to information in the Contractor's possession to those employees on his/her staff who must have the information on a "need to know" basis. Contractor agrees to immediately notify, in writing, the State's authorized representative in the event Contractor determines or has reason to suspect a breach of this requirement.
2. Professional Liability Insurance. Before commencing work on this contract and throughout the term of this contract, Contractor shall procure and maintain professional liability insurance for any and all services performed under this contract, with minimum coverage of \$1,000,000 per occurrence.
3. Prior approval of workers. The State shall have the right to approve any personnel the Contractor proposes to assign to work requested by the State prior to the commencement of such work. If the proposed personnel of the Contractor are not acceptable to the State, the State may choose to withdraw the assignment of such work from the Contractor, and Contractor will assign personnel acceptable to the State.
4. Conflicts of Interest. If the State determines that a conflict of interest, as determined by the State, exists between a proposed project or regulated entity and a member or members of the Contractor's staff, the Contractor shall substitute similarly qualified individuals for the conflicted staff member. If the State determines that a conflict of interest, as determined by the State, exists between Contractor and the proposed project or regulated entity, the State may immediately remove that assignment from the Contractor, or may invoke its right to terminate this contract pursuant to paragraph 7 on page 1 of this contract. The State reserves the right to make the ultimate determination as to whether a conflict of interest exists.
5. Protection of Personal Information. Contractor agrees to establish and maintain policies and procedures designed to ensure compliance with 9 V.S.A., Chapter 62 (Protection of Personal Information) with respect to data collected in connection with Contractor's activities pursuant to this contract.