



STATE OF VERMONT DEPARTMENT OF FINANCIAL REGULATION

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CAPTIVE INSURANCE DIVISION  
89 MAIN STREET  
MONTPELIER, VT 05620-3101  
802-828-3304  
[www.dfr.vermont.gov](http://www.dfr.vermont.gov)

TO: Actuarial Firms Competent to Review Captives and Risk Retention Groups (RRG)  
FROM: David Provost, Deputy Commissioner of Captive Insurance  
DATE: December 1, 2014  
SUBJ: Request for Proposal

The Vermont Department of Financial Regulation (the "Department") is requesting proposals from actuarial firms to review actuarial reports and statements connected with examinations, as well as applications from companies seeking to form a pure captive insurance company, group or association captive insurance company, special purpose financial insurance company, sponsored captive, risk retention group or to establish a branch captive. 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 the proposal must be submitted no later than January 26, 2015, at 3:00 PM EST to:

Carol Carbo  
Captive Insurance Division  
Department of Financial Regulation  
89 Main Street  
Montpelier, Vermont 05620-3101

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 contact Carol Carbo at (802) 828-4862.

Enclosure



STATE OF VERMONT DEPARTMENT OF FINANCIAL REGULATION

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SEALED BID

Request for Proposal

Actuarial and Financial Review of Captives and RRGs

RFP Issuance Date: Monday, December 1, 2014

Questions Due by: Monday, January 12, 2015

Questions concerning this request for proposal must be in writing (via mail, e-mail, or fax) and received by Ms. Carbo by 4:00 PM EST January 12, 2015. Questions may be e-mailed to [carol.carbo@state.vt.us](mailto:carol.carbo@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://vermontbusinessregistry.com/>. Every effort will be made to have these available by January 19, 2015, contingent on the number and complexity of the questions. The Department reserves the right to select which questions it will answer.

Proposal Due Date: 3:00 PM EST, Monday, January 26, 2015

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

Carol Carbo  
Captive Insurance Division  
Vermont Department of Financial Regulation  
89 Main Street  
Montpelier, Vermont 05620-3101

“Sealed bid instructions” after this page.

Date of Public Bid Opening: January 26, 2015  
Time of Public Bid Opening: 3:35 PM EST  
Location of Public Bid Opening: Captive Insurance Division Conference Room  
89 Main Street, 2<sup>nd</sup> Floor, Montpelier, VT 05620-3101

Please be advised that all notification, releases and amendments associated with the RFP will be posted at <http://vermontbusinessregistry.com/>. 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: Carol Carbo  
Captive Insurance Division  
89 Main Street  
Montpelier, Vermont 05620-3101  
(802) 828-4862 Voice  
(802) 828-3460 Fax  
[carol.carbo@state.vt.us](mailto:carol.carbo@state.vt.us) E-mail



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**Sealed Bid Instructions**

All bids must be sealed and must be addressed to the Captive Insurance Division, Vermont Department of Financial Regulation, 89 Main Street, Montpelier, Vermont 05620-3101. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE REQUISITION NUMBER AND /OR BID TITLE, OPENING DATE AND NAME OF BIDDER. THIS INFORMATION MUST BE ON ALL ENVELOPES PERTAINING TO THIS RFP, BOTH THE INSIDE AND OUTSIDE ENVELOPE.**

All bidders are hereby notified that sealed bids must be in the office of the Vermont Captive 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.



CAPTIVE INSURANCE DIVISION  
89 MAIN STREET  
MONTPELIER, VT 05620-3101  
802-828-3304  
www.dfr.vermont.gov

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

**SEALED BID**  
**Request for Proposal**

**Actuarial and Financial Review of Captives and RRGs**

**BIDS MUST BE RECEIVED BY: JANUARY 26, 2015 AT: 3:00 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: \_\_\_\_\_  
By: \_\_\_\_\_  
Signature (Proposal Not Valid Unless Signed)

Telephone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_  
Name: \_\_\_\_\_  
(Type or Print)

## Request for Proposal

### Actuarial and Financial Review of Captive Insurance and Risk Retention Group Applications and Examinations

State of Vermont / DFR – CAP

#### A. INTRODUCTION:

The Vermont Department of Financial Regulation (hereafter the "Department") is seeking bid proposals from firms competent **to review applications from companies seeking to form a captive insurance company and to review actuarial reports and statements of opinion in conjunction with captive insurance company examinations performed by the Department** during the course of July 1, 2015 - June 30, 2017. The Department recognizes the important contribution and vital impact that 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 the solvency of captive insurance companies in Vermont through comprehensive regulatory oversight and examination. Title 8, V.S.A., Section 6002 requires a captive insurance company, prior to receiving a license, to file evidence of: the amount and liquidity of its assets relative to the risks to be assumed; the adequacy of the expertise, experience, and character of its manager(s); the overall soundness of its plan of operation; the adequacy of its loss prevention programs; and, such other factors as the Commissioner deems relevant. Title 8, V.S.A. Section 6048d contains additional application requirements applicable to special purpose financial captives. An independent actuarial review may be conducted to verify the actuarial premises for the application. In addition, Title 8, V.S.A. Section 6008 indicates that at least once every three years and whenever the Commissioner determines it to be prudent, the Commissioner shall visit each captive insurance company and thoroughly inspect and examine its affairs to ascertain its financial condition, its ability to fulfill its obligations and whether it has complied with the provisions of the law. The Commissioner may retain independent actuaries to assist in these examinations. 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 familiarity with Vermont insurance laws and regulations.

#### 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. The Department will pay a flat fee of \$5,000 for each application and examination reviewed (\$10,000 for each application and examination reviewed relating to special purpose financial insurance companies), to cover Contractor's time and expenses. No other additional payment will be made to the Contractor for an application or examination review, except in unusual circumstances and as agreed in advance by the Contractor and State may be negotiated for unusually complex reviews.

## Request for Proposal

### Actuarial and Financial Review of Captive Insurance and Risk Retention Group Applications and Examinations

State of Vermont / DFR – CAP

- 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 the following:

- i. For each application reviewed, the Contractor is required to prepare a review letter which discusses or comments on:
  - a) The reasonableness of the methodology and conclusion of the actuarial work.
  - b) The proposed capital and surplus in relation to coverage, retention and premium volume.
  - c) Projected premiums.
  - d) The structure of the overall plan focusing on, but not limited to:
    - 1) Ownership and control.
    - 2) Reliance on financial strength of parent.
    - 3) Relevant aspects of the applicant's Articles of Association and Bylaws.
    - 4) Flow of funds.
  - e) The adequacy of reinsurance, or the amount and type of reinsurance needed. (Comments on this section should reflect issues raised in other areas.)
  - f) The pro-forma financial statements illustrating one or more adverse case scenarios and the reasonableness of assumptions in relation to other areas.
  - g) Recommendations for approval or disapproval, or an indication of areas that require further detail or discussion. Discussions should be held directly with the applicant, as necessary, to resolve any issues prior to final recommendation and letter. The applicant should amend the application accordingly prior to the issuance of the final recommendation and letter.
  - h) Captive review firms may be requested to give confidence levels or other comments.
- ii. In addition to the foregoing, for each application relating to a special purpose financial insurance company, the Contractor is required to include comments in the Contractor's review letter on:
  - a) The structure of any special purpose financial insurance company securitization or the issuance of any special purpose financial insurance company securities.
  - b) The source and form of the special purpose financial insurance company's capital and surplus.
  - c) The proposed investment policy of the special purpose financial insurance company.

It is expected that each review of an application submitted by a special purpose financial insurance company shall take no more than 30 days. It is expected that each review of an application submitted by any other form of captive shall take no more than 10 days.

## Request for Proposal

### Actuarial and Financial Review of Captive Insurance and Risk Retention Group Applications and Examinations

#### State of Vermont / DFR – CAP

- iii. For each actuarial report and actuarial statement of opinion reviewed relating to an examination, the Contractor is required to:
  - a) During the planning stage of an examination conducted by the State:
    - 1) Perform a cursory review of the actuarial report, the actuarial statement of opinion and summary of operations.
    - 2) Based on the cursory review, identify and recommend to the State certain data items and issues that should be addressed by the examination staff during the examination.
  - b) After the State's completion of examination fieldwork, prepare a review letter, which discusses or comments on:
    - 1) The reasonableness of the methodology and conclusion of the actuarial work.
    - 2) Whether or not the actuarial statement of opinion appears to be in compliance with the requirements of the American Academy of Actuaries.

#### 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 invoices 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. A separate invoice should be submitted for each application and/or review. All invoices must include a unique invoice number and **the State's Contract Number. A duplicate of the invoice should be submitted as well.**
- 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, 2015 – June 30, 2017

The State expects to enter into a contract to cover the period commencing July 1, 2015, and ending June 30, 2017.

#### 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.

## Request for Proposal

### Actuarial and Financial Review of Captive Insurance and Risk Retention Group Applications and Examinations

State of Vermont / DFR – CAP

- vi. The person signing the letter of recommendation must have at least five years of property and casualty loss and LAE reserve evaluation experience or five years of life insurance experience and be a member of the Casualty Actuarial Society and a member of the American Academy of Actuaries or the Society of Actuaries. *Actuaries reviewing life insurance programs must be members of either the American Academy of Actuaries or the Society of Actuaries and actuaries reviewing property/casualty programs must be members of the Casualty Actuarial Society.*

#### 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.
- iii. Consultant biographies.
- iv. Other State Government References.
- v. Conflict of Interest resolution.
- vi. Sample of similar work.

#### I. PAYMENT PROVISIONS:

The Department will pay a flat fee of \$5,000 for each application and examination reviewed (\$10,000 for each application and examination reviewed relating to special purpose financial insurance companies), to cover Contractor's time and expenses. No other additional payment will be made to the Contractor for an application or examination review, except in unusual circumstances and as agreed in advance by the Contractor and State may be negotiated for unusually complex reviews.

#### J. CONFIDENTIALITY:

The bidder agrees to keep confidential all information received by the bidder in connection with this bid with respect to (i) the Department and all related agencies and companies and (ii) any application or examination submitted to the bidder for review. 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 of 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.



## Request for Proposal

### Actuarial and Financial Review of Captive Insurance and Risk Retention Group Applications and Examinations

State of Vermont / DFR – CAP

#### 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

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 Captive 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, and provide a detailed explanation why such material must be considered confidential, identifying specific statutory authority for exemption from disclosure and describing prospective harm to the bidder if the identified material were disclosed. 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

Contract # 24129

## STANDARD CONTRACT FOR SERVICES

1. **Parties.** This is a contract for services between the State of Vermont, Department of Financial Regulation (hereafter called "State"), and \_\_\_\_\_, with its principal place of business at \_\_\_\_\_. (hereafter called "Contractor"). Contractor's form of business organization is a \_\_\_\_\_. It is the Contractor's responsibility to contact the Vermont Department of Taxes 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 services generally on the subject of the actuarial and financial review of Captive and RRG applications and examinations. 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, 2015, and end on June 30, 2017.
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 required.
  - Approval by the Secretary of Administration is not required.
  - Approval by the CIO/Commissioner DII is not required.
6. **Amendment.** This agreement represents the entire agreement between the parties; 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.** This contract may be canceled by either party by giving written notice at least 30 days in advance.
8. **Attachments.** This contract consists of 10 pages including the following attachments which are incorporated herein:
  - Attachment A - Specifications of Work to be Performed
  - Attachment B - Payment Provisions
  - Attachment C - "Standard State Contract Provisions"
  - Attachment D - Other Provisions

# Exhibit A

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

By the State of Vermont:

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

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

Name: \_\_\_\_\_, Commissioner

Agency: Department of Financial Regulation

By the Contractor:

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

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

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

Title: \_\_\_\_\_

**Exhibit A**  
**ATTACHMENT A**  
**DEPARTMENT OF FINANCIAL REGULATION**  
**SPECIFICATIONS OF WORK TO BE PERFORMED**

The Department is charged with ensuring the solvency of captive insurance companies in Vermont through comprehensive regulatory oversight and examination. Therefore, as requested by the State, the Contractor will review applications from companies seeking to form a captive insurance company and will review actuarial reports and statements of opinion in conjunction with captive insurance company examinations performed by the Department.

A. For each application reviewed, the Contractor will prepare a review letter, which discusses or comments on:

- The reasonableness of the methodology and conclusion of the actuarial work.
- The proposed capital and surplus in relation to coverage, retention and premium volume.
- Projected premiums.
- The structure of the overall plan focusing on, but not limited to:
  - (a) Ownership and control;
  - (b) Reliance and parental financial strengthening;
  - (c) Relevant aspects of the applicant's Articles of Association and Bylaws; and
  - (d) Flow of funds.
- The adequacy of reinsurance, or the amount and type of reinsurance needed. (Comments on this section should reflect issues raised in other areas.)
- The pro-forma financial statements illustrating one or more adverse case scenarios and the reasonableness of the assumption in relation to other areas.
- Recommendation for approval or disapproval or an indication of areas that require further detail or discussion. Discussions should be held directly with the applicant, as necessary, to resolve any issues prior to the final recommendation and letter, and the applicant should be given an opportunity to amend the application accordingly.
- Contractor may be requested to give the Department confidence levels or other comments regarding the application.
- Other work as required, including follow up financial reviews of captive insurers and risk retention groups.
- 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.
- It is expected that each review of an application submitted to form a captive other than a special purpose financial insurance company will take no more than ten (10) days.

B. In addition to the foregoing, for each application relating to a special purpose financial insurance company, the Contractor is required to include comments in the Contractor's review letter on:

- The structure of any special purpose financial insurance company securitization or the issuance of any special purpose financial insurance company securities.
- The source and form of the special purpose financial insurance company's capital and surplus.
- The proposed investment policy of the special purpose financial insurance company.
- It is expected that the review of an application submitted by a special purpose financial insurance company shall take no more than thirty (30) days.

## Exhibit A

- C. For each actuarial report and actuarial statement of opinion reviewed relating to an examination, the Contractor is required to prepare a review letter, which discusses or comments on:
1. During the planning stage of an examination conducted by the State:
    - (a) A cursory review of the actuarial report, the actuarial statement of opinion and summary of operations; and
    - (b) Based on (a) above, identify and recommend to the State certain data items and issues that should be addressed by the examination staff during the examination.
  2. After the State's completion of examination fieldwork, preparation of a review letter, which discusses or comments on:
    - (a) The reasonableness of the methodology and conclusion of the actuarial work; and
    - (b) Whether or not the actuarial statement of opinion appears to be in compliance with the requirements of the American Academy of Actuaries.
  3. It is expected that each review of actuarial reports shall take no more than thirty (30) days.
- D. Other work as requested by the Department.

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

Contractor may assess and collect fees as follows:

1. The Department will pay a flat fee of \$5,000 for each application and examination reviewed (\$10,000 for each application and examination reviewed relating to special purpose financial insurance companies), to cover Contractor's time and expenses.
2. The maximum amount payable under this contract is \$\_\_\_\_\_. Payment to Contractor will only be for services rendered on assignments assigned to Contractor by the State. If Contractor receives no assignments, there shall be no payment to Contractor.
3. Contractor shall be solely responsible for all costs and expenses incurred in performance of this contract.
4. A separate bill shall be submitted for each application or review. All invoices must include a unique invoice number **and contain the State's Contract Number. A duplicate of the invoice should be submitted as well.**

Contractor shall submit bills to:  
Department of Financial Regulation  
Attn: Captive Examinations  
89 Main Street  
Montpelier, VT 05620-3101

5. All bills requesting payment for services by the Contractor for work rendered must be submitted to the State within 30 days of the close of the month in which services were rendered. All bills requesting payment based on an hourly rate must include detail acceptable to the State showing hours worked and services performed during those periods.

**Exhibit A**  
**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 Sub recipient, 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 Sub recipient 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.

# Exhibit A

*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, the Sub recipient will complete the Sub recipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a Single Audit is required for the prior fiscal year. If a Single Audit is required, the Sub recipient will submit a copy of the audit report to the granting Party within 9 months. If a Single Audit is not required, only the Sub recipient Annual Report is required.

For fiscal years ending before December 25, 2015, a Single Audit is required if the Sub recipient expends \$500,000 or more in federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the Sub recipient expends \$750,000 or more in federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F. The Sub recipient Annual Report is required to be submitted within 45 days, whether or not a Single Audit is required.

**10. Records Available for Audit:** The Party shall maintain all records pertaining to performance under this agreement. "Records" means any written or recorded information, regardless of physical form or characteristics, which is produced or acquired by the Party in the performance of this agreement. Records produced or acquired in a machine readable electronic format shall be maintained in that format. The records described shall be made available at reasonable times during the period of the Agreement and for three years thereafter or for any period required by law 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.



# Exhibit A

**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, as amended, 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 sub grant 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 sub grant agreements a tax certification in accordance with paragraph 13 above.

**16. No Gifts or Gratuities:** Party shall not give title or possession of anything 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.

## Exhibit A

**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.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at:

<http://bgs.vermont.gov/purchasing/debarment> .

**19. Certification Regarding Use of State Funds:** In the case that Party is an employer and this Agreement is a State Funded Grant in excess of \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

**Exhibit A**  
**ATTACHMENT D**  
**OTHER CONTRACT PROVISIONS**

1. Confidentiality. Contractor agrees to keep confidential all information received by Contractor in connection with this contract with respect to (i) the Department and all related agencies and companies and (ii) any application or examination submitted to Contractor for review. 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. The confidentiality imposed upon under this contract shall not apply with respect to: (a) information which is now in or hereafter enters the public domain without violation of this contract; (b) information that was known to the Contractor prior to the time of disclosure by the State; and (c) information that is independently developed by Contractor without use of, or reference to, any confidential information of the State. Notwithstanding (a), (b), and (c), Contractor shall not disclose any work papers, draft reports, analysis, draft analysis, preliminary documents, or final reports performed within the scope of work of this contract without prior written permission of the State. 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. If Contractor believes that confidential information has become publicly available, it will notify the State and discuss an appropriate response with the State. If Contractor is required by law to disclose any confidential information, it will, to the extent practicable, notify the State of the disclosure request and discuss an appropriate response with the State.

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 Contractor will assign personnel acceptable to the State. Alternatively, the State may choose to withdraw the assignment of such work from the Contractor.

4. 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 the Contract.

5. 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 the 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. The State reserves the ultimate determination as to whether a conflict of interest exists.