

**ITQ CONSULTING SERVICES
CONTRACT 4400007410**

REQUEST FOR QUOTATIONS FOR

SWIF ACTUARIAL SERVICES

ISSUING OFFICE

**DEPARTMENT OF LABOR AND INDUSTRY
STATE WORKERS 'INSURANCE FUND**

RFQ NUMBER

DLI RFQ 6100040113

DATE OF ISSUANCE

December 2, 2016

This is a restricted solicitation under the Consulting Services, Invitation to Qualify (ITQ), - Contract # 4400007410. Only those contractors qualified in the following service category(s) under Contract # 4400007410 may submit a quote in response to this RFQ.

- **Pension Investment Area 1**
- **Pension Investment Area 2**
- **Financial Area 1**
- **Financial Area 2**

For more information about the Consulting Services ITQ Contract, please click on the following link. <http://www.dgs.internet.state.pa.us/ITQ/Default.aspx>

REQUEST FOR QUOTES FOR

**DLI RFQ 6100040113
SWIF ACTUARIAL SERVICES**

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CALENDAR OF EVENTS

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Deadline to submit Questions via email to RA-li-OIT-BAS=Procur@pa.gov .	Contractors	December 9, 2016
Pre-quote Conference—Location.	Issuing Office/Contractors	N/A
Answers to Potential Contractor questions posted to eMarketplace at http://www.emarketplace.state.pa.us/Search.aspx no later than this date.	Issuing Office	December 14, 2016
Please monitor website for all communications regarding the RFQ.	Contractors	
Sealed quote must be received by the Issuing Office at The Commonwealth of PA, Department of Labor and Industry, 651 Boas Street, Room 205, Harrisburg, PA 17121. Attention: Lori A. Micheals, Procurement-Please mark all mailings Bid Documents-Do Not Open.	Contractors	December 22, 2016

PART I

GENERAL INFORMATION

- I-1. Purpose.** This Request for Quotes (RFQ) provides to those interested in submitting quotes for the subject procurement (“Contractors”) sufficient information to enable them to prepare and submit quotes for the Department of Labor and Industry (DLI), State Workers’ Insurance Fund’s (SWIF) consideration on behalf of the Commonwealth of Pennsylvania (“Commonwealth”) to satisfy a need for Actuarial Services (“Project”). This RFQ contains instructions governing the requested quotes, including the requirements for the information and material to be included; a description of the service to be provided; requirements which Contractors must meet to be eligible for consideration; general evaluation criteria; and other requirements specific to this RFQ.
- I-2. Issuing Office.** The Department of Labor and Industry (“Issuing Office”) has issued this RFQ on behalf of the Commonwealth. The sole point of contact in the Commonwealth for this RFQ shall be Lori A. Micheals, Procurement Manager, lmicheals@pa.gov, the Issuing Officer for this RFQ. Please refer all inquiries to the Issuing Officer.
- I-3. Overview of Project.** This RFQ contains instructions governing the requested proposals, including the requirement for the information and material to be included; a description of the service to be provided’ requirements which Contractors must meet to be eligible for consideration general evaluation criteria’ and other requirements specific to this RFQ.
- I-4. Objectives.**
- General.** The selected Offeror will perform an actuarial analysis of the reserves for the years ending 12/31/2016, 12/31/2017, and 12/31/2018. The selected offeror will also perform other related services consistent with this RFQ. Additional detail is provided in Part IV of this RFQ.
- I-5. Pre-quote Conference.** There will be no pre-proposal conference for this RFQ. If there are any questions, please forward them to the Issuing Officer in accordance with Section I-6.
- I-6. Questions & Answers.** If a Contractor has any questions regarding this RFQ, the Contractor must submit the questions by email **with the subject line “DLI RFQ 6100040113 Question”** to the Issuing Officer named in **Part I, Section I-2** of the RFQ. If the Contractor has questions, they must be submitted via email **no later than** the date indicated on the Calendar of Events. The Contractor shall not attempt to contact the Issuing Officer by any other means. The Issuing Officer shall post the answers to the questions to eMarketplace at <http://www.emarketplace.state.pa.us/Search.aspx> on an ongoing basis until the deadline stated on the Calendar of Events. A Contractor who submits a question *after* the deadline date for receipt of questions indicated on the Calendar of Events assumes the risk that its quote will not be responsive or competitive because the Commonwealth is not able to respond before the quote receipt date or in sufficient time for the Contractor to prepare a responsive or competitive quote. When

submitted after the deadline date for receipt of questions indicated on the Calendar of Events, the Issuing Officer *may* respond to questions of an administrative nature by directing the questioning Contractor to specific provisions in the RFQ. To the extent that the Issuing Office decides to respond to a non-administrative question *after* the deadline date for receipt of questions indicated on the Calendar of Events, the answer must be provided to all Contractors through an addendum.

All questions and responses as posted on the eMarketplace are considered as an addendum to, and part of, this RFQ in accordance with RFQ, **Part I, Section I-7**. Each Contractor shall be responsible to monitor eMarketplace for new or revised RFQ information. The Issuing Office shall not be bound by any verbal information nor shall it be bound by any written information that is not either contained within the RFQ or formally issued as an addendum by the Issuing Office.

- I-7. Addenda to the RFQ.** If the Issuing Office deems it necessary to revise any part of this RFQ before the quote response date, the Issuing Office will post an addendum to eMarketplace at <http://www.emarketplace.state.pa.us/Search.aspx>. It is the Contractor's responsibility to periodically check eMarketplace for any new information or addenda to the RFQ. Answers to the questions asked during the Questions & Answers period also will be posted to eMarketplace as addenda to the RFQ.
- I-8. Electronic Version of RFQ.** This RFQ is being made available by electronic means. The Contractor acknowledges and accepts full responsibility to insure that no changes are made to the RFQ. In the event of a conflict between a version of the RFQ in the Contractor's possession and the Issuing Office's version of the RFQ, the Issuing Office's version shall govern.
- I-9. Response Date.** To be considered for selection, hard copies of quotes must arrive at the Issuing Office on or before the time and date specified in the RFQ Calendar of Events. The Issuing Office will **not** accept quotes via email or facsimile transmission. Contractors who send quotes by mail or other delivery service should allow sufficient delivery time to ensure timely receipt of their quotes. If, due to inclement weather, natural disaster, or any other cause, the Commonwealth office location to which quotes are to be returned is closed on the quote response date, the deadline for submission will be automatically extended until the next Commonwealth business day on which the office is open, unless the Issuing Office otherwise notifies Contractor. The hour for submission of quotes shall remain the same. The Issuing Office will reject unopened, any late quotes.
- I-10. Incurring Costs.** The Issuing Office is not liable for any costs the Contractor incurs in preparation and submission of its quote, in participating in the RFQ process or in anticipation of receipt of the purchase order.
- I-11. Quote Requirements.**
 - A. Quote Submission:** To be considered, Contractor should submit a complete response to this RFQ to the Issuing Office, using the format provided in Section 1-12B,

providing **(10) paper copies-one marked “ORIGINAL” of the Technical Submittal and one (1) paper copy of the Cost Submittal and two (2) paper copies of the Small Diverse Business and Small Business (SDB/SB) Participation Submittal and related Letter(s) of Intent. In addition to the paper copies of the quote, Contractor shall submit two (2) complete and exact copy of the entire quote** (Technical, Cost and SDB/SB submittals, along with all requested documents) on CD-ROM or Flash drive in Microsoft Office or Microsoft Office-compatible format. The electronic copy must be a mirror image of the paper copy and any spreadsheets must be in Microsoft Excel. The Contractor may not lock or protect any cells or tabs. The CD or Flash drive should clearly identify the Contractor and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Contractor shall make no other distribution of its quote to any other Contractor or Commonwealth official or Commonwealth consultant. Each quote page should be numbered for ease of reference. An official authorized to bind the Contractor to its provisions must sign the quote. If the official signs the **Quote Cover Sheet (Appendix A** to this RFQ) and the Quote Cover Sheet is attached to the Contractor’s quote, the requirement will be met. For this RFQ, the quote must remain valid for **120** days or until a purchase order is fully executed. If the Issuing Office selects the Contractor’s quote for award, the contents of the selected Contractor’s quote will become, except to the extent the contents are changed through Best and Final Offers or negotiations, contractual obligations.

Each Contractor submitting a quote specifically waives any right to withdraw or modify it, except that the Contractor may withdraw its quote by written notice received at the Issuing Office’s address for quote delivery prior to the exact hour and date specified for quote receipt. A Contractor or its authorized representative may withdraw its quote in person prior to the exact hour and date set for quote receipt, provided the withdrawing person provides appropriate identification and signs a receipt for the quote. A Contractor may modify its submitted quote prior to the exact hour and date set for quote receipt only by submitting a new sealed quote or sealed modification which complies with the RFQ requirements.

- B. Quote Format:** Contractors must submit their quotes in the format, including heading descriptions, outlined below. To be considered, the quote must respond to all quote requirements. Contractor should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Quote. All cost data relating to this quote and all Small Diverse Business and Small Business cost data should be kept separate from and not included in the Technical Submittal. Contractor should not reiterate technical information in the cost submittal. Each Quote shall consist of the following **three** separately sealed submittals:

1. Technical Submittal:
 - a. In response to **Part III**; and

- b. Complete, sign and include **Appendix B – Domestic Workforce Utilization Certification**;
- 2. Cost Submittal, in response to RFQ **Part IV**; and
- 3. Small Diverse Business and Small Business (SDB/SB) Participation Submittal, in response to RFQ **Part V**:
 - a. Complete and include **Appendix E- SDB/SB Participation Submittal Form**; and
 - b. Complete and include **Appendix F- SDB/SB Letter of Intent**. Contractor must provide a Letter of Intent for each SDB and SB listed on the SDB/SB Participation Submittal Form

The Issuing Office reserves the right to request additional information which, in the Issuing Office's opinion, is necessary to assure that the Contractor's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFQ.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Contractor to perform the Project, and the Contractor shall furnish to the Issuing Office all requested information and data. The Issuing Office reserves the right to reject any quote if the evidence submitted by, or investigation of, such Contractor fails to satisfy the Issuing Office that such Contractor is properly qualified to carry out the obligations of the RFQ and to complete the Project as specified.

- I-12. Economy of Preparation.** Contractor should prepare quotes simply and economically, providing a straightforward, concise description of the Contractor's ability to meet the requirements of the RFQ. Proposals should be no longer than **75** pages, excluding exhibits and/or appendices.
- I-13. Alternate Quotes.** The Issuing Office has identified the basic approach to meeting its requirements, allowing Contractor to be creative and propose their best solution to meeting these requirements. The Issuing Office will not accept alternate quotes.
- I-14. Discussions for Clarification.** Contractor may be required to make an oral or written clarification of their quotes to the Issuing Office to ensure thorough mutual understanding and Contractor responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification. Clarifications may occur at any stage of the evaluation and selection process prior to contract execution.
- I-15. Prime Contractor Responsibilities.** The selected Contractor will be required to assume responsibility for all services offered in its quote whether it produces them itself or by subcontract. Further, the Issuing Office and Project Manager will consider the selected

Contractor to be the sole point of contact with regard to all contractual matters and work order matters.

I-16. Quote Contents.

- A. Confidential Information. The Commonwealth is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Contractor' submissions in order to evaluate quotes submitted in response to this RFQ. Accordingly, except as provided herein, Contractor should not label quote submissions as confidential or proprietary or trade secret protected. Any Contractor who determines that it must divulge such information as part of its quote must submit the signed written statement described in subsection c. below and must additionally provide a redacted version of its quote, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes.
- B. Commonwealth Use. All material submitted with the quote shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Issuing Office's option. The Commonwealth has the right to use any or all ideas not protected by intellectual property rights that are presented in any quote regardless of whether the quote becomes part of a contract. Notwithstanding any Contractor copyright designations contained on quotes, the Commonwealth shall have the right to make copies and distribute quotes internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.
- C. Public Disclosure. After the award of a contract pursuant to this RFQ, all quote submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, et seq. If a quote submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests. Refer to **Appendix C** of the RFQ for a **Trade Secret Confidential Proprietary Information Notice Form** that may be utilized as the signed written statement, if applicable. If financial capability information is submitted in response to Part III of this RFQ such financial capability information is exempt from public records disclosure under 65 P.S. § 67.708(b)(26).

I-17. Best and Final Offers.

- A. While not required, the Issuing Office reserves the right to conduct discussions with Contractor for the purpose of obtaining "best and final offers." To obtain best and final offers from Contractor, the Issuing Office may do one or more of the following, in any combination and order:
 - 1. Schedule oral presentations;

2. Request revised quotes;
 3. Conduct an online auction; and
 4. Enter into pre-selection negotiations.
- B.** The following Contractor will **not** be invited by the Issuing Office to submit a Best and Final Offer:
1. Those Contractor, which the Issuing Office has determined to be not responsible or whose quotes the Issuing Office has determined to be not responsive.
 2. Those Contractors, which the Issuing Office has determined in accordance with **Part II, Section II-5**, from the submitted and gathered financial and other information, do not possess the financial capability, experience or qualifications to assure good faith performance of the contract.
 3. Those Contractor whose score for their technical submittal of the quote is less than 70% of the total amount of technical points allotted to the technical criterion.

The issuing office may further limit participation in the best and final offers process to those remaining responsible Contractor which the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive quotes.

- C.** The Evaluation Criteria found in **Part II, Section II-4**, shall also be used to evaluate the Best and Final offers.
- D.** Price reductions offered through any online auction shall have no effect upon the Contractor's Technical Submittal.
- E.** Any reduction to commitments to Small Diverse Businesses and Small Businesses must be proportional to the reduction in the total price offered through any BAFO process or contract negotiations unless approved by BDISBO.
- I-18. News Releases.** Contractor shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this Project without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.
- I-19. Restriction of Contact.** From the issue date of this RFQ until the Issuing Office selects a quote as the best value, the Issuing Officer is the sole point of contact concerning this RFQ. Any violation of this condition may be cause for the Issuing Office to reject the offending Contractor's quote. If the Issuing Office later discovers that the Contractor has engaged in any violations of this condition, the Issuing Office may reject the offending Contractor's quote or rescind its purchase order. Contractors must agree not to distribute any part of their quotes beyond the Issuing

Office. A Contractor who shares information contained in its quote with other Commonwealth personnel and/or competing Contractor personnel may be disqualified.

- I-20. Term of Work Order.** The term of the work order will commence on the Effective Date and will end after a three (3) year period. The purchase order will have two (2) single year renewal options which may be exercised at the Commonwealth's discretion. No work may begin or be reimbursed prior to the date of issuance of the purchase order or notice to proceed. The selected Contractor will be paid after submitting invoices, provided it is in accordance with the work plan and approved by the Commonwealth Project Manager. Final payment will not be made until all Project work has been successfully completed.
- I-21. Notification of Selection.** The Issuing Office will notify the selected Contractor in writing of its selection as the best value contractor after the Issuing Office has determined, taking into consideration all of the evaluation factors, the quote that is the most advantageous to the Issuing Office.
- I-22. Debriefing Conferences.** Upon notification of award, Contractor whose quotes were not selected will be given the opportunity to be debriefed. The Issuing Office will schedule the debriefing at a mutually agreeable time. The debriefing will not compare the Contractor with other Contractor, other than the position of the Contractor's quote in relation to all other Contractor quotes.
- I-23. Terms and Conditions.** The requirements and terms and conditions of Consulting Services ITQ Contract # 4400007410 shall govern all work conducted as a result of this RFQ.

PART II

CRITERIA FOR SELECTION

II-1. Mandatory Responsiveness Requirements. To be eligible for selection, a quote must:

A. Be timely received from a Contractor (see **Part I, Section I-11**); and

B. Be properly signed by the Contractor (see **Part I, Section I-12A**).

II-2. Technical Nonconforming Quotes. The two (2) Mandatory Responsiveness Requirements set forth in **Section II-1** above (A-B) are the only RFQ requirements that the Commonwealth will consider to be *non-waivable*. The Issuing Office reserves the right, in its sole discretion, to (1) waive any other technical or immaterial nonconformities in a Contractor's quote, (2) allow the Contractor to cure the nonconformity, or (3) consider the nonconformity in the scoring of the Contractor's quote.

II-3. Evaluation. The Issuing Office has selected a committee of qualified personnel to review and evaluate timely submitted quotes. Independent of the committee, BDISBO will evaluate the Small Diverse Business and Small Business Participation Submittal and provide the Issuing Office with a rating for this component of each quote. The Issuing Office will notify in writing of its selection for negotiation the responsible Contractor whose quote is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors.

II-4. Evaluation Criteria. The following criteria will be used in evaluating each quote:

A. **Technical:** The Issuing Office has established the weight for the Technical criterion for this RFQ as **70** % of the total points. Evaluation will be based upon the following in order of importance: **Understanding the Problem, Personnel Qualifications, Soundness of the Approach, and Offeror's Qualifications.** The final Technical scores are determined by giving the maximum number of technical points available to the quote with the highest raw technical score. The remaining quotes are rated by applying the Technical Scoring Formula set forth at the following webpage: <http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx>.

B. **Cost:** The Issuing Office has established the weight for the Cost criterion for this RFQ as **10** % of the total points. The cost criterion is rated by giving the quote with the lowest total cost the maximum number of Cost points available. The remaining quotes are rated by applying the Cost Formula set forth at the following webpage: <http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx>.

C. Small Diverse Business and Small Business Participation: BDISBO has established the minimum evaluation weight for the Small Diverse Business and Small Business Participation criterion for this RFQ as 20% of the total points.

1. The Small Diverse and Small Business point allocation is based entirely on the percentage of the contract cost committed to Small Diverse Businesses and Small Businesses.
2. A total combined SDB/SB commitment less than one percent (1%) of the total contract cost is considered de minimis and will receive no Small Diverse Business or Small Business points.
3. Two thirds (2/3) of the total points are allocated to Small Diverse Business participation

(SDB %).
4. One third (1/3) of the total points is allocated to Small Business participation (SB %).
5. Based on a maximum total of 200 available points for the Small Diverse Business and Small Business Participation Submittal, the scoring mechanism is as follows:

<p style="text-align: center;">Small Diverse Business and Small Business Raw Score =</p> <p style="text-align: center;">200 (SDB% + (1/3 * SB %))</p>

6. Each Contractor's raw score will be pro-rated against the Highest Contractor's raw score by applying the formula set forth on the following webpage: http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/RFQ_SCORING_FORMULA.aspx.
7. The Contractor's prior performance in meeting its contractual obligations to Small Diverse Businesses and Small Businesses will be considered by BDISBO during the scoring process. To the extent the Contractor has failed to meet prior contractual commitments, BDISBO may recommend to the Issuing Office that the Contractor be determined non-responsible for the limited purpose of eligibility to receive Small Diverse Business and Small Business points.

D. Domestic Workforce Utilization: Any points received for the Domestic Workforce Utilization criterion are bonus points in addition to the total points for this RFQ. The maximum amount of bonus points available for this criterion is 3% of the total points for this RFQ.

To the extent permitted by the laws and treaties of the United States, each quote will be scored for its commitment to use domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those Contractor who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. See the following webpage for the Domestic Workforce Utilization Formula:

<http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx>.

- II-5. Contractor Responsibility.** To be responsible, a Contractor must submit a responsive quote and possess the capability to fully perform the contract requirements in all respects and the integrity and reliability to assure good faith performance of the contract.

In order for a Contractor to be considered responsible for this RFQ and therefore eligible for selection for best and final offers or selection for contract negotiations:

- A. The total score for the technical submittal of the Contractor's quote must be greater than or equal to **70%** of the **available technical points**; and
- B. The Contractor's financial information must demonstrate that the Contractor possesses the financial capability to assure good faith performance of the contract. The Issuing Office will review the Contractor's previous three financial statements, any additional information received from the Contractor, and any other publicly-available financial information concerning the Contractor, and assess each Contractor's financial capacity based on calculating and analyzing various financial ratios, and comparison with industry standards and trends.

A Contractor which fails to demonstrate sufficient financial capability to assure good faith performance of the contract as specified herein may be considered by the Issuing Office, in its sole discretion, for Best and Final Offers or contract negotiation contingent upon such Contractor providing contract performance security for the first contract year cost proposed by the Contractor in a form acceptable to the Issuing Office. Based on the financial condition of the Contractor, the Issuing Office may require a certified or bank (cashier's) check, letter of credit, or a performance bond conditioned upon the faithful performance of the contract by the Contractor. The required performance security must be issued or executed by a bank or surety company authorized to do business in the Commonwealth. The cost of the required performance security will be the sole responsibility of the Contractor and cannot increase the Contractor's cost quote or the contract cost to the Commonwealth.

Further, the Issuing Office will award a contract only to a Contractor determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, Contractor Responsibility Program.

II-6. Final Ranking and Award.

- A.** After any best and final offer process conducted, the Issuing Office will combine the evaluation committee's final technical scores, BDISBO's final Small Diverse Business and Small Business Participation Submittal scores, the final cost scores, and (when applicable) the domestic workforce utilization scores, in accordance with the relative weights assigned to these areas as set forth in this Part.
- B.** The Issuing Office will rank responsible Contractors according to the total overall score assigned to each, in descending order.
- C.** The Issuing Office must select as the Best Value Contractor the Contractor with the highest overall score.
- D.** The Issuing Office has the discretion to reject all quotes or cancel the request for quotes, at any time prior to the time a purchase order is fully executed, when it is in the best interests of the Commonwealth. The reasons for the rejection or cancellation shall be made part of the contract file.

PART III

TECHNICAL SUBMITTAL

III-1. Objectives.

The State Worker's Insurance Fund (SWIF) must provide workers' compensation insurance to any Pennsylvania employer which submits a proper application and pays the appropriate premium. As an insurer, it is required to maintain adequate reserves for the payment of claims and the associated loss adjustment expenses. This requests seeks proposals from Offerors to analyze an independent actuarial analysis of SWIF's overall financial condition. The annual independent actuarial study is required by the Pennsylvania Workers Compensation Act (WCA) (77 P.S. 2611 (b)).

SWIF will provide the selected offeror with a copy of the most current Annual Statement as well as any data available to SWIFs Actuaries and Financial Division that would aid in the preparation of any analysis or report requested.

III-2. Nature and Scope of the Project. The selected Offeror will analyze and evaluate the condition of SWIF. The selected Offeror will opine on SWIF's financial condition and make recommendations based upon this analysis.

III-3. Requirements. The selected Offeror will analyze the financial condition of SWIF and provide the results to the Commonwealth by the due dates, Analysis should include all tasks listed in III-5.

III-4. Emergency Preparedness.

To support continuity of operations during an emergency, including a pandemic, the Commonwealth needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Commonwealth have planned for such an emergency and put contingencies in place to provide needed goods and services.

1. Describe how you anticipate such a crisis will impact your operations.
2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of pandemic preparedness:
 - a. Employee training (describe your organization's training plan, and how frequently your plan will be shared with employees)
 - b. Identified essential business functions and key employees (within your organization) necessary to carry them out

- c. Contingency plans for:
 - i. How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.
 - ii. How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.
- d. How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.
- e. How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

III-5. Statement of the Project. The selected Offeror will perform an actuarial analysis of the reserves for the years ending 12/31/2016, 12/31/2017, and 12/31/2018. The selected offeror will also perform other related services consistent with this RFQ. Additional detail is provided in Part IV of this RFQ.

III-6. Qualifications.

A. **Company Overview.**

B. **Prior Experience.** Include experience:

1. With state funds
2. In the analysis of Loss Reserving Practices in Workers Compensation.
3. In the analysis of Surplus Position
4. In the analysis of Matching Assets and Liabilities in Workers' Compensation
5. In the analysis of Loss Reserve Adequacy

Experience shown should be work done by individuals who will be assigned to this project as well as that of your company. Studies or projects referred to must be identified and the name of the customer shown, including the name, address, email address and telephone number of the responsible official of the customer, company, or agency who may be contacted.

III-7. Personnel. Include the number of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, in particular actuaries who are certified by the Casualty Actuarial Society, who will be engaged in the work. Show where these personnel will be physically located during the time they are engaged in the Project. For key personnel, including actuaries, include the employee's name and, through a resume or similar document, the Project

personnel's education, certification, and experience in providing actuary analysis of the financial condition of an insurance carrier specializing in Worker's Compensation. Indicate the responsibilities each individual will have in this Project and how long each has been with your company.

III-8. Subcontractors: Provide a subcontracting plan for all subcontractors, including small diverse business and small business subcontractors, who will be assigned to the Project. The selected Contractor is prohibited from subcontracting or outsourcing any part of this Project without the express written approval from the Commonwealth. Upon award of the purchase order resulting from this RFQ, subcontractors included in the quote submission are deemed approved. For each position included in your subcontracting plan provide:

1. Name of subcontractor;
2. Address of subcontractor;
3. Number of years worked with the subcontractor;
4. Number of employees by job category to work on this project;
5. Description of services to be performed;
6. What percentage of time the staff will be dedicated to this project;
7. Geographical location of staff; and
8. Resumes (if appropriate and available).

The Contractor's subcontractor information shall include (through a resume or a similar document) the employees' names, education and experience in the services outlined in this RFQ. Information provided shall also indicate the responsibilities each individual will have in this Project and how long each has been with subcontractor's company.

III-9. Training. If appropriate, indicate recommended training of agency personnel. Include the agency personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

III-10. Financial Capability. Describe your company's financial stability and economic capability to perform the contract requirements. Provide your company's financial statements (audited, if available) for the past three fiscal years. Financial statements must include the company's Balance Sheet and Income Statement or Profit/Loss Statements. Also include a Dun & Bradstreet comprehensive report, if available. If your company is a publicly traded company, please provide a link to your financial records on your company website in lieu of providing

hardcopies. The Commonwealth reserves the right to request additional information it deems necessary to evaluate a Contractor's financial capability.

III-11. Work Plan. Describe in narrative form your technical plan for accomplishing the work using the task descriptions as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

Tasks: The selected Offeror will perform an analysis to address the following issues:

A. Adequacy of Loss Reserves. The evaluation must reflect:

1. The actuaries best estimate and likely range of results of the ultimate loss and loss adjustment expense as of the end of the calendar year for each year of the contract.
2. The impact of investment income potential matched to a range of reasonable discount rates, including IRS discount rates and those reflective of SWIF's investment portfolio.
3. The impact of internal and external factors on present and future loss payment patterns and loss development.
4. Analysis of SWIF's exposures, identifying characteristics and trends and the relationship of these factors to developing claims patterns. For example:
 - Classification Distribution
 - Premium size distribution
 - Use of deductible/retrospective programs
 - Type of business (i.e. Coal, Commercial, Longshore)
 - Hazard group distribution

B. Adequacy of surplus. The evaluation must reflect:

1. The actuary's best estimate of policy-holder surplus within a likely range of results.
2. The impact of investment income potential matched to a range of reasonable discount rates, including IRS discount rates and those reflective of SWIF's investment portfolio.

3. The evaluation must include an opinion on safely distributable surplus which is to be provided to the SWIF Advisory Council in accordance with the WCA (77 P.S. 2603 e (2)) and the State Workers' Insurance Fund Board. Offeror must also provide their best estimate as to what level of surplus SWIF would need to have safely distributable surplus.

C. Provide the exhibits described in Appendix H as part of the final actuarial report by the appropriate claims classification including the following:

1. Commercial-Indemnity
2. Commercial-Medical
3. Coal-Indemnity
4. Coal-Medical
5. F-Class Indemnity
6. F-Class Medical

D. This engagement requires the selected Offeror to provide the following services:

1. Provide under separate cover, an opinion with respect to expected loss, loss adjustment expense and loss ratio for the coming year based on an assessment of the loss development expectation from the previous year end financial statement for SWIF.
2. Provide compatible spreadsheets (Excel) for all the exhibits described in Appendix H.
3. Meet with SWIF's Accounting and Actuarial staff to review the results of the report and assist them with implementing recommended actuarial changes to SWIF's financial statements.
4. Provide preliminary report for each year of this engagement by a date determined by SWIF. All work must be completed 30 days subsequent to the submission of the preliminary project.
5. Provide a report identifying peer reviewer(s) qualifications and describe extent of review.
6. Submit an actuarial opinion letter for calendar year end Annual Statement after the actual submission for each year end Annual Statement. Also, submit an Actuarial Opinion Summary (AOS).
7. Provide actuarial peer review and advice to SWIF's actuarial staff as requested on SWIF's actuarial work product as required throughout this service period.

8. Provide retrospective analysis of selected Offeror's calculation of reserves.
9. Provide an analysis of why selected Offeror's calculation of reserves differ from the booked reserves.
10. Provide an analysis of Selected Offeror's calculation of tail factor versus SWIF, show the differences and explain why there is a difference.
11. Provide an annual review of a sample of SWIF's claims.
12. Provide premium calculation and actuarial support for SWIF's Retrospective Rating Plan, including updates of the plan parameters.
13. Provide projected premium deficiency reserve.
14. Annual, as part of the review of the analysis of SWIF's loss reserves, and when requested, provide a coal and commercial lost cost multiplier calculation based on selected Offeror's loss and loss adjustment expense reserves.
15. Annually, as part of the review of the analysis of SWIF's loss reserves, and when requested provide a recommendation as to the loss reserve discount factor to be used by SWIF.
16. Provide annual catastrophic/lifetime claims analysis.
17. Offeror must provide any other analysis necessary to complete this engagement.

III-12. Reports and Project Control.

- A. Status Report.** A periodic progress report covering activities, problems and recommendations. This report should be keyed to the work plan the Contractor developed in its quote, as amended or approved by the Issuing Office.
- B. Problem Identification Report.** An "as required" report, identifying problem areas. The report should describe the problem and its impact on the overall project and on each affected task. It should list possible courses of action with advantages and disadvantages of each, and include Contractor recommendations with supporting rationale.

III-13. Domestic Workforce Utilization. Contractors must complete and sign the Domestic Workforce Certification attached to and made part of this RFQ as Appendix B. Contractors who seek consideration for the Domestic Workforce Utilization Certification criterion must complete, sign, and submit the Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal.

PART IV

COST SUBMITTAL

IV-1. Cost Submittal. The information requested in this **Part IV** shall constitute the Cost Submittal. The Cost Submittal shall be placed in a separate sealed envelope within the sealed quote, separated from the technical submittal. The total proposed cost should be broken down into the components set forth in **Appendix D– Cost Submittal Worksheet**. The percentage of commitment to Small Diverse Businesses and Small Businesses should not be stated in the Cost Submittal. Contractor should **not** include any assumptions in their cost submittals. If the Contractor includes assumptions in its cost submittal, the Issuing Office may reject the quote. Contractor should direct in writing to the Issuing Office pursuant to **Part I, Section I-6** of this RFQ any questions about whether a cost or other component is included or applies. All Contractors will then have the benefit of the Issuing Office’s written answer so that all quotes are submitted on the same basis.

The Issuing Office will reimburse the selected Contractor for work satisfactorily performed after execution of a written contract and the start of the contract term, in accordance with contract requirements, and only after the Issuing Office has issued a notice to proceed.

PART V

SMALL DIVERSE BUSINESS AND SMALL BUSINESS PARTICIPATION SUBMITTAL

V-1. Small Diverse Business and Small Business General Information. The Issuing Office encourages participation by Small Diverse Businesses and Small Businesses as prime contractors, and encourages all prime contractors to make significant commitments to use Small Diverse Businesses and Small Businesses as subcontractors and suppliers.

A Small Business must meet each of the following requirements:

- The business must be a for-profit, United States business;
- The business must be independently owned;
- The business may not be dominant in its field of operation;
- The business may not employ more than 100 full-time or full-time equivalent employees;
- The business, by type, may not exceed the following three-year average gross sales:
 - Procurement Goods and Services: \$20 million
 - Construction: \$20 million
 - Building Design Services: \$7 million
 - Information Technology Goods and Services: \$25 million

For credit in the RFQ scoring process, a Small Business must complete the DGS/BDISBO self-certification process. Additional information on this process can be found at:

<http://www.dgs.pa.gov/Businesses/Small%20Business%20Contracting%20Program/Pages/default.aspx>.

A Small Diverse Business is a DGS-verified minority-owned small business, woman-owned small business, veteran-owned small business, service-disabled veteran-owned small business, LGBT-owned small business, Disability-owned small business, or other small businesses as approved by DGS, that are owned and controlled by a majority of persons, not limited to members of minority groups, who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social disadvantages.

For credit in the RFQ scoring process, a Small Diverse Business must complete the DGS verification process. Additional information on this process can be found at:

<http://www.dgs.pa.gov/Businesses/Minority,%20Women%20and%20Veteran%20Businesses/Pages/default.aspx>.

A Contractor that qualifies as a Small Diverse Business or a Small Business and submits a quote as a prime contractor is not prohibited from being included as a subcontractor in separate quotes submitted by other Contractor.

A Small Diverse Business or Small Business may be included as a subcontractor with as many prime contractors as it chooses in separate quotes.

The Department's directory of self-certified Small Businesses and DGS/BDISBO-verified Small Diverse Businesses can be accessed from:

<http://www.dgs.pa.gov/Businesses/Minority,%20Women%20and%20Veteran%20Businesses/Small-Diverse-Business-Verification/Pages/Finding-Small-Diverse-Businesses.aspx>.

Questions regarding the Small Diverse Business and Small Business Programs, including questions about the self-certification and verification processes can be directed to:

Department of General Services
Bureau of Diversity, Inclusion and Small Business Opportunities (BDISBO)
Room 601, North Office Building
Harrisburg, PA 17125
Phone: (717) 783-3119
Fax: (717) 787-7052
Email: RA-BDISBOVerification@pa.gov
Website: www.dgs.pa.gov

- V-2. Small Diverse Business and Small Business (SDB/SB) Participation Submittal.** All Contractors are required to submit **two (2)** copies of the Small Diverse Business and Small Business Participation Submittal Form contained in (**Appendix E**) and related Letter(s) of Intent (**Appendix F**). The submittal must be sealed in its own envelope, separate from the remainder of the proposal, and must be provided on the Small Diverse Business and Small Business Participation Submittal form, with information as follows:
- A.** Contractors must indicate their status as a Small Diverse Business and as a Small Business through selection of the appropriate checkboxes.
 - B.** Contractors must include a numerical percentage which represents the total percentage of the total cost in the Cost Submittal that the Contractor commits to paying to Small Diverse Businesses and Small Businesses as subcontractors.
 - C.** Contractors must include a listing of and required information for each of the Small Diverse Businesses and/or Small Businesses with whom they will subcontract to achieve the participation percentages outlined on the Small Diverse Business and Small Business Participation Submittal.
 - D.** Contractors must include a Letter of Intent (attached as **Appendix F** is a Letter of Intent template which may be used to satisfy these requirements) signed by both the Contractor and the Small Diverse Business or Small Business for each of the Small Diverse Businesses and Small Businesses identified in the Small Diverse Business and Small Business Participation Submittal form. At minimum, the Letter of Intent must include the following:

1. The fixed numerical percentage commitment and associated estimated dollar value of the commitment made to the Small Diverse Business or Small Business; and
 2. A description of the services or supplies the Small Diverse Business or Small Business will provide; and
 3. The timeframe during the initial contract term and any extensions, options and renewals when the Small Diverse Business or Small Business will perform or provide the services and/or supplies; and
 4. The name and telephone number of the Contractor's point of contact for Small Diverse Business and Small Business participation; and
 5. The name, address, and telephone number of the primary contact person for the Small Diverse Business or Small Business.
- E. Each Small Diverse Business and Small Business commitment which is credited by BDISBO along with the overall percentage of Small Diverse Business and Small Business commitments will become contractual obligations of the selected Contractor.

NOTE: Contractors will not receive credit for any commitments for which information as above is not included in the Small Diverse Business and Small Business Participation Submittal. Contractors will not receive credit for stating that after the contract is awarded they will find a Small Diverse or Small Business.

V-3.

NOTE: Equal employment opportunity and contract compliance statements referring to company equal employment opportunity policies or past contract compliance practices do not constitute proof of Small Diverse Business and/or Small Business Status or entitle a Contractor to receive credit for Small Diverse Business or Small Business participation.

V-4. Contract Requirements—Small Diverse Business and Small Business Participation

All contracts containing Small Diverse Business and Small Business Participation must contain the following contract provisions to be maintained through the initial contract term and any subsequent options or renewals:

- A. Each Small Diverse Business and Small Business commitment which was credited by BDISBO and the total percentage of such Small Diverse Business and Small Business commitments made at the time of quote submittal, BAFO or contract negotiations, as applicable, become contractual obligations of the selected Contractor upon execution of its contract with the Commonwealth.
- B. All Small Diverse Business and Small Business subcontractors credited by BDISBO must perform at least 50% of the work subcontracted to them.

- C. The individual percentage commitments made to Small Diverse Businesses and Small Businesses cannot be altered without written approval from BDISBO.
- D. Small Diverse Business and Small Business commitments must be maintained in the event the contract is assigned to another prime contractor.
- E. The selected Contractor and each Small Diverse Business and Small Business for which a commitment was credited by BDISBO must submit a final, definitive subcontract agreement signed by the selected Contractor and the Small Diverse Business and/or Small Business to BDISBO within 30 days of the final execution date of the Commonwealth contract. A Model Subcontract Agreement which may be used to satisfy this requirement is provided in **Appendix G– Model Form of Small Diverse and Small Business Subcontract Agreement**. The subcontract must contain:
 - 1. The specific work, supplies or services the Small Diverse Business and/or Small Business will perform; location for work performed; how the work, supplies or services relate to the project; and the specific timeframe during the initial term and any extensions, options and renewals of the prime contract when the work, supplies or services will be provided or performed.
 - 2. The fixed percentage commitment and associated estimated dollar value that each Small Diverse Business and/or Small Business will receive based on the final negotiated cost for the initial term of the prime contract.
 - 3. Payment terms indicating that the Small Diverse Business and/or Small Business will be paid for work satisfactorily completed within 14 days of the selected Contractor’s receipt of payment from the Commonwealth for such work.
 - 4. Commercially reasonable terms for the applicable business/industry that are no less favorable than the terms of the selected Contractor’s contract with the Commonwealth and that do not place disproportionate risk on the Small Diverse Business and/or Small Business relative to the nature and level of the Small Diverse Business’ and/or Small Business’ participation in the project.
- F. If the selected Contractor and a Small Diverse Business or Small Business credited by BDISBO cannot agree upon a definitive subcontract within 30 days of the final execution date of the Commonwealth contract, the selected Contractor must notify BDISBO.
- G. The Selected Contractor shall complete the Prime Contractor’s Quarterly Utilization Report and submit it to the contracting officer of the Issuing Office and BDISBO within ten (10) business days at the end of each quarter of the contract term and any subsequent options or renewals. This information will be used to track and confirm the actual dollar amount paid to Small Diverse Business and Small Business subcontractors and suppliers and will serve as a record of fulfillment of the contractual commitment. If there was no activity during the quarter, the form must be completed by stating “No

activity in this quarter.” A late fee of \$100.00 per day may be assessed against the Selected Contractor if the Utilization Report is not submitted in accordance with the schedule above.

- H.** The Selected Contractor shall notify the Contracting Officer of the Issuing Office and BDISBO when circumstances arise that may negatively impact the selected Contractor’s ability to comply with Small Diverse Business and/or Small Business commitments and to provide a corrective action plan. Disputes will be decided by the Issuing Office and DGS.

- I.** If the Selected Contractor fails to satisfy its Small Diverse Business and/or Small Business commitment(s), it may be subject to a range of sanctions BDISBO deems appropriate. Such sanctions include, but are not limited to, one or more of the following: a determination that the selected Contractor is not responsible under the Contractor Responsibility Program; withholding of payments; suspension or termination of the contract together with consequential damages; revocation of the selected Contractor’s Small Diverse Business status and/or Small Business status; and/or suspension or debarment from future contracting opportunities with the Commonwealth.