



MONTANA STATE FUND REQUEST FOR PROPOSAL (RFP)

RFP Number: MSF 49	RFP Title: Premium Audit Services		
RFP Response Due Date and Time: Open	Number of Pages: 29	Issue Date: August 3, 2012	

ISSUING AGENCY INFORMATION	
Procurement Officer: Christy Weikart	Montana State Fund Phone: (406) 495-5395 Fax: (406) 495-5023 TTY Users, Dial 711
Website: http://vendor.mt.gov/	

INSTRUCTIONS TO OFFERORS		
Return Sealed Proposal to:		
PHYSICAL ADDRESS: Montana State Fund 855 Front Street Helena, MT 59601	MAILING ADDRESS: Montana State Fund PO Box 4759 Helena, MT 59604-4759	Mark Face of Envelope/Package with: RFP Number: MSF 49 RFP Response Due Date: Open
Special Instructions:		

OFFERORS MUST COMPLETE THE FOLLOWING	
Offeror Name/Address:	<div style="border-bottom: 1px solid black; text-align: center; padding: 5px;">(Name/Title)</div> <div style="border-bottom: 1px solid black; text-align: center; padding: 5px;">(Signature)</div> <p style="font-size: small; margin-top: 5px;">Print name and title and sign in ink. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.</p>
Type of Entity (e.g., corporation, LLC, etc.)	Offeror Phone Number:
Offeror E-mail Address:	Offeror FAX Number:

OFFERORS MUST RETURN THIS COVER SHEET WITH RFP RESPONSE

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INSTRUCTIONS TO OFFERORS

It is the responsibility of each offeror to:

Follow the format required in the RFP when preparing your response. Provide responses in a clear and concise manner.

Provide complete answers/descriptions. Read and answer **all** questions and requirements. Proposals are evaluated based **solely** on the information and materials provided in your written response.

Use any forms provided, e.g., cover page, budget form, certification forms, etc.

**The following items MUST be included in the response.
Failure to include ANY of these items may result in a nonresponsive determination.**

- Signed Cover Sheet**
- Signed Addenda (if appropriate) in accordance with Section 1.4.3**

SCHEDULE OF EVENTS

EVENT

DATE

RFP Issue Date..... August 3, 2012

RFP Response Due Date Open

Intended Date for Contract Award **After August 15, 2012**

SECTION 1: INTRODUCTION AND INSTRUCTIONS

1.1 INTRODUCTION

The MONTANA STATE FUND, ("MSF") is pleased to invite you to submit a response for Premium Audit Services as specified in this Request for Proposal (RFP). MSF is seeking responses from qualified vendors to provide thorough and accurate premium audits of its policyholders. These will be nonexclusive contracts, and MSF does not guarantee any number of referrals under this agreement. Services may begin after August 15, 2012.

1.2 CONTRACT PERIOD

The contract period is one year, beginning on or after August 15, 2012, and ending July 30, 2013, inclusive. The parties may mutually agree to a renewal of this contract in one-year intervals, or any interval that is advantageous to MSF. This contract, including any renewals, may not exceed a total of seven years, at MSF'S option.

1.3 SINGLE POINT OF CONTACT

From the date this Request for Proposal (RFP) is issued until an offeror is selected and announced by the procurement officer, **offerors shall not communicate with any MSF staff regarding this procurement, except at the direction of Christy Weikart**, the procurement officer in charge of the solicitation. Any unauthorized contact may disqualify the offeror from further consideration. Contact information for the single point of contact is:

Procurement Officer: Christy Weikart
Telephone Number: (406) 495-5395
Fax Number: (406) 495-5023
E-mail Address: cweikart@mt.gov

1.4 REQUIRED REVIEW

1.4.1 Review RFP. Offerors shall carefully review the entire RFP. Offerors shall promptly notify the procurement officer identified above via e-mail or in writing of any ambiguity, inconsistency, unduly restrictive specifications, or error which they discover. MSF will determine any changes to the RFP.

1.5 GENERAL REQUIREMENTS

1.5.1 Acceptance of Standard Terms and Conditions/Contract. *By submitting a response to this RFP, offeror accepts the standard terms and conditions and contract set out in Appendices A and B, respectively.* Much of the language included in the standard terms and conditions and contract reflects requirements of Montana law.

1.5.2 Resulting Contract. This RFP and any addenda, the offeror's RFP response, including any amendments, a best and final offer (if any), and any clarification question responses shall be incorporated by reference in any resulting contract. MSF's contract, attached as Appendix B, contains the contract terms and conditions which will form the basis of any contract between MSF and the contractor. In the event of a dispute as to the duties and responsibilities of the parties under this contract, the contract, along with any attachments prepared by MSF, will govern in the same order of precedence as listed in the contract.

1.5.3 Mandatory Requirements. To be eligible for consideration, an offeror *must* meet all mandatory requirements. MSF will determine whether an offeror's proposal complies with the requirements. Proposals that fail to meet any mandatory requirements listed in this RFP will be deemed nonresponsive.

1.5.4 Understanding of Specifications and Requirements. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.

1.5.5 Offeror's Signature. Offeror's proposal must be signed in ink by an individual authorized to legally bind the offeror. The offeror's signature guarantees that the offer has been established without collusion. Offeror shall provide proof of authority of the person signing the RFP upon MSF's request.

1.6 SUBMITTING A PROPOSAL

1.6.1 Organization of Proposal. Offerors must submit a signed copy of the RFP cover sheet and the form attached as Appendix C to respond to this RFP. Offerors shall follow the response format outlined in Appendix C: RFP Response Form.

MSF encourages offerors to use materials (e.g., paper, dividers, binders, brochures, etc.) that contain post-consumer recycled content. Offerors are encouraged to print/copy on both sides of each page.

1.7 COSTS/OWNERSHIP OF MATERIALS

1.7.1 MSF Not Responsible for Preparation Costs. Offeror is solely responsible for all costs it incurs prior to contract execution.

1.7.2 Ownership of Timely Submitted Materials. The State shall own all materials submitted in response to this RFP.

SECTION 2: RFP STANDARD INFORMATION

2.1 AUTHORITY

The RFP is issued under 39-71-2315, Montana Code Annotated (MCA). The non-exclusive RFP process is a procurement option allowing the award to be based on stated evaluation criteria.

2.2 OFFEROR COMPETITION

MSF encourages free and open competition to obtain quality, cost-effective services and supplies. MSF designs specifications, proposal requests, and conditions to accomplish this objective.

2.3 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION

Subject to exceptions provided by Montana law, all information received in response to this RFP, including copyrighted material, is public information. Proposals will be made available for public viewing and copying shortly after the proposal due date and time. The exceptions to this requirement are: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by MSF; and (3) other constitutional protections. See 18-4-304, MCA.

2.4 CLASSIFICATION AND EVALUATION OF PROPOSALS

2.4.1 Initial Classification of Proposals as Responsive or Nonresponsive. MSF shall initially classify all proposals as either "responsive" or "nonresponsive" (ARM 2.5.602). MSF may deem a proposal nonresponsive if: (1) any of the required information is not provided; (2) the submitted price is found to be excessive or inadequate as measured by the RFP criteria; or (3) the proposal does not meet RFP requirements and specifications. MSF may find any proposal to be nonresponsive at any time during the procurement process. If MSF deems a proposal nonresponsive, it will not be considered further.

2.4.2 Determination of Responsibility. The procurement officer will determine whether an offeror has met the standards of responsibility consistent with ARM 2.5.407. An offeror may be determined nonresponsible at any time during the procurement process if information surfaces that supports a nonresponsible determination. If an offeror is found nonresponsible, the procurement officer will notify the offeror by mail. The determination will be made a part of the procurement file.

2.4.3 Contract Award. Contract award, if any, will be made to any contractor who meets the requirements of this RFP, and provides all required documents, and successfully completes contract negotiation. A formal contract utilizing the draft contract attached as Appendix B will be executed by all parties.

2.5 MSF'S RIGHTS RESERVED

While MSF has every intention to award a contract resulting from this RFP, issuance of the RFP in no way constitutes a commitment by MSF to award and execute a contract. Upon a determination such actions would be in its best interest, MSF, in its sole discretion, reserves the right to:

- Cancel or terminate this RFP ;
- Reject any or all proposals received in response to this RFP;
- Waive any undesirable, inconsequential, or inconsistent provisions of this RFP that would not have significant impact on any proposal;
- Not award a contract, if it is in MSF's best interest not to proceed with contract execution; or
- If awarded, terminate any contract if MSF determines adequate state funds are not available.

SECTION 3: SCOPE OF SERVICES

3.0 PREMIUM AUDIT SERVICES

1. Each responding contractor agrees to provide premium auditing services as follows:
2. The Contractor agrees to respond to any audit referral from MSF within forty-five (45) working days; either by completion of the audit or written notification of any delay, specifying the reasons for delay and the estimated date of completion of the audit. "Referral" means written notification of a referred audit, including relevant policy information provided to the Contractor, or written notification of a referred audit and provision of access to relevant portions of MSF's database by the Contractor. "Completion" of an audit means a satisfactory Audit Report has been delivered to MSF. The Contractor agrees to complete the Audit Report within seven (7) days of the date the audit is actually performed.
3. The Contractor agrees to perform audits within the guidelines of MSF's Underwriting Manual (located on MSF's website at <http://www.montanastatefund.com/> under I Am An Employer, and the Montana Workers' Compensation and Occupational Disease Laws, and any addendum to those manuals and additional directives from the Insurance Operations Support Department of MSF.
4. The Contractor agrees that if any question of classification code, policy or law is encountered, the auditor will first contact the Underwriting Services Team Leader of the Operations Support Department for guidance.
5. The Contractor agrees to complete the Audit Report as provided with each audit assignment or supplement each audit in format that substantially contains the information in Appendix "D" of the RFP, inclusive of the data collected on the Audit Report. The exact format of the Audit Report may be determined by the Contractor.
6. The Contractor agrees to compile payroll by individual within each class code for the report period and provide the data in a format substantially conforming to the requirements of Appendix "D" that readily identifies any necessary adjustments to the previous payroll.
7. The Contractor agrees that it will audit or re-audit without charge if errors exist in the audit; the audit is not completed within sixty (60) days of referral; the audit does not substantially conform to the requirements of Appendix D; or if the audit is not performed to the reasonable satisfaction of MSF. Any re-audit or corrective audit required under this agreement shall be completed within thirty (30) days of notice thereof.
8. The Contractor agrees that the individual auditor assigned each audit will be responsible to submit complete and accurate audits, including, but not limited to; detection of unreported payroll of individuals found to be employees, under-reported or over-reported payroll of reported employees, officer/owner minimum or maximum adjustments, and reclassification of payroll as appropriate to the risk.
9. MSF does not guarantee a minimum number of audit referrals.
10. In order to assure quality control, Contractor shall provide in-house review of audits. Contractor shall provide MSF with a copy of a specific quality control program within 60 days of contract execution.

3.1 CONTRACTOR REQUIREMENTS

1. Each Contractor must provide a copy of its business license (if any) to MSF indicating the ability to conduct business and perform the services required under this RFP. A copy of the license must be provided to MSF prior to contract award.

2. All Contractors must retain records that fully disclose the extent and nature of services provided for each policyholder referred by the MSF.
3. All Contractors must accept MSF payment as payment in full for services rendered and not charge a referred policyholder additional fees.
4. All Contractors must ensure the confidentiality of premium audit records and any other records related to the policyholder.
5. All Contractors that are foreign corporations must be registered with the Secretary of State to conduct business within the state of Montana, as required by MCA 35-1-1026.
6. MSF will retain the right to approve and disapprove the Contractor's personnel who are assigned by Contractor to conduct on-site policyholder audits.
7. The Contractor and its personnel must maintain a professional demeanor and appearance at all times when communicating with and visiting an MSF policyholder.
8. Contractor must maintain the confidentiality of any policyholder-related information acquired in the course of performing its duties under this RFP.
9. Contractor must have at least three years experience.
10. Contractor must describe its experience performing actual premium audits of workers' compensation insurance policies for, or on behalf of, one or more workers' compensation insurance carriers or workers' compensation rating organizations. Please utilize Appendix C – Response form to describe experience.

SECTION 4: OFFEROR QUALIFICATIONS/INFORMATIONAL REQUIREMENTS

4.1 MSF'S RIGHT TO INVESTIGATE AND REJECT

MSF may make such investigations as deemed necessary to determine the offeror's ability to perform the services specified. MSF reserves the right to reject a proposal if the information submitted by, or investigation of, the offeror fails to satisfy MSF that the offeror is properly qualified to perform the obligations of the contract.

4.2 CONTRACTOR INSURANCE REQUIREMENTS

The Contractor shall maintain for the duration of the contract, at its cost, primary insurance coverage against claims for injuries to persons or damages to property including contractual liability, which may arise from work performed under this contract. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns, or servants.

At contract execution, the Contractor must provide a certificate for Commercial General Liability, and Professional Liability coverage, to include bodily injury, personal injury, and property damage with combined single limits of \$1,000,000 per claim, and \$2,000,000 aggregate per year, from an insurer with a Best's Rating of no less than A-.

The Contractor must provide a certificate for commercial general liability, to include bodily injury, personal injury, property damage and automobile liability insurance (or non-owned auto endorsement if applicable) with combined single limits of not less than \$1,000,000 per occurrence, with a \$2,000,000 aggregate from an insurer with a Best's Rating of no less than A-.

4.3 COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for MSF in accordance with sections 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of MSF. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the Montana State Fund, P.O. Box 4759, Helena, MT 59604-4759, upon expiration.

SECTION 5: FEES AND PAYMENT

5.0 GENERAL TERMS OF PAYMENT

1. All bills must be submitted on invoice forms provided by the Contractor, with sufficient detail to show the policy audit services provided to each policyholder and the fees for each.
2. The Contractor will be entitled to payment for services rendered only after MSF has reviewed and approved the Contractor's work.

5.1 COMPENSATION

1. For on-site premium audits, the Contractor's fee will be reasonable fees for the type of services provided under this RFP. Contractor must provide MSF with a schedule of Contractor's usual and customary charges for the services to be provided under this RFP.
2. For telephone audits, the Contractor's fee will be a reasonable flat rate for the services provided under this RFP.
3. The fees for any renewal of the contract are subject to renegotiation between the parties.
4. MSF reserves the right to reject any fee proposal determined to be excessive or unreasonable.
5. MSF will not pay separate charges for travel time or travel expenses. However, from time to time, MSF may request the contractor to conduct special fraud or other audits. When designated as such by MSF, MSF will pay fees of \$25 per hour for the auditors travel time to and from the audit location, along with travel, meals and lodging at the rates and under the conditions payable by MSF to its employees.

5.2 BILLING

1. Billing must be submitted on an invoice form with sufficient detail for MSF to discern the date of services, type of services and policyholder served.

APPENDIX A: STANDARD TERMS AND CONDITIONS

Standard Terms and Conditions

By submitting a response to this invitation for bid, request for proposal, limited solicitation, or acceptance of a contract, the vendor agrees to acceptance of the following Standard Terms and Conditions and any other provisions that are specific to this solicitation or contract.

ACCEPTANCE/REJECTION OF BIDS, PROPOSALS, OR LIMITED SOLICITATION RESPONSES: The State reserves the right to accept or reject any or all bids, proposals, or limited solicitation responses, wholly or in part, and to make awards in any manner deemed in the best interest of the State. Bids, proposals, and limited solicitation responses will be firm for 30 days, unless stated otherwise in the text of the invitation for bid, request for proposal, or limited solicitation.

ACCESS AND RETENTION OF RECORDS: The contractor agrees to provide the department, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance. (Section 18-1-118, MCA). The contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the contract or the conclusion of any claim, litigation, or exception relating to the contract taken by the State of Montana or third party.

ALTERATION OF SOLICITATION DOCUMENT: In the event of inconsistencies or contradictions between language contained in the State's solicitation document and a vendor's response, the language contained in the State's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the vendor's disqualification and possible debarment.

ASSIGNMENT, TRANSFER AND SUBCONTRACTING: The contractor shall not assign, transfer or subcontract any portion of the contract without the express written consent of the department. (Section 18-4-141, MCA.)

AUTHORITY: The attached bid, request for proposal, limited solicitation, or contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

COMPLIANCE WITH LAWS: The contractor must, in performance of work under the contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the contract.

CONFORMANCE WITH CONTRACT: No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without prior written consent of the State Procurement Bureau. Supplies delivered which do not conform to the contract terms, conditions, and specifications may be rejected and returned at the contractor's expense.

DEBARMENT: The contractor certifies, by submitting this bid or proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (contract) by any governmental department or agency. If the contractor cannot certify this statement, attach a written explanation for review by the State.

DISABILITY ACCOMMODATIONS: The State of Montana does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

FACSIMILE RESPONSES: Facsimile responses will be accepted for invitations for bids, small purchases, or limited solicitations ONLY if they are completely received by the State Procurement Bureau prior to the time set for receipt. Bids, or portions thereof, received after the due time will not be considered. Facsimile responses to requests for proposals are ONLY accepted on an exception basis with prior approval of the procurement officer.

FAILURE TO HONOR BID/PROPOSAL: If a bidder/offeror to whom a contract is awarded refuses to accept the award (PO/contract) or fails to deliver in accordance with the contract terms and conditions, the department may, in its discretion, suspend the bidder/offeror for a period of time from entering into any contracts with the State of Montana.

FORCE MAJEURE: Neither party shall be responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party is using its best efforts to remedy such failure or delays.

HOLD HARMLESS/INDEMNIFICATION: The contractor agrees to protect, defend, and save the State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

LATE BIDS AND PROPOSALS: Regardless of cause, late bids and proposals will not be accepted and will automatically be disqualified from further consideration. It shall be solely the vendor's risk to ensure delivery at the designated office by the designated time. Late bids and proposals will not be opened and may be returned to the vendor at the expense of the vendor or destroyed if requested.

PAYMENT TERM: All payment terms will be computed from the date of delivery of supplies or services OR receipt of a properly executed invoice, whichever is later. Unless otherwise noted in the solicitation document, the State is allowed 30 days to pay such invoices. All contractors will be required to provide banking information at the time of contract execution in order to facilitate State electronic funds transfer payments.

RECIPROCAL PREFERENCE: The State of Montana applies a reciprocal preference against a vendor submitting a bid from a state or country that grants a residency preference to its resident businesses. A reciprocal preference is only applied to an invitation for bid for supplies or an invitation for bid for nonconstruction services for public works as defined in section 18-2-401(9), MCA, and then only if federal funds are not involved. For a list of states that grant resident preference, see <http://gsd.mt.gov/ProcurementServices/preferences.mcp.x>.

REDUCTION OF FUNDING: The State must terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance in a subsequent fiscal period. (See section 18-4-313(4), MCA.)

REFERENCE TO CONTRACT: The contract or purchase order number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract.

REGISTRATION WITH THE SECRETARY OF STATE: Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with sections 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

SEPARABILITY CLAUSE: A declaration by any court, or any other binding legal source, that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually dependent.

SHIPPING: Supplies shall be shipped prepaid, F.O.B. Destination, unless the contract specifies otherwise.

SOLICITATION DOCUMENT EXAMINATION: Vendors shall promptly notify the State of any ambiguity, inconsistency, or error which they may discover upon examination of a solicitation document.

TAX EXEMPTION: The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED: Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Section 18-5-603, MCA.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning nonvisual access standards.

TERMINATION OF CONTRACT: Unless otherwise stated, the State may, by written notice to the contractor, terminate the contract in whole or in part at any time the contractor fails to perform the contract.

U.S. FUNDS: All prices and payments must be in U.S. dollars.

VENUE: This solicitation is governed by the laws of Montana. The parties agree that any litigation concerning this bid, request for proposal, limited solicitation, or subsequent contract, must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Section 18-1-401, MCA.)

WARRANTIES: The contractor warrants that items offered will conform to the specifications requested, to be fit and sufficient for the purpose manufactured, of good material and workmanship, and free from defect. Items offered must be new and unused and of the latest model or manufacture, unless otherwise specified by the State. They shall be equal in quality and performance to those indicated herein. Descriptions used herein are specified solely for the purpose of indicating standards of quality, performance, and/or use desired. Exceptions will be rejected.

Revised 2/10

APPENDIX B: CONTRACT

CONTRACT FOR PREMIUM AUDIT SERVICES

Contract ID No. –

THIS AGREEMENT is made and entered into between the **MONTANA STATE FUND**, 855 Front Street, PO Box 4759, Helena, MT 59604-4759, hereinafter called “MSF” and _____, hereinafter called the “Contractor.”

For and in the consideration of the mutual and reciprocal covenants, promises and agreements of the parties as contained herein, the parties agree as follows, with the foregoing recitals incorporated therein.

SECTION 1 **SCOPE OF WORK**

The Contractor agrees to provide policy auditing services as follows:

1. The Contractor agrees to respond to any audit referral from MSF within forty-five (45) working days; either by completion of the audit or written notification of any delay, specifying the reasons for delay and the estimated date of completion of the audit. “Referral” means written notification of a referred audit, including relevant policy information provided to the Contractor, or written notification of a referred audit and provision of access to relevant portions of MSF’s database by the Contractor. “Completion” of an audit means a satisfactory Audit Report has been delivered to MSF. The Contractor agrees to complete the Audit Report within seven (7) days of the date the audit is actually performed.
2. The Contractor agrees to perform audits within the guidelines of MSF’s Underwriting Manual (located on MSF’s website at <http://www.montanastatefund.com/> under I Am An Employer) and the Montana Workers’ Compensation and Occupational Disease Laws, and any addendum to those manuals and additional directives from the Operations Support Department of MSF.
3. The Contractor agrees that if any question of classification code, policy or law is encountered, the auditor will first contact the Underwriting Services Team Leader of the Operations Support Department for guidance.
4. The Contractor agrees to complete the Audit Report as provided with each audit assignment or supplement each audit in format that substantially contains the information in Appendix “D” of the RFP, inclusive of the data collected on the Audit Report. The exact format of the Audit Report may be determined by the Contractor.
5. The Contractor agrees to compile payroll by individual within each class code for the report period and provide the data in a format substantially conforming to the requirements of Appendix “D” that readily identifies any necessary adjustments to the previous payroll.
6. The Contractor agrees that it will audit or re-audit without charge if errors exist in the audit; the audit is not completed within sixty (60) days of referral; the audit does not substantially conform to the requirements of Appendix D; or if the audit is not performed to the reasonable satisfaction of MSF. Any re-audit or corrective audit required under this agreement shall be completed within thirty (30) days of notice thereof.
7. The Contractor agrees that the individual auditor assigned each audit will be responsible to submit complete and accurate audits, including, but not limited to; detection of unreported payroll of individuals found to be employees, under-reported or over-reported payroll of reported employees, officer/owner minimum or maximum adjustments, and reclassification of payroll as appropriate to the risk.
8. MSF does not guarantee a minimum number of audit referrals.

9. In order to assure quality control, Contractor shall provide in-house review of audits. Contractor shall provide MSF with a copy of a specific quality control program within 60 days of contract execution.

SECTION 2

CONTRACTOR REQUIREMENTS

1. Each Contractor must provide a copy of its business license (if any) to MSF indicating the ability to conduct business and perform the services required under this RFP. A copy of the license must be provided to MSF prior to contract award.
2. All Contractors must retain records that fully disclose the extent and nature of services provided for each policyholder referred by the MSF.
3. All Contractors must accept MSF payment as payment in full for services rendered and not charge a referred policyholder additional fees.
4. All Contractors must ensure the confidentiality of premium audit records and any other records related to the policyholder.
5. All Contractors that are foreign corporations must be registered with the Secretary of State to conduct business within the state of Montana, as required by MCA 35-1-1026.
6. MSF will retain the right to approve and disapprove the Contractor's personnel who are assigned by Contractor to conduct on-site policyholder audits.
7. The Contractor and its personnel must maintain a professional demeanor and appearance at all times when communicating with and visiting an MSF policyholder.
8. Contractor must maintain the confidentiality of any policyholder-related information acquired in the course of performing its duties under this RFP.
9. Contractor must have at least three years experience.
10. Contractor must describe its experience performing actual premium audits of workers' compensation insurance policies for, or on behalf of, one or more workers' compensation insurance carriers or workers' compensation rating organizations. Please utilize Appendix C – Response form to describe experience.

SECTION 3

CONTRACT TERM/RENEWAL

The term of this contract will be _____ through July 30, 2013, as the contractor is available. This instrument shall not be effective until duly signed by all the parties hereto.

SECTION 4

GENERAL TERMS OF PAYMENT

1. All bills must be submitted on invoice forms provided by the Contractor, with sufficient detail to show the policy audit services provided to each policyholder and the fees for each.

2. The Contractor will be entitled to payment for services rendered only after MSF has reviewed and approved the Contractor's work.
3. MSF will not pay separate charges for travel time or travel expenses. However, from time to time, the MSF may request the contractor to conduct special fraud or other audits. When designated as such by MSF, MSF will pay fees of \$25 per hour for the auditors travel time to and from the audit location, along with travel, meals and lodging at the rates and under the conditions payable by MSF to its employees.
4. For on-site premium audits, the Contractor's fee will be <to be determined>.
5. For telephone audits, the Contractor's fee will be <to be determined>.
6. Billing must be submitted on an invoice form with sufficient detail for MSF to discern the date of services, type of services and policyholder served.
7. Payment to Contractor will be made by electronic funds transfer. All Contractors will be required to provide banking information at the time of contract execution in order to facilitate MSF electronic funds transfer payments. Banking information may be provided on a Form 1199A prepared by Contractor's bank, or a voided check.

SECTION 5 **LIAISON**

MSF has designated Christy Weikart, Underwriting Services Team Leader, as liaison to whom Contractor is to direct its communications concerning the Agreement. Contractor has designated _____ as its liaison to whom MSF is to direct its communications concerning this Agreement.

SECTION 6 **ACCESS TO RECORDS -- RETENTION OF RECORDS**

The Contractor agrees to provide the department, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the contract or the conclusion of any claim, litigation, or exception relating to the contract taken by the State of Montana or third party.

SECTION 7 **ASSIGNMENT, TRANSFER AND SUBCONTRACTING**

The contractor shall not assign, transfer or subcontract any portion of the contract without the express written consent of MSF. (Section 18-4-141, MCA.) The Contractor shall be responsible to MSF for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by the Contractor. No contractual relationships exist between any subcontractor and MSF.

SECTION 8
HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the State of Montana, MSF, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of MSF, under this agreement.

SECTION 9
COMPLIANCE WITH LAWS

The contractor must, in performance of work under the contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the contract.

SECTION 10
COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for MSF in accordance with sections 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of MSF. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the Montana State Fund, P.O. Box 4759, Helena, MT 59604-4759, upon expiration.

SECTION 11
CONTRACT TERMINATION

1. MSF or the Contractor, with 30 days written notice to the other, may at any time during the term of this contract, terminate this contract with cause, or if the other party:
 - a. fails to perform its contractual duties or responsibilities; or
 - b. does not meet expected performance levels; or
 - c. does not meet time frames to improve performance levels as developed by MSF and the Contractor.
2. MSF, or the Contractor, may terminate this contract at any time if either entity ceases to exist.

SECTION 12
MODIFICATION OF CONTRACT

1. No modification of this agreement shall be valid or binding unless such modification is in writing, duly dated, and executed by all parties to this original agreement.
2. If any portion of this contract becomes void by order of a court of law, all other sections of this contract remain in place with full force and effect.

SECTION 13
INSURANCE REQUIREMENTS

The contractor shall maintain for the duration of the contract, at its cost, primary insurance coverage against claims for injuries to persons or damages to property including contractual liability, which may arise from work performed under this contract. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the contractor or its officers, agents, representatives, assigns, or servants.

The contractor must provide a certificate for Commercial General Liability, Commercial Automobile Liability and Professional Liability coverage, to include bodily injury, personal injury and property damage with combined single limits of \$1,000,000 per claim, and \$2,000,000 aggregate per year, from an insurer with a Best's Rating of no less than A-.

SECTION 14
ENTIRE AGREEMENT

These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

SECTION 15
SUCCESSORS AND ASSIGNS

This Agreement shall be binding on all successors and assigns of the Contractor, including successors in interest.

SECTION 16
CHOICE OF LAW AND VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, request for proposal, limited solicitation, or subsequent contract, must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Section 18-1-401, MCA.)

SECTION 17
FAILURE OF ENFORCEMENT IS NOT A WAIVER

Failure of MSF to enforce any of the provisions of this contract does not constitute a waiver of that provision or affect any part of this contract, or the right of MSF to later enforce that provision.

SECTION 18
BEST EFFORTS OF CONTRACTOR

1. Contractor agrees that it will at all times faithfully, industriously, and to the best of its ability, experience and talents, perform all of the duties and obligations that may be required of it pursuant to the express terms of the agreement.
2. Contractor agrees to conduct itself so as not to diminish the good will and reputation of MSF or its employees and to abide by all applicable laws, rules and regulations.
3. Contractor further agrees to comply with, abide by and be bound by the terms, conditions and covenants of this agreement.

SECTION 19
MSF ASSISTANCE

MSF shall not supply Contractor with any assistance in the form of personnel, office equipment or other similar and related items.

MONTANA STATE FUND

By: _____

By: _____

Date: _____

Date: _____

Approved for Legal Content by:

NANCY BUTLER
General Counsel

Date: _____

APPENDIX C: RFP RESPONSE FORM

PREMIUM AUDIT SERVICES PROVIDERS

1. Offeror must provide a signed copy of the RFP Cover Sheet.

By signing below, it is agreed as follows:

- That the Scope of Services can be provided by the Contractor.
- That Contractor accepts the Montana State Fund’s Contract terms.
- Attached is a copy of my business license/certification, certificates of insurance and W-9.
- Attached is a schedule of the Contractor’s usual and customary charges for the services to be provided under the RFP.

Authorized Representative Signature: _____

Date: _____

Telephone Number: _____

Email: _____

Business Name (please print): _____

Address: _____

E-mail address: _____

Describe Contractor’s experience performing actual premium audits of workers’ compensation insurance policies for, or on behalf of, one or more workers’ compensation insurance carriers or workers’ compensation rating organizations at outlined in Section 3.1. (10). Please attach additional sheets if necessary.

APPENDIX D: PREMIUM AUDIT WORKSHEET

PREMIUM AUDIT WORKSHEET			
POLICY NUMBER: 03-00000000		POLICY PERIOD: 07-01-04 to 07-01-05	
INSURED: Wayne's Pottery		AUDIT PERIOD: 07-01-04 to 07-01-05	
AUDITOR: John Smith		AUDIT DATE: 08-10-05	
AUDIT SUMMARY			
STATE	CODE	CLASSIFICATION	AUDITED PAYROLL
MT	4061	Pottery Manufacturing	\$959,000
MT	4061	K Thomas, Corp Officer	\$39,400
	4061	Total Audited 4061 Payroll:	\$998,400
MT	8742	Outside Sales, W Widget, Corp Officer	\$39,400
	8742	Total Audited 8742 Payroll:	\$39,400
MT	8810	Clerical	\$40,600
MT	8810	S Widget, Corp Officer	\$39,400
MT	8810	T Smith, Corp Officer	\$39,400
		Total Audited 8810 Payroll:	\$119,400
		Total Audited payroll all classifications	\$1,157,200
		Total Subject Payroll	\$1,451,600
		Premium Overtime	\$291,000
		Officer Excess	\$17,800
		Officer to elected level	\$14,400
		Total Payroll	\$1,157,200
		Verification Total	\$1,157,200

Policy #03-0000000
Policy Period: 07/01/04 - 07/01/05
Audit Period: 07/01/04 - 07/01/05

AUDIT INFORMATION

AUDIT CONTACT
 NAME: Wayne Widget
 TITLE: President
 LOCATION OF RECORDS: 123 ABC Street, Anytown, MT 59000
 PHONE: 406-555-5555

OWNERSHIP INFORMATION
 LEGAL ENTITY: Corporation
 FEIN # 81-0000000

OWNERS/PARTNERS/OFFICERS:					
NAME	TITLE	%	CODE	SALARY	INCLUDED
Wayne Widget	President	50%	8742	50,000.00	39,400.00
Duties: Outside Sales					
Susan Widget	Vice President	25%	8810	25,000.00	39,400.00
Duties: Bookkeeping					
Thomas Smith	Secretary	10%	8810	45,000.00	39,400.00
Duties: Bookkeeping					
Karen Thomas	Treasurer	15%	4061	41,000.00	39,400.00
Duties: Production Supervisor					

RECORDS AUDITED:
 Work comp reports, employee hours and earnings report (overtime)

VERIFICATION SOURCE:
 Montana State Unemployment Reports

AUDIT ADJUSTMENTS:			
OVERTIME:	POT excluded	CHANGE IN OPERATIONS:	none
LODGING:	reimbursed	OPERATIONS PROPERLY CLASSIFIED:	see genl notes
MEALS:	reimbursed	OPTIONAL COVERAGES:	officers
TIPS:	none	AIRCRAFT OPERATIONS:	none
BONUSES:	none	ALL ENTITIES & LOCATIONS INCL:	Yes
COMMISSIONS:	none	NAD, RATE, LIMIT CHANGE:	none
SEVERANCE PAY:	none	CONST/ALTERATIONS TO PREMISES:	none
CLERICAL/OS SALES:	See worksheet	SUBCONTRACTORS:	Yes
DRIVERS/DELIVERY:	none	CERTIFICATES OF INSURANCE:	on file & reviewed
RELATIVES:	none	INDEPENDENT CONTRACTORS:	N/A
DOMESTICS EMPLOYED:	none	IC EXEMPTION CERTIFICATES:	N/A
CASUAL LABOR:	none	IC'S PASS A/B TEST:	N/A
CONTRACT LABOR:	none	LEASED EMPLOYEES:	none

Policy #03-0000000
Policy Period: 07/01/04 - 07/01/05
Audit Period: 07/01/04 - 07/01/05

GENERAL INFORMATION

DESCRIPTION OF OPERATIONS:

The insured operates a manufacturing plant. Some of the products manufactured are porcelain bathtubs, sinks and commodes as well as bean pots, cookie jars and vases. Plaster of paris molds are made. The clay is poured into the molds or is molded by hand. When dried, the products are then fired, glazed and fired again. Some of the products are decorated by hand painting. The products are then crated, prepared for shipping which is via a common carrier who picks up the product at the plant and transports. Fourteen employees are involved in the above processes, all appropriately classified to class code #4601. There is a physically separated office area including a secretary, a billing clerk and two corporate officers which are assigned to class code #8810. The president is an outside salesperson with no delivery exposures assigned to class code #8742.

GENERAL NOTES

The business is properly classified. The business has been experiencing rapid growth due to an increased demand for their products.

CLAIMS ANALYSIS

There were claims filed during the audit period. All injured employees were on the payroll at the time of their injury. Claim #03-2004-000000 for Jack Smith was improperly classified to class code #8810. Jack worked in the manufacturing plant and the injury must be reclassified to class code #4061.

VARIANCES

Some variances were picked up in the audit including over-reporting of the Presidents wages, and under-reporting of the Vice President's wages. Both elected coverage at the maximum coverage level and audited payrolls were adjusted to reflect the maximum levels, rather than actual wages. Other Corporate officers are automatically covered and their actual payrolls were adjusted to maximum levels. Adjustments were also made for overtime pay.

EXIT INTERVIEW

Exit interview was conducted with Wayne Widget, president and Thomas Smith, secretary. Audit results were fully explained and agreed to.

INTERNAL NOTES

Policy #03-0000000
 Policy Period: 07/01/04 - 07/01/05
 Audit Period: 07/01/04 - 07/01/05

Period	Total Gross	W Widget 8742	S Widget 8810	T Smith 8810	K Thomas 4061	4061	8810
07/01/2004 - 07/01/2005	\$1,451,600	\$50,000	\$25,000	\$45,000	\$41,000	\$1,250,000	\$40,600
Less O/T	\$291,000					\$291,000	
Less Ofcr XS	\$17,800	\$10,600		\$5,600	\$1,600		
Ofcr to elected level	\$14,400		\$14,400				
Total	\$1,157,200	\$39,400	\$39,400	\$39,400	\$39,400	\$959,000	\$40,600

Clerical Analysis	Duties	Wages
S Widget	Office only	\$39,400
T Smith	Office Only	\$39,400
Jane Smith	Billing Clerk	\$22,500
Joe Johns	secretary	\$18,100
Total 8810		\$119,400

Quarterly Gross Payroll	
3rd Q 04	\$384,983
4th Q 04	\$401,823
1st Q 05	\$219,324
2nd Q 05	\$445,470
Total	\$1,451,600

Policy #03-0000000
Policy Period: 07/01/04 - 07/01/05
Audit Period: 07/01/04 - 07/01/05

NOTICE TO UNDERWRITER

Claim #03-2004-000000 for Jack Smith was improperly classified to class code #8810. Jack worked in the manufacturing plant and the injury must be reclassified to class code #4061.

Payroll estimates should be reviewed for current policy due to payroll growth in past year. Estimates may be low.

