



STATE OF MONTANA REQUEST FOR PROPOSAL (RFP)

RFP Number:
MSF 45

RFP Title:
Enterprise Risk Management (ERM) Services

RFP Response Due Date and Time:
September 14, 2010
5:00 p.m., Local Time

Number of Pages: 26

ISSUING AGENCY INFORMATION

Procurement Officer:
Mark Barry

Issue Date:
August 13, 2010

Montana State Fund
855 Front Street
Helena, MT 59601

Phone: 406-495-5109
Fax: 406-495-5025
TTY Users, Dial 711

Website: <http://www.mt.gov/doa/gsd>

INSTRUCTIONS TO OFFERORS

Return Sealed Proposal to:

Montana State Fund
855 Front Street
Helena, MT 59601

Mark Face of Envelope/Package:

RFP Number: MSF 45
RFP Response Due Date: September 14, 2010

Special Instructions:

IMPORTANT: SEE STANDARD TERMS AND CONDITIONS

OFFERORS MUST COMPLETE THE FOLLOWING

Offeror Name/Address:

Authorized Offeror Signatory:

(Please print name and sign in ink)

Offeror Phone Number:

Offeror FAX Number:

Offeror E-mail Address:

OFFERORS MUST RETURN THIS COVER SHEET WITH RFP RESPONSE

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OFFEROR'S RFP CHECKLIST

The 10 Most Critical Things to Keep in Mind When Responding to an RFP for the Montana State Fund

1. _____ **Read the entire document.** Note critical items such as: mandatory requirements; supplies/services required; submittal dates; number of copies required for submittal; funding amount and source; contract requirements (i.e., contract performance security, insurance requirements, performance and/or reporting requirements, etc.).
2. _____ **Note the procurement officer's name, address, phone numbers and e-mail address.** This is the only person you are allowed to communicate with regarding the RFP and is an excellent source of information for any questions you may have.
3. _____ **Attend the pre-proposal conference** if one is offered. These conferences provide an opportunity to ask clarifying questions, obtain a better understanding of the project, or to notify the Montana State Fund of any ambiguities, inconsistencies, or errors in the RFP.
4. _____ **Take advantage of the “question and answer” period.** Submit your questions to the procurement officer by the due date listed in the Schedule of Events and view the answers given in the formal “addenda” issued for the RFP. All addenda issued for an RFP are posted on MSF's website and will include all questions asked and answered concerning the RFP.
5. _____ **Follow the format required in the RFP** when preparing your response. Provide point-by-point responses to all sections in a clear and concise manner.
6. _____ **Provide complete answers/descriptions.** Read and answer **all** questions and requirements. Don't assume the Montana State Fund or evaluator/evaluation committee will know what your company capabilities are or what items/services you can provide, even if you have previously contracted with the Montana State Fund. The proposals are evaluated based solely on the information and materials provided in your response.
7. _____ **Use the forms provided**, i.e., cover page, sample budget form, certification forms, etc.
8. _____ **Check the state of Montana's website for RFP addenda.** Before submitting your response, check the website at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> to see whether any addenda were issued for the RFP. If so, you must submit a signed cover sheet for each addendum issued along with your RFP response.
9. _____ **Review and read the RFP document again** to make sure that you have addressed all requirements. Your original response and the requested copies must be identical and be complete. The copies are provided to the evaluator/evaluation committee members and will be used to score your response.
10. _____ **Submit your response on time.** Note all the dates and times listed in the Schedule of Events and within the document, and be sure to submit all required items on time. Late proposal responses are **never** accepted.

This checklist is provided for assistance only and should not be submitted with Offeror's Response.

SCHEDULE OF EVENTS

<u>EVENT</u>	<u>DATE</u>
RFP Issue Date	8/13/10
Deadline for Receipt of Written Questions	8/23/10
Deadline for Posting Written Responses to MSF's Website	8/31/10
RFP Response Due Date.....	9/14/10
Scoring	9/29/10 & 9/30/10
Notification of Offeror Interviews	9/30/10
Interview	10/7/10 & 10/8/10
Intended Date for Contract Award	10/13/10
Anticipated Contract Completion Date	10/22/10
Training.....	11/15/10

SECTION 1: PROJECT OVERVIEW AND INSTRUCTIONS

1.0 PROJECT OVERVIEW

The MONTANA STATE FUND, (hereinafter referred to as "MSF") desires to implement Enterprise Risk Management (ERM) processes and methods to manage risks and develop opportunities related to the achievement of our business objectives.

A more complete description of the supplies and/or services sought for this project is provided in Section 3, Scope of Project. Proposals submitted in response to this solicitation must comply with the instructions and procedures contained herein.

1.1 CONTRACT TERM

The term of this contract will be for a period beginning at the contract effective date, through June 30, 2011, and contingent upon budget approval by MSF's Board of Directors; the term will extend from July 1, 2011 through June 30, 2012.

1.2 SINGLE POINT OF CONTACT

From the date this Request for Proposal (RFP) is issued until an Offeror is selected and the selection is announced by the procurement officer, **Offerors are not allowed to communicate with any MSF staff or officials regarding this procurement, except at the direction of Mark Barry**, 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 as follows:

Procurement Officer: **Mark Barry**
Address: **Montana State Fund, PO Box 4759,**
855 Front Street, Helena, MT 59604-4759
Telephone Number: **406-495-5109**
Fax Number: **406-495-5025**
E-mail Address: mbarry@montanastatefund.com

1.3 REQUIRED REVIEW

1.3.1 Review RFP. Offerors should carefully review the instructions, mandatory requirements, specifications, standard terms and conditions, and contract set out in this RFP and promptly notify the procurement officer identified above in writing or via e-mail of any ambiguity, inconsistency, unduly restrictive specifications, or error which they discover upon examination of this RFP. This should include any terms or requirements within the RFP that either preclude the Offeror from responding to the RFP or add unnecessary cost. This notification must be accompanied by an explanation and suggested modification and be received by the deadline for receipt of written or e-mailed inquiries set forth below. MSF will make any final determination of changes to the RFP.

1.3.2 Form of Questions. Offerors with questions or requiring clarification or interpretation of any section within this RFP must address these questions in writing or via e-mail to the procurement officer referenced above on or before August 23, 2010. Each question must provide clear reference to the section, page, and item in question. Questions received after the deadline may not be considered.

1.3.3 MSF's Response. MSF will provide an official written response by August 31, 2010 to all questions received by August 23, 2010. MSF's response will be by formal written addendum. Any other form of

interpretation, correction, or change to this RFP will not be binding upon MSF. Any formal written addendum will be posted on the state of Montana's OneStop Vendor Information website with the posting of the RFP at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> by the close of business on the date listed. **Offerors must sign and return with their RFP response an Acknowledgment of Addendum for any addendum issued.**

1.4 GENERAL REQUIREMENTS

1.4.1 Acceptance of Standard Terms and Conditions/Contract. By submitting a response to this RFP, Offeror agrees to acceptance of the standard terms and conditions and contract as set out in Appendix A of this RFP. Much of the language included in the standard terms and conditions and contract reflects requirements of Montana law. Requests for additions or exceptions to the standard terms and conditions, contract terms, including any necessary licenses, or any added provisions must be submitted to the procurement officer referenced above by the date for receipt of written/e-mailed questions. Any request must be accompanied by an explanation of why the exception is being sought and what specific effect it will have on the Offeror's ability to respond to the RFP or perform the contract. MSF reserves the right to address nonmaterial requests for exceptions with the highest scoring Offeror during contract negotiation. Any material exceptions requested and granted to the standard terms and conditions and contract language will be addressed in any formal written addendum issued for this RFP and will apply to all Offerors submitting a response to this RFP. MSF will make any final determination of changes to the standard terms and conditions and/or contract.

1.4.2 Resulting Contract. This RFP and any addenda, the Offeror's RFP response, including any amendments, a best and final offer, and any clarification question responses shall be included in any resulting contract. MSF's contract, attached as Appendix A, contains the contract terms and conditions which will form the basis of any contract between MSF and the highest scoring Offeror. The final Scope of Services in the resulting contract will be negotiated between MSF and the successful Offeror. 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.

1.4.3 Mandatory Requirements. To be eligible for consideration, an Offeror **must** meet the intent of all mandatory requirements. MSF will determine whether an Offeror's RFP response complies with the intent of the requirements. RFP responses that do not meet the full intent of all requirements listed in this RFP may be deemed nonresponsive.

1.4.4 Understanding of Specifications and Requirements. By submitting a response to this RFP, Offeror agrees to an understanding of and compliance with the specifications and requirements described in this RFP.

1.4.5 Prime Contractor/Subcontractors. The highest scoring Offeror will be the prime contractor if a contract is awarded and shall be responsible, in total, for all work of any subcontractors. All subcontractors, if any, must be listed in the proposal. MSF reserves the right to approve all subcontractors. 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. Further, nothing contained within this document or any contract documents created as a result of any contract awards derived from this RFP shall create any contractual relationships between any subcontractor and MSF.

1.4.6 Offeror's Signature. The proposals must be signed in ink by an individual authorized to legally bind the business submitting the proposal. The Offeror's signature on a proposal in response to this RFP guarantees that the offer has been established without collusion and without effort to preclude MSF from obtaining the best possible supply or service. Proof of authority of the person signing the RFP response must be furnished upon request.

1.4.7 Offer in Effect for 120 Days. A proposal may not be modified, withdrawn, or canceled by the Offeror for a 120-day period following the deadline for proposal submission as defined in the Schedule of Events, or receipt of best and final offer, if required, and Offeror so agrees in submitting the proposal.

1.5 SUBMITTING A PROPOSAL

1.5.1 Organization of Proposal. Offerors must organize their proposal into sections that follow the format of this RFP, with tabs separating each section. ***A point-by-point response to all numbered sections, subsections, and appendices is required.*** If no explanation or clarification is required in the Offeror's response to a specific subsection, the Offeror shall indicate so in the point-by-point response, or utilize a blanket response for the entire section, with the following statement:

“(Offeror's Name)” understands and will comply.

1.5.2 Failure to Comply with Instructions. Offerors failing to comply with these instructions may be subject to point deductions. MSF may also choose to not evaluate, may deem nonresponsive, and/or may disqualify from further consideration any proposals that do not follow this RFP format, are difficult to understand, are difficult to read, or are missing any requested information.

1.5.3 Multiple Proposals. Offerors may, at their option, submit multiple proposals, in which case each proposal shall be evaluated as a separate document.

1.5.4 Copies Required and Deadline for Receipt of Proposals. Offerors must submit **one original proposal and 7 copies** to the Montana State Fund. In addition Offerors must submit one electronic copy of the RFP response preferably in PDF format, on compact disk or by e-mail to Mark Barry. Offerors unable to provide an electronic copy of the proposal in PDF format must provide it in Word or text format. **PROPOSALS MUST BE SEALED AND LABELED ON THE OUTSIDE OF THE PACKAGE** to clearly indicate that they are in response to **RFP MSF 45. Proposals must be received at MSF prior to 5:00 p.m., local time, September 14, 2010. Facsimile responses to requests for proposals are ONLY accepted on an exception basis with prior approval of the procurement officer.**

1.5.5 Late Proposals. Regardless of cause, late proposals will not be accepted and will automatically be disqualified from further consideration. It shall be the Offeror's sole risk to assure delivery at MSF by the designated time. Late proposals will not be opened and may be returned to the Offeror at the expense of the Offeror or destroyed if requested.

1.6 COST OF PREPARING A PROPOSAL

1.6.1 MSF Not Responsible for Preparation Costs. The costs for developing and delivering responses to this RFP and any subsequent presentations of the proposal as requested by MSF are entirely the responsibility of the Offeror. MSF is not liable for any expense incurred by the Offeror in the preparation and presentation of their proposal or any other costs incurred by the Offeror prior to execution of a contract.

1.6.2 All Timely Submitted Materials Become MSF Property. All materials submitted in response to this RFP become the property of MSF, which has the right to use any idea presented in any proposal submitted in response to this RFP, whether or not the proposal is accepted, and are to be appended to any formal documentation, which would further define or expand any contractual relationship between MSF and Offeror resulting from this RFP process.

SECTION 2: RFP STANDARD INFORMATION

2.0 AUTHORITY

This RFP is issued under the authority of section 39-71-2315, MCA (Montana Code Annotated). The RFP process is a procurement option allowing the award to be based on stated evaluation criteria. The RFP states the relative importance of all evaluation criteria. Only the evaluation criteria outlined in this RFP will be used.

2.1 OFFEROR COMPETITION

MSF encourages free and open competition among Offerors. Whenever possible, MSF will design specifications, proposal requests, and conditions to accomplish this objective, consistent with the necessity to satisfy MSF's need to procure technically sound, cost-effective services and supplies.

2.2 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION

2.2.1 Public Information. All information received in response to this RFP, including copyrighted material, is deemed public information and will be made available for public viewing and copying shortly after the time for receipt of proposals has passed with the following three exceptions: (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.

2.2.2 Procurement Officer Review of Proposals. Upon opening the proposals received in response to this RFP, the procurement officer in charge of the solicitation will review the proposals and separate out any information that meets the referenced exceptions in Section 2.2.1 above, providing the following conditions have been met:

- Confidential information is clearly marked and separated from the rest of the proposal.
- The proposal does not contain confidential material in the cost or price section.
- An affidavit from an Offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each proposal containing trade secrets. Counsel must use MSF of Montana "Affidavit for Trade Secret Confidentiality" form in requesting the trade secret claim. This affidavit form is available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575.

Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors must be prepared to pay all legal costs and fees associated with defending a claim for confidentiality in the event of a "right to know" (open records) request from another party.

2.3 CLASSIFICATION AND EVALUATION OF PROPOSALS

2.3.1 Initial Classification of Proposals as Responsive or Nonresponsive. All proposals will initially be classified as either "responsive" or "nonresponsive." Proposals may be found nonresponsive at any time during the procurement process if any of the required information is not provided; the submitted price is found to be excessive or inadequate as measured by criteria stated in the RFP; or the proposal is not within the plans and specifications described and required in the RFP. If a proposal is found to be nonresponsive, it will not be considered further.

2.3.2 Determination of Responsibility. The procurement officer will determine whether an Offeror has met the standards of responsibility. Such a determination may be made at any time during the

procurement process if information surfaces that would result in a determination of nonresponsibility. If an Offeror is found nonresponsible, the determination must be in writing, made a part of the procurement file, and mailed to the affected Offeror.

2.3.3 Evaluation of Proposals. An evaluator/evaluation committee will evaluate the remaining proposals and recommend whether to award the contract to the highest scoring Offeror or, if necessary, to seek discussion/negotiation or a best and final offer in order to determine the highest scoring Offeror. All responsive proposals will be evaluated based on stated evaluation criteria. In scoring against stated criteria, MSF may consider such factors as accepted industry standards and a comparative evaluation of all other qualified RFP responses in terms of differing price, quality, and contractual factors. These scores will be used to determine the most advantageous offering to MSF. If an evaluation committee meets to deliberate and evaluate the proposals, the public may attend and observe the evaluation committee deliberations.

2.3.4 Completeness of Proposals. Selection and award will be based on the Offeror's proposal and other items outlined in this RFP. Submitted responses may not include references to information located elsewhere, such as Internet websites or libraries, unless specifically requested. Information or materials presented by Offerors outside the formal response or subsequent discussion/negotiation or best and final offer, if requested, will not be considered, will have no bearing on any award, and may result in the Offeror being disqualified from further consideration.

2.3.5 Opportunity for Discussion/Negotiation and/or Oral Presentation/Product Demonstration. After receipt of all proposals and prior to the determination of the award, MSF may initiate discussions with one or more Offerors should clarification or negotiation be necessary. Offerors may also be required to make an oral presentation and/or product demonstration to clarify their RFP response or to further define their offer. In either case, Offerors should be prepared to send qualified personnel to MSF in Helena, Montana, to discuss technical and contractual aspects of the proposal. Oral presentations and product demonstrations, if requested, shall be at the Offeror's expense.

2.3.6 Best and Final Offer. The Best and Final Offer is an option available to MSF under the RFP process, which permits MSF to request a best and final offer from one or more Offerors if additional information is required to make a final decision. Offerors may be contacted asking that they submit their best and final offer, which must include any and all discussed and/or negotiated changes. MSF reserves the right to request a best and final offer for this RFP, if any, based on price/cost alone.

2.3.7 Evaluator/Evaluation Committee Recommendation for Contract Award. The evaluator/evaluation committee will provide a written recommendation for contract award to the President of MSF or his designee that contains the scores, justification, and rationale for the decision. The President of MSF or his designee will review the recommendation to ensure its compliance with the RFP process and criteria before concurring in the evaluator's/evaluation committee's recommendation.

2.3.8 Request for Documents Notice. Upon concurrence with the evaluator's/evaluation committee's recommendation, the procurement officer will issue a "Request for Documents Notice" to the highest scoring Offeror to obtain the required insurance documents, contract performance security, an electronic copy of any requested material, i.e., response to clarification questions, and/or best and final offer, and any other necessary documents. Receipt of the "Request for Documents Notice" does not constitute a contract and **no work may begin until a contract signed by all parties is in place.** The procurement officer will notify all other Offerors of MSF's intent to begin contract negotiation with the highest scoring Offeror.

2.3.9 Contract Negotiation. Upon issuance of the "Request for Documents Notice," the procurement officer and/or MSF representatives may begin contract negotiation with the responsive and responsible Offeror whose proposal achieves the highest score and is, therefore the most advantageous to MSF. If contract negotiation is unsuccessful or the highest scoring Offeror fails to provide necessary documents or information in a timely manner, or fails to negotiate in good faith, MSF may terminate negotiations and begin negotiations with the next highest scoring Offeror.

2.3.10 Contract Award. Contract award, if any, will be made to the highest scoring Offeror who provides all required documents and successfully completes contract negotiation. A formal contract utilizing the Contract attached as Appendix A will be executed by all parties.

2.4 MSF'S RIGHTS RESERVED

While MSF has every intention to award a contract as a result of this RFP, issuance of the RFP in no way constitutes a commitment by MSF of Montana 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:

- Amend, 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 which would not have significant impact on any proposal ;
- not award if it is in the best interest of MSF not to proceed with contract execution ; or
- if awarded, terminate any contract if MSF determines adequate funds are not available .

SECTION 3: SCOPE OF PROJECT

MONTANA STATE FUND BACKGROUND INFORMATION

MSF is a non-profit, public corporation administratively attached to the state of Montana, and was established for the purpose of allowing an option for employers to insure their liability for workers' compensation and occupational disease coverage in Montana. MSF is Montana's largest writer of workers' compensation insurance. MSF is legislatively created to provide a competitive option for employers to purchase their workers' compensation insurance. Employers may self insure, contract with private insurance carriers, or contract with MSF.

MSF is commonly known as the Plan 3 option for employers. MSF is a mono-line insurance company engaged in providing only workers' compensation and occupational disease insurance in Montana. MSF functions as a competitive insurer and also as the guaranteed market for workers' compensation insurance for Montana employers.

MSF is operated much the same as a private insurance carrier, using actuarially sound principles in setting its insurance rates. By law, MSF must be neither more nor less than self-supporting. MSF currently has about 27,000 employer policyholders in the state of Montana.

MSF's net earned premium for fiscal year 2010 was \$166 million. MSF has approximately \$1 billion in invested assets, including approximately \$238 million in surplus.

MSF currently utilizes various risk management analytical tools, including the following:

- **Annual Evaluation of MSF Capital Requirements**
MSF conducts an annual actuarial evaluation of the adequacy of its equity position, benchmarking against industry peers and regulatory standards. MSF establishes short and long-term targets for growth in equity.
- **Dynamic Financial Analysis (DFA)**
MSF's consulting actuary conducts a dynamic financial analysis of MSF once every three years, stress testing various levels of equity to assess risk of failure at current versus alternate levels of equity. Risk of failure is defined variously as insolvency, reaching RBC company action levels, and suspension of dividend program under predefined criteria. MSF's financial position is tested against various market conditions, financial and economic variables, and adverse trends in losses. One noteworthy feature of the DFA analysis is that it models "real-world" lags in recognition of emerging loss and underwriting trends.
- **Semi-Annual Reserve & Rate-Level Analyses**
MSF's consulting actuary conducts semi-annual reserve and rate level analyses based on data as of January 1st and July 1st. These reviews provide management with earlier warning of emerging trends than annual reviews.
- **Quarterly Internal Reserve and Rate-Level Analyses (Loss Monitoring Reports)**
MSF's internal actuarial team conducts quarterly analyses of trends in claim frequency, severity, durations, case reserve adequacies, price and utilization trends for various medical service categories, and sensitivity testing of current actuarial selections for rates and reserves against the emerging data trends. The loss monitoring reports are intended to detect and diagnose emerging issues and trends.

- **Annual Review of MSF Tiered Rating**
MSF has recently implemented an annual review and certification by its consulting actuary of the MSF tiered rating plan to assure that the five rate tiers and the criteria for assignment of accounts by rate tier are actuarially sound and not unfairly discriminatory.
- **Monthly Monitoring of Claim Management**
MSF Operations Support promulgates monthly reports on key operational measures regarding internal claim management to detect trends and issues in open claim inventories, caseloads, closure rates, etc.
- **Insurance Intelligence**
MSF has implemented a Business Intelligence tool with a highly functional end-user interface called "Insurance Intelligence". The Insurance Intelligence system empowers MSF staff throughout the organization to access a variety of data reports on a day-to-day basis, allowing MSF to monitor data.
- **Enterprise Strategy & Project Management (ESPM)**
MSF prepares a strategic business plan annually. This is coordinated by our Enterprise Strategy & Project Management function (ESPM). Our plan incorporates operational strategic initiatives as well as key success measure targets for the year, which are generally financial goals. The ESPM group tracks progress of the identified initiatives and goals during the course of the year. The ERM program will be used to supplement planning for MSF strategic initiatives.

3.0 Scope of Services

- 3.0.1** MSF desires the assistance of a contractor to develop and support an Enterprise Risk Management (ERM) program encompassing the full spectrum of organizational risk. MSF will have a Project Team identified to work with the contractor on this project. In addition, there are two Executive Sponsors responsible for the overall project and an MSF Project Manager who will be responsible for coordination of the work between the Project Team and Contractor. There will also be an executive steering committee with the responsibility for reviewing the work of the Contractor and Project Team.

Contractor is expected to work closely with MSF (including time on-site) in providing the services as provided in 3.0.2 – Timeline. It is anticipated that Contractor will have the expertise to not only develop an ERM framework, but also to populate the framework by facilitating and leading critical discussion and information gathering with MSF in 1) identifying risks, 2) assessing the risks, 3) evaluating the risks, and 4) executing and monitoring actions to address identified risks. The development and implementation of the program is estimated to be completed by June 30, 2012.

MSF expects the ERM foundation to consider the risk management expectations associated with Risk Focused Exam and Model Audit Rule requirements.

MSF's intent is not to replace the MSF risk management analytical tools defined in MSF Background information above. MSF expects that these processes will be evaluated and documented in the overall risk assessment of MSF.

The contract continuation for the time period of July 1, 2011 through June 30, 2012 will be contingent upon budget approval from the MSF Board of Directors.

3.0.2 Timeline

I. Year One- ending June 30, 2011

A. Onsite training of MSF executives and leadership staff (approximately 35 people) on ERM is anticipated for November 15, 2010, and will include; but not be limited to, the following:

1. What is ERM?
2. How will MSF benefit?
3. How does ERM integrate with Strategic Business Planning?
4. What is the role of leadership and employees in ERM?
5. Process used in establishing ERM.

B. Develop an ERM framework which provides an approach for identifying, assessing, evaluating, mitigating, monitoring and reporting risks and opportunities, within MSF's internal and external environment.

1. Assist MSF in identifying risks.
2. Assist MSF in assessing the risks.

C. Provide tools, such as risk matrices and reports for implementing, managing and documenting the ERM process.

1. Establish tracking and reporting methodology.

D. Project plan for Year Two work – due May 1, 2011

E. Present Year One work product results to MSF Board of Directors/Management – mid-June 2011.

II. Year Two – ending June 30, 2012

A. Provide employee training on MSF ERM framework – to be completed by August 31, 2011.

B. Continue I – B above.

1. Assist MSF in evaluating the risks.
2. Establish a plan for mitigating risks and developing opportunities.
3. Establish a monitoring and reporting plan.

C. Develop process for MSF to effectively continue the ERM program through utilization of MSF staff.

3.1 RFP SUBMISSION REQUIREMENTS

3.1.1 Proposals shall provide information on the total number of years the firm has been in existence. Proposals shall provide a description of the firm's history and experience in providing services similar to the services listed in 3.0 Scope of Services, to state funds and other workers' compensation insurers of a similar size to MSF, and other property and casualty lines. Please also include a description of the resources available to support the Scope of Services requested by MSF.

3.1.2 Please identify the principal consultant assigned to the contract with the responsibility of being the on-site Project Manager. Proposals must include resumes of the Project Manager and all consultants who will be assigned to this contract. Resumes must include the specific roles of each consultant on this project. Experience with workers' compensation insurance, financial services, or other lines of insurance preferred.

Offerors must include details on the specific experience of the professionals assigned to the contract in the following:

- Workers' compensation insurance and state funds.
- Experience with financial services and other lines of insurance.
- ERM services as outlined in the Scope of Services.

3.1.3 Offeror shall provide at least 3 references. Please provide the name and contact number of the individual most familiar with the services provided. Preference is for state funds or other workers' compensation insurers that have received services similar to those in the Scope of Services requested in this RFP.

3.1.4 If Offeror is one of the top two to three scoring proposals, MSF requires an onsite or telephonic interview (at MSF's discretion) on either October 7 or 8, 2010. The principal consultant assigned to be the on-site Project Manager as outlined in the Scope of Services is required to participate in the interview. Failure to participate in this interview will deem Offeror non-responsive to the RFP. Interviews will be at the Offeror's expense. Based on discussion and information provided at the interview, MSF may re-score proposals and will finalize the scoring of each proposal based on the evaluation criteria outlined in Section 6.

Additional points will be available for award at the interview based on the following:

- Interview – professionalism, communication style, evidence of ability to establish a collaborative partnership, commitment and interest in Montana State Fund and in providing the requested Scope of Services.

SECTION 4: OFFEROR QUALIFICATIONS/INFORMATIONAL REQUIREMENTS

4.0 MSF'S RIGHT TO INVESTIGATE AND REJECT

MSF may make such investigations as deemed necessary to determine the ability of the Offeror to provide the supplies and/or perform the services specified. MSF reserves the right to reject any proposal if the evidence submitted by, or investigation of, the Offeror fails to satisfy MSF that the Offeror is properly qualified to carry out the obligations of the contract. *This includes MSF's ability to reject the proposal based on negative references.*

SECTION 5: COST PROPOSAL

The Offeror should present their proposal for reimbursement for their services for Year One. Please provide the following:

- Estimated total hours.
- Consultants' hourly rates.
- The all-inclusive maximum fixed fee the firm will charge to perform the services as outlined in Section 3 for Year One.
- An itemized, not-to-exceed estimate of out-of-pocket expenses, to include travel and related expenses.
- Any costs for software or reporting tools proposed as part of the ERM implementation must be identified and listed as a component of the total cost.

Please provide a breakdown of the all-inclusive maximum fixed fee as follows:

Professional Services	\$
Software or Reporting Tools	\$
Travel & Related Expenses	\$
Other Expenses or Fees – Please describe	\$
TOTAL	\$

Reimbursement for services for Year Two will be negotiated between the parties as a fixed fee, based on the Project Plan identified in Section 3.0.2 – I. D. and negotiated hourly rates.

The contract continuation for the time period of July 1, 2011 through June 30, 2012 will be contingent upon budget approval from the MSF Board of Directors.

MSF shall retain a license-free ability to use and modify any tool(s) provided under the terms of this contract.

SECTION 6: EVALUATION PROCESS

6.0 BASIS OF EVALUATION

In addition to complying with 1.5 – Submitting a Proposal, Offerors must specifically agree in their response to meet the requirements in 1.4.3 - Mandatory Requirements, in order to be eligible for further consideration.

The evaluator/evaluation committee will review and evaluate the offers according to the following criteria based on a **total number of 2000 points**.

SCORING GUIDE

The scoring of each phase is weighted by percentages. The proposal will be scored according to the following guidelines, with items awarded points according to these guidelines. Each section will then be weighted by the percentage indicated, resulting in an overall score.

In awarding points to the evaluation criteria, the evaluator/evaluation committee will consider the following guidelines:

Superior Response (95-100% of total points): A superior response is a highly comprehensive, excellent reply that meets or exceeds all of the requirements of the RFP. In addition, the response covers areas not originally addressed within the RFP and includes additional information and recommendations that would provide both valuable and beneficial to MSF. This response is considered by the evaluation committee member to be an excellent standard, demonstrating the Offeror's authoritative knowledge, practice and understanding of the services desired.

Good Response (85-94% of total points): A good response meets all the requirements of the RFP and demonstrates in a clear and concise manner a thorough knowledge and understanding of the project and subject matter, with no deficiencies noted.

Fair Response (75-84% of total points): A fair response meets most requirements set forth in the RFP. The Offeror demonstrates some ability to comply with guidelines and requirements of the project and demonstrates knowledge of subject matter.

Poor Response (65-74% of total points): The response minimally meets most requirements set forth in the RFP. Offeror demonstrates minimal knowledge of subject matter.

Failed Response (</=64% of total points): A failed response does not meet the requirements set forth in the RFP. The Offeror has not demonstrated sufficient knowledge of the subject matter.

All proposals should address the following items, including either a description of the implementation of each service listed or documentation of the required criteria.

6.1 EVALUATION CRITERIA

Experience of firm _____ points for a possible 300 points			
Category		Section of RFP	Point Value
A.	Provides information on the number of years the firm has been in existence- 5 or more preferred.	3.1.1	100
B.	Provides documentation of firm's experience in the provision of the requested Scope of Services with insurance companies of a similar Size; ERM practices resources available in the firm; and experience with financial services and insurance. Describe experience with state funds and other workers' compensation insurers.	3.1.1	200

Experience of Consultants on Project _____ points for a possible 300 points			
Category		Section of RFP	Point Value
A.	Project Manager identified, and resumes of all Consultants (and their specific roles) assigned to the project submitted. Experience with workers' compensation insurance, financial services, or other lines of insurance preferred.	3.1.2	100
B.	Provide a description of experience relevant to Scope of Services and items listed in 3.0 and 3.1.2 of those identified in A.	3.0 & 3.1.2	200

Approach to Project/Methodology _____ points for a possible 800 points			
Category		Section of RFP	Point Value
A.	Describe approach to providing ERM services.	3.0.1 & 3.0.2	400
B.	Describe tool(s) and process used for implementing, managing and documenting the ERM process. Please include examples of risk matrices and reports.	3.0.2	300
C.	Describe methodology for training.	3.0.2	100

Cost _____ points for a possible 400 points			
Category		Section of RFP	Point Value
A.	Offeror should provide an all-inclusive maximum fixed fee for all professional services to be provided for Year One; any software or tool(s) referenced in 3.0.2 and Section 5; and out-of-pocket expenses, to include travel and related expenses as outlined in Section 5.	3.0.2 & 5	400

Please provide a breakdown of the all-inclusive maximum flat fee for Year One as follows:

Professional Services	\$
Software or Reporting Tools	\$
Travel & Related Expenses	\$
Other Expenses or Fees – Please describe	\$
Total	\$

References	Pass/Fail	Point Value
Category	Section of RFP	
Offeror shall provide at least 3 references. Please provide the name and contact number of the individual most familiar with the services provided. Preference is for state funds or other workers' compensation insurers that have received services similar to those in the Scope of Services requested in this RFP.	3.1.3	Pass/Fail

Interview	200
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Category	Section of RFP	Point Value
If Offeror is one of the top two to three scoring proposals, MSF requires an onsite or telephonic interview (at MSF's discretion) on either October 7 or 8, 2010. The principal consultant assigned to be the on-site project manager as outlined in the Scope of Services is required to participate in the interview. Failure to participate in this interview will deem Offeror non-responsive to the RFP. Interviews will be at the Offeror's expense. Based on discussion and information provided at the interview, MSF may re-score proposals and will finalize the scoring of each proposal based on the evaluation criteria outlined in Section 6.		

Additional points will be available for award at the interview based on the following:

- | | | |
|---|-------|-----|
| Interview – professionalism, communication style, evidence of ability to establish a collaborative partnership, commitment and interest in Montana State Fund and in providing the requested Scope of Services. | 3.1.4 | 200 |
|---|-------|-----|

APPENDIX A: CONTRACT

CONTRACT FOR ENTERPRISE RISK MANAGEMENT SERVICES

THIS AGREEMENT made and entered into between the **MONTANA STATE FUND**, 855 Front Street, Helena, MT 59604, hereinafter called "MSF" and _____, herein after 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.

This contract is based on RFP MSF 45 – Enterprise Risk Management (ERM) Services, issued on August ____, 2010. 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, followed by the RFP and any addenda, and then the Contractor's response to the RFP.

SECTION 1 **SCOPE OF SERVICES**

(The final Scope of Services will be negotiated between MSF and the Contractor.)

SECTION 2 **PAYMENT**

Payment will be \$_____ for services and expenses through June 30, 2011. Upon budget approval by MSF's Board of Directors, and upon agreement of the parties, payment will be \$_____ for services and expenses from July 1, 2011 through June 30, 2012. Contractor may bill monthly as services are rendered, not to exceed the total above.

Payment to Contractor will be made by electronic funds transfer. All contractors of the state of Montana 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. Contractor must also provide a completed W-9.

SECTION 3 **TERM/RENEWAL**

The term of this contract will be _____, through June 30, 2011, and contingent upon budget approval by MSF's Board of Directors, the term will extend from July 1, 2011 through June 30, 2012. This instrument shall not be effective until duly signed by all the parties hereto.

SECTION 4 **OWNERSHIP RIGHTS**

The Contractor shall record all information and data obtained in the performance of the Agreement and shall make such information available to MSF upon request. Upon completion of this Agreement, the ERM framework and all information and data shall become the property of MSF. MSF shall retain a license-free ability to use and modify any tool(s) provided under the terms of this contract. The Contractor and MSF agree that any and all public releases of information pertaining to this Agreement be submitted to, approved, and

released by MSF provided that MSF may authorize the Contractor in writing to release such information. The Contractor agrees that it shall not disclose such reports to any third party without the written consent of the MSF Corporate Support Vice President or Controller. Notwithstanding the foregoing, MSF acknowledges and agrees that the Contractor shall retain all intellectual property rights in, and shall have no restrictions on use or disclosure of, any and all ideas, know-how, methodologies and techniques incorporated in such reports. The provisions of this Section 4 will survive termination of this contract.

SECTION 5
MONTANA STATE FUND ASSISTANCE

It is agreed MSF shall cooperate with the Contractor and provide such information as is necessary for Contractor to provide the services as set forth in Section 1. MSF will provide no other assistance, personnel or equipment to Contractor unless otherwise agreed to in writing.

SECTION 6
ACCESS AND RETENTION OF RECORDS

The contractor agrees to provide MSF, 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.

SECTION 7
COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana 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 the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

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
ASSIGNMENTS

The parties mutually agree that there will be no assignment, transfer or subcontracting of the contract or any interest therein, unless agreed to by both parties in writing as provided in Section 10, Modifications, of this contract.

SECTION 10
MODIFICATIONS

No letter or other communication passing between the parties to this Agreement concerning any matter during this contract period shall be deemed a part of this Agreement unless it is distinctly stated in such letter or communication that it is to constitute part of this Agreement and is signed by the authorized representatives of each of the parties to this Agreement.

SECTION 11
SUCCESSORS AND ASSIGNS

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

SECTION 12
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 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-.

At contract execution, the Contractor must provide a certificate for Professional Liability coverage 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 13
LIMITS OF AGREEMENT

This instrument contains the entire Agreement between the parties, and no statements, promises of inducements made by either party, or agents of either party, which are not contained in the written Agreement shall be valid or binding. This Agreement may not be enlarged, modified or altered except as provided in Section 10, Modifications of this contract.

SECTION 14
LIAISON

MSF has designated Mark Barry, VP Corporate Support or his designee as its 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 15
TERMINATIONS

This Agreement shall continue in force and govern all transactions between the parties as set out in Section 1 above for the term stated in Section 3, or until canceled or terminated by either party.

It is further agreed that either party may cancel this Agreement as a convenience cancellation without cause upon 30 days written notice to the other party. In the event of termination, the Contractor shall be paid for the work performed or services rendered through the date of termination and reports prepared and information collected by the Contractor prior to termination shall be delivered to MSF within a reasonable time.

MSF may terminate this Agreement upon 30 days written notice if Contractor fails to perform its contractual duties or responsibilities.

SECTION 16
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 17
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.)

SECTION 18
FAILURE OF ENFORCEMENT IS NOT A WAIVER

Failure of either party 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 either party to later enforce that provision.

SECTION 19
BEST EFFORTS OF CONTRACTOR

Contractor agrees that it will at all times faithfully, industriously, and in a manner consistent with applicable professional standards, perform all of the duties and obligations that may be required of it pursuant to the express terms of the Agreement.

Contractor agrees to conduct itself so as not to diminish the good will and reputation of MSF and to abide by all applicable laws, rules, and regulations.

The parties agree to comply with, abide by, and be bound by the terms, conditions and covenants of this Agreement.

SECTION 20
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>.

CONTRACTOR

MONTANA STATE FUND

By: _____

By: _____
MARK BARRY, VP Corporate Support

Date: _____

Date: _____

Approved for legal content by:

NANCY BUTLER, General Counsel

Date: _____

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: MSF 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 MSF. 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.

ALTERATION OF SOLICITATION DOCUMENT: In the event of inconsistencies or contradictions between language contained in MSF's solicitation document and a vendor's response, the language contained in MSF'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.

AUTHORITY: The attached bid, request for proposal, limited solicitation, or contract is issued under authority 39-71-2315, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

DISABILITY ACCOMMODATIONS: MSF 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 MSF 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.

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.

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, MSF 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 MSF electronic funds transfer payments.

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

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.

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

TAX EXEMPTION: MSF is exempt from Federal Excise Taxes (#81-0302402).

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

Revised 2/10