February 10, 2015

Re: RFP 1759 – Assessment of residential mortgage backed securities (RMBS)

The National Association of Insurance Commissioners (NAIC), a 501(c)(3) not-for-profit organization, is soliciting proposals for a financial vendor who would produce valuations for state insurance regulators to set risk based capital for residential mortgage-backed securities (RMBS) owned by U.S.-domiciled insurance companies. The bid specifications for this project are contained within the attached Request for Proposal (RFP). This RFP is being issued contemporaneously with a similar RFP for services related to commercial mortgage-backed securities (CMBS).

Beginning with year-end 2009 for RMBS and 2010 for CMBS, probability weighted net present values were produced under NAIC supervision by a selected vendor using its proprietary financial model with defined analytical inputs approved by the NAIC Valuation of Securities Task Force (VOSTF). Under adopted procedures, each vendor provides the NAIC with a range of net present values for each security corresponding to each NAIC designation category (NAIC-1 to NAIC-6). The reported NAIC designation for a security is then determined by the insurance company, based upon an NAIC proprietary formula.¹

Consistent with NAIC policy, the NAIC periodically submits third-party contracts to competitive rebidding. Therefore, the NAIC is seeking a firm that can model expected losses of securities owned by U.S.-domiciled insurance companies as described more fully below.

Applicants must meet the following qualifications in order to be considered for this project:

- Be a nationally recognized entity with a minimum of five years of experience in performing valuations of complex structured securities, specifically RMBS.
- Have the capability to immediately assign sufficient qualified staff to this project and devote them to this endeavor until it is completed.
- Have a methodology that can be quickly modified and implemented to evaluate approximately 24,500 RMBS, with flexibility to accommodate more if acquired by the insurance industry.
- Have access to loan level details for the universe of RMBS.

• Have the data processing capability required to generate these valuations by mid-December of each year of the contract.
• Have safeguards in place to avoid conflicts of interest, both in fact and appearance.
• Have the capability to model new issuance, actual and prospective RMBS.
• Be a financially sound entity.

Responses to this proposal are due on March 10, 2015 by 5:00 p.m. Eastern Time and must be submitted to James Woody at jwoody@naic.org and copied to Eric Kolchinsky at ekolchinsky@naic.org.

A bidder’s teleconference will be held on February 20, 2015 at 11:00 a.m. Eastern Time. If your entity intends to participate in the bidder’s teleconference, please contact James Woody at jwoody@naic.org by 5:00 p.m. Eastern on February 17, 2015 for call-in details, which will be provided on February 18, 2015. Any questions you would like addressed during this teleconference should be submitted to Mr. Woody at that time.

The NAIC reserves the right to reject any or all proposals, request new proposals or request additional information. The NAIC reserves the rights to further negotiate with any or all bidders.

Any questions regarding the bid specifications should be directed to James Woody at jwoody@naic.org.

Respectfully,

James W. Woody
Chief Financial Officer
Vendor’s checklist for RFP 1759

Please review the items below and ensure that each item has been addressed. This document should be signed by a member of the team that completed the RFP and emailed to James Woody at jwoody@naic.org on or before 5:00 p.m. Eastern Time on March 10, 2015.

- Responses to the RFP for RMBS.
- Did you provide your Terms and Conditions if you do not agree or if they vary from the NAIC Standard Terms and Conditions?
- Did you sign the NAIC Conflict of Interest Form?
- Did you sign the Confidentiality Agreement?
- Provide Workers’ Compensation insurance certificate.
- Provide Certificate of Insurance for liability.
- Reference the RFP number on all your response documents.

The National Association of Insurance Commissioners, a 501(c) (3) not-for-profit organization

Name

Company

Phone  FAX  e-mail
NAIC CONFLICT OF INTEREST FORM
FOR RETENTION OF CONSULTANTS OR PURCHASES
SUBJECT TO BID

Any Entity that desires to contract with the NAIC must complete this form, including suppliers, consultants and purchasers of goods or services. All potential conflicts must be disclosed and approved before contract execution.

- _______________ (“Entity”) did not provide gifts, favors, membership points or any other benefits to any employee or representative of the NAIC to affect the bidding and selection process for this contract.

- Entity did not and will not receive gifts, favors, membership points or any other benefits from any employee or representative of the NAIC in connection with the negotiation or implementation of this contract.

- Entity owners, principals and employees negotiating or implementing this contract on behalf of Entity are not former NAIC employees unless disclosed below.

- Entity owners, principals and employees negotiating or implementing this contract on behalf of Entity are not immediate family members of NAIC employees unless disclosed below.

The signatory below is a duly authorized representative of Entity and hereby certifies to the authenticity and veracity of this disclosure.

Authorized Entity Signature ___________ Date ___________

Print Name & Company Name __________________________

DISCLOSURE OF POTENTIAL CONFLICT

______________________________________________

______________________________________________

______________________________________________

NAIC CEO or COO _______________ Date ___________
This MUTUAL CONFIDENTIALITY AGREEMENT ("Agreement") is entered into as of ______, 2015 ("Effective Date"), by and between the National Association of Insurance Commissioners ("NAIC") and ______________________________________ ("Vendor").

In connection with Vendor’s response to NAIC RFP 1759 - Assessment of Residential Mortgage Backed Securities (RFP 1759), NAIC and Vendor desire to establish the obligations of each party as to Confidential Information.

THEREFORE, it is mutually agreed as follows:

During the bidding and contract negotiation process the NAIC and Vendor ("The Parties") may access or receive information which relates to NAIC RFP 1759 and to the business activities or operations of the other party and which may include, but is not limited to: documents and information related to the selection of a vendor and any subsequent contractual negotiations, systems, practices, processes, computer systems, hardware, software, programs, financial information, trade secrets or other technical data (collectively “Confidential Information”). These non-disclosure provisions shall not apply to Confidential Information that: (i) is or becomes generally available or known to the public other than as a result of a disclosure in violation of this Agreement; (ii) is developed independently; (iii) is rightfully received without obligation of confidentiality from a third party or (iv) is required to be disclosed pursuant to court order.

The Parties shall only disclose Confidential Information to their employees, agents or representatives who need to know such information, who are specifically identified and who are authorized by the NAIC to receive such information. Such information shall only be shared with authorized persons in order to perform obligations in connection with the Vendor’s response to RFP 1759 and potential establishment of a business relationship.

This Agreement and any Confidential Information used or disclosed hereunder shall not be construed as granting, expressly or by implication, either party any rights by license or otherwise to any Confidential Information disclosed by the other party.

The term of this Agreement is one year from the effective date, however, the obligations regarding confidentiality and non-disclosure shall survive the termination or expiration of this or other related Agreements.

At the end of the term of this agreement, each party shall promptly destroy or return any Confidential Information of the other party, by a method that is mutually agreed upon, however, one copy of each response to NAIC RFP 1759 shall be retained in the NAIC’s files.

Any disclosure, misuse or misappropriation of Confidential Information in violation of this Agreement may cause either party irreparable harm in an amount difficult to ascertain. Therefore, the injured party shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure, misuse or misappropriation and for such other relief as the injured party shall deem appropriate or, if the injured party is the NAIC, to disqualify Vendor from contractual consideration.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

By: ___________________________________________________________________________
Name: __________________________________________________________________________
Title: __________________________________________________________________________
Date: __________________________________________________________________________

By: ___________________________________________________________________________
Name: __________________________________________________________________________
Title: __________________________________________________________________________
Date: __________________________________________________________________________
STANDARD TERMS AND CONDITIONS
for
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
PURCHASE ORDERS FOR SERVICES

As used herein, “Seller” means the person, firm, or corporation to whom this Purchase Order is issued; “Buyer” means the National Association of Insurance Commissioners, a nonprofit Delaware corporation.

1. **Acceptance of Terms and Conditions.** Seller agrees to perform the services (“Services”) described in any purchase order (“Purchase Order”) in accordance with these Terms and Conditions. Upon acceptance of a Purchase Order or upon commencement of Services, Seller shall be bound by these Terms and Conditions and all provisions set forth on the face of any applicable Purchase Order, whether Seller signs or otherwise acknowledges these Terms & Conditions or the Purchase Order, unless Seller objects to such Terms and Conditions in writing prior to commencing Services.

2. **Revocable.** This writing does not constitute a firm offer and may be revoked at any time prior to acceptance.

3. **No modification.** No agreement or other understanding in any way altering the terms, prices or conditions of the applicable Purchase Order or these Terms and Conditions shall be binding upon Buyer unless made in writing and signed by Buyer’s duly authorized representative.

4. **Termination.** Buyer may immediately terminate the Purchase Order upon written notice to Seller if Seller fails to perform or otherwise breaches these Terms and Conditions, files a petition in bankruptcy, becomes insolvent, or dissolves. Buyer may terminate the Purchase Order for any other reason upon thirty (30) days’ written notice to Seller. Upon receipt of notice of termination, Seller shall cease to provide Goods and/or perform Services pursuant to the Purchase Order. In the event of termination, Buyer shall be liable to Seller only for those Services satisfactorily performed before the date of termination, less appropriate offsets. Buyer shall not be subject to any charges or other fees as a result of such cancellation. Seller may terminate this Agreement upon written notice to Buyer if Buyer fails to pay Seller within sixty (60) days after Seller notified Buyer in writing that payment is past due and that it intends to terminate the Purchase Order.

5. **Warranty of Services.** Seller represents and warrants that all Services shall be completed in a professional, workmanlike manner, with the degree of skill and care that is required by current, good, and sound professional procedures. Further, Seller warrants that the Services shall be completed in accordance with applicable specifications. Seller represents and warrants that the performance of Services hereunder will not conflict with, or be prohibited in any way by any other agreement or statutory restriction to which Seller is bound.

6. **Seller’s Indemnification.** Seller shall indemnify, hold harmless, and at Buyer’s request, defend Buyer, its officers, directors, agents and employees, against all claims, liabilities, damages, losses and expenses, including attorneys’ fees and costs of suit arising out of or in any way connected with any claim by a third party against Buyer alleging that the Services infringe a patent, copyright, trademark, trade secret or other proprietary right of third party. Seller shall not settle any such suit or claim without Buyer’s prior written consent. Seller shall also indemnify and hold harmless Buyer from any injury to person or property arising out of or caused by Seller’s performance of the Purchase Order. Seller agrees to pay or reimburse all costs that may be incurred by Buyer in enforcing this indemnity provision, including attorneys’ fees.

7. **Compliance with Laws.** Seller shall comply with all laws and regulations of federal, state and local governments, including without limitation, laws and regulations dealing with
fair labor standards, civil rights, and public contracts. Seller further warrants that all Services performed pursuant to the Purchase Order have been produced or performed in compliance with such laws and regulations and Seller agrees to indemnify Buyer for any liability resulting from such noncompliance by the Seller.

8. **Price.** The price to be paid by the Buyer shall be the price contained in Seller’s bid and/or the price stated on the face of the Purchase Order whichever is less. Seller represents the price contained in Seller’s bid is no higher than Seller’s current prices on orders by others for similar products or services under similar or like conditions and methods of purchase.

9. **Invoices.** Seller shall submit invoices on each Purchase Order after each delivery. Buyer shall not be charged sales tax and shall furnish a tax exemption certificate upon request. Discounts will be taken from the date of acceptance of services or date the invoice is received by Buyer whichever is later. Buyer shall retain the right of offset.

10. **Force Majeure.** Buyer shall not be liable for any failure to perform including failure to: (1) accept performance of Services, or, (2) take delivery of the Goods as provided if caused by circumstances beyond Buyer’s control which make such performance commercially impractical including, but not limited to, acts of God, fire, flood, acts of war, government action, accident, labor difficulties or shortage, or the inability to obtain materials, equipment or transportation.

   Seller shall not be liable for any failure to perform including failure to: (1) provide Services, or (2) deliver Goods as provided if caused by circumstances beyond Seller’s control which make such performance commercially impractical including, but not limited to, acts of God, fire, flood, acts of war, government action, accident, labor difficulties or shortage, or the inability to obtain materials, equipment or transportation.

11. **Insurance.** Seller shall be solely responsible for maintaining adequate auto, workers’ compensation, unemployment compensation, disability, liability and other applicable insurance, as is required by law or as is the common practice in Seller’s trade or business, whichever affords greater coverage. Seller shall carry Comprehensive General Liability coverage and Umbrella or Excess Liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 in the aggregate for property damage and bodily injury. Upon request, Seller shall provide Buyer with certificates of insurance evidencing adequate coverage naming the Buyer as additional insured.

12. **Limitation of Liability.** IN NO EVENT SHALL BUYER BE LIABLE TO SELLER OR SELLER’S AGENTS, OR ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT, WHETHER OR NOT BUYER WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

13. **Confidentiality.** In the event Seller gains written or oral confidential information of or from the Buyer, Seller agrees not to reveal to anyone or make use of such knowledge and information at any time for any purposes except as necessary in the course and scope of provision of Goods or performance of Services specified hereunder. Upon termination of the Purchase Order, Seller agrees to deliver to Buyer all such confidential information or work product belonging to Buyer.

14. **Assignability.** Seller shall not assign or subcontract this Purchase Order or any of its rights or obligations hereunder without the prior written consent of Buyer. Any assignment or transfer without such written consent shall be null and void.

15. **Publicity.** Seller shall not use Buyer’s name in any form or attribution in connection with any solicitation, publicity, advertising, endorsement or other promotion.

16. **Survivability.** Any obligations and duties, which by their nature extend beyond the expiration or termination of this Purchase Order shall survive the expiration or termination hereof.
17. **Choice of Law.** This Purchase Order shall be construed in accordance with, and disputes shall be governed by, the laws of the State of Missouri.

18. **Severability.** If any provision of this Purchase Order shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Do you agree to the NAIC Terms & Conditions? Please sign one.

YES

_________________________________   __________
Signature       Date

NO

_________________________________   __________
Signature       Date

If NO,

Please provide your Terms and Conditions of Sale if you do not agree to the NAIC Terms & Conditions attached.
Requests for Proposal
Pertaining to the Modeling of Certain Securities
Owned by U.S.-Domiciled Insurance Companies
For the
National Association of Insurance Commissioners (NAIC)

February 2015

I. Overview of Proposal

The National Association of Insurance Commissioners (NAIC) is seeking a vendor who can model expected losses on residential mortgage-backed securities (RMBS) that will be used to assess the risk of such securities owned by U.S.-domiciled insurance companies.

II. General Background Information

Overview of the NAIC – The NAIC is a private, 501(c)(3) not-for-profit corporation wholly owned by its members. The members of the NAIC are the chief insurance regulatory officials (insurance department commissioners, directors, and superintendents) of the 50 states, the District of Columbia and the five U.S. territories. The NAIC operates from three locations: an Executive Office in Washington, D.C.; a Central Office in Kansas City, Mo.; and the Capital Markets and Investment Analysis Office (IAO) in New York City. The phrase NAIC or Association is used to refer to the corporate entity.

NAIC Development of Regulatory Policy – The NAIC’s development of regulatory policy is performed by a number of standing committees, each of which is composed of NAIC members. NAIC standing committees may maintain one or more task forces assigned to develop expertise in a specific area of regulation. In turn, task forces may maintain one or more working groups assigned to study and recommend solutions to specific technical assignments.

The NAIC committee with responsibility for issues affecting financial condition of insurers, and hence over RMBS and CMBS risk assessment and valuation issues, is the Financial Condition (E) Committee. Initial responsibility for promulgating recommendations for NAIC methodology to assess investment risk, value of securities and other related guidance is delegated by the Financial Condition (E) Committee to the Valuation of Securities (E) Task Force (VOSTF).

The SSG – The Structured Securities Group (SSG) of the NAIC is assigned to assist in supporting the work of the VOSTF. The work product delivered by the successful bidder will be documented and delivered to the SSG staff. This approach reflects the need to ensure that financial values used to drive regulatory processes are disseminated by an organization controlled by and directly accountable to state insurance regulators. The SSG will have responsibility for understanding how analytical methodologies, processes and outputs relate to regulatory objectives; for structuring a process to consider questions and issues
raised by insurers; for conducting a quality assurance process for the vendor’s work product and for considering what changes to assumptions and inputs should be made to accommodate changes in the market, all subject to approval by the VOSTF.

To accommodate this approach, the successful bidder will agree to provide appropriate training in the methodology used to develop the deliverable to identified SSG staff. In addition, the VOSTF may wish to hold one or more public meetings to explain the methodology used to produce the deliverable to the insurance industry and to capital market participants, including broker dealers who buy from and sell RMBS to insurers. The goal of such public meetings would be to permit the public to understand the operation of the methodology, how model outputs are used to set NAIC Designations and/or RBC charges, and other similar issues of importance to interested parties. The successful bidder responding to this RFP will, if requested, assist the SSG in its preparation for such public meetings, and attend and participate in such public meetings.

**III. Description of Products and Services Required Under This RFP**

*Annual Surveillance.* For year-end 2015, the selected vendor will estimate the risk of loss for each RMBS held by insurers. This will be done using loan level details and a credit model that will provide for current and expected defaults and loss severities applied to underlying assets. The expected losses for each security will then be mapped to a table with corresponding values for each of the five NAIC Designation breakpoints.

The assumptions and inputs used in the model for the rating process will be agreed upon between the successful bidder and the NAIC. In its response to this RFP, the vendor will identify the inputs required to run its model. The vendor must be able to incorporate macro-economic forecasts into its model as provided by the NAIC. The vendor will need to be able to run multiple scenarios and probability weight the results.

The vendor will model each security on an initial list of CUSIPs to be provided by the NAIC on or about November 15th (the “Cutoff Date”). In addition, the NAIC will also provide an additional list at the beginning of the following year of securities acquired by insurers between the Cutoff Date and December 31st. The vendor will also model each investment grade security (as determined at the time of issuance) in securitizations of which the foregoing Insurance Company holdings are a part (“RMBS-X”). These “RMBS-X” securities are sold in data sets only. The project deliverable will be a table of breakpoints reflecting the current RBC C-1 factors for each NAIC Designation category—i.e., NAIC-1 through NAIC-6.

The NAIC will then publish a table with the price range that corresponds to each Designation breakpoint for each CUSIP. Regulated insurers will determine the applicable NAIC Designation based on that information and their carrying value for each holding.
Bidders may visit the NAIC website to find more information about the annual surveillance process: [http://www.naic.org/structured_securities/index_structured_securities.htm](http://www.naic.org/structured_securities/index_structured_securities.htm).

The website contains a great deal of valuable information, including the macro economic assumptions and timeline for the 2014 Year-end Valuation process.

**Quarterly Updates.** In addition to modelling Insurance Company holdings on an annual basis, the selected bidder may be asked to produce quarterly updates. It is envisioned that these will be distributed in bulk data file form only, not to individual insurance companies. However, no final decision regarding quarterly updates has been made.

**RTAS Support.** Regulatory Treatment Analysis Services (“RTAS”) permits insurance companies and others to ascertain the analytical conclusion the SSG would take (or the recommendations it would make to NAIC members) with respect to credit and other investment risks in a security and the regulatory treatment that corresponds to those analytical conclusions under the NAIC regulatory framework. With respect to RMBS and CMBS, RTAS allows issuers to ascertain the likely regulatory treatment of securities, prior to their closing.

While SSG has only performed RTAS analysis on GSE risk-sharing transactions\(^2\), the vendor may be asked to provide support for non-agency RMBS. The support takes the form of processing the loan-level collateral of the proposed transaction through the vendor’s credit model and delivering the periodic results to the NAIC. SSG handles the transaction structuring and legal analysis. Crucially, the RTAS process is time sensitive and may require a number of data iterations.

**IV. RFP Specifications**

**Phase I**

1. Describe your company and your expertise and experience completing projects such as described in this RFP. Include a list of representative clients, if possible, with requirements similar to that of the NAIC as expressed in this RFP. If it is not possible to provide such a list, please indicate why. Finalists will be asked to provide references.

2. Describe how your company would address and safeguard against potential conflicts of interest with other clients or other business areas such as asset management. Specifically, what is done to protect information learned or generated from a client engagement, and what systems are in place to protect the client relationship?

3. Describe your information security processes and systems that will be used to maintain the confidentiality and restrict access to the NAIC’s information.

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4. Describe your expected methodology and process; analytic model(s), including inputs, outputs and how they can be used in risk measurement; frequency of model and input updates; and how your methodology differs from and/or is superior to other methodologies. Describe third party data and software which you employ. Describe your timeline from input delivery to final product.

5. Describe the flexibility of your approach to accept macro-economic inputs from third parties. Additionally, describe your ability to provide the NAIC with intermediate results (e.g., loan-level detail) and assist the NAIC with its quality assurance efforts.

6. Describe your capabilities in running multiple scenario analyses. Additionally, describe the method for determining the various scenarios, the probability of each scenario and the method and stage at which you integrate the various scenarios into the final result.

7. Describe the general approach used by your credit model, including the variables used. Describe the process of parameterization and back-testing of your model, including the dataset used to parameterize the model and the frequency of re-parameterization.

8. Describe your quality control processes with respect to data, inputs, intermediate and final results, and use of proprietary and third-party models.

9. Describe your non-model credit process. Describe the types of non-remittance report information used in the credit process, how often obtained and how adjustments are made.

10. Describe the waterfall model used.

11. Describe your current library of modeled transactions and how that relates to the universe of securities owned by insurers.

12. Describe your analytical infrastructure—i.e., the various components that you consider essential to conduct the requested analysis of approximately 24,500 RMBS. Clearly identify any deadlines or other constraints that the NAIC should be aware of, specifying any activity to be conducted by the NAIC that would have a material impact on your ability to perform in accordance with this timeline.

13. Describe your capability to provide RTAS Support Services, as described above.

14. Describe the process by which the CUSIP-level analysis you will conduct under this RFP is documented and your ability and willingness to either store that document on behalf of the NAIC or to send it to the NAIC for storage. Also describe any special software, systems or equipment that would be necessary to save the data into a usable data file or image.

15. List the fees for your proposal. You should assume a 3-year contract with optional 2 one-year extensions. Also note any costs or fees that the NAIC would, should or could incur as part of the overall project beyond those associated with the services identified herein. Specifically, list separate fees for:
   a) Year-end Modeling, including separate data-set sales
   b) Quarterly updates
   c) RTAS Support

**Phase II**

Bidders selected to continue through to Phase II will be asked to analyze a small number of transactions. The dual goals of Phase II are; a) confirmation of the quality of bidder’s results and the b) bidder’s capacity to produce such results within a limited time-frame.
Bidders will have one week to complete the analysis. These results should include your assumptions, inputs and the loan-level analysis and waterfall results for each tranche for selected assets.

**V. Selection Criteria**

The matrix below will be utilized in the review process to select the successful bidder:

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<thead>
<tr>
<th>Category</th>
<th>Name of Vendor</th>
<th>Name of Vendor</th>
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<tbody>
<tr>
<td><strong>Phase I</strong></td>
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<tr>
<td>Qualifications &amp; Name Recognition</td>
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<tr>
<td>Viability of Process and Continuity</td>
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<td>Ease of Implementation</td>
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<td>Post-Transaction Support</td>
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<td>Contractual Requirements and Fees</td>
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<td><strong>Phase II</strong></td>
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<tr>
<td>Quality of Analytics</td>
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Qualifications & Name Recognition: Expertise and capabilities of vendors in risk management and measurement of RMBS and relevant risk-based capital (RBC) issue in the insurance industry, name recognition and reputation in the financial market and regulatory framework.

Viability of Process and Continuity: Acceptance of risk measurement approach and methodologies of the vendors as well as its applicability to the current NAIC process.

Ease of Implementation: Readiness of infrastructure, system, and human resources for practicality of the risk measurement process while reflecting the NAIC’s views on the general economy, the capital markets, commercial real estate and housing markets, as well as on-time delivery of viable solution.

Post Transaction Support: Reliability of the vendor and willingness to provide post-transaction supports for both technical and analytic issues when needed on the Year-End Modeling as well as for RTAS.

Contractual Requirements and Fees: The ability to quickly agree to contract terms and the absolute dollar amount for proposed interim solution.

Quality of Analytics: Quality, transparency and depth of the results produced by the vendor.
**VI. Vendor Qualifications**

As an organization comprised of regulators, it is extremely important that our selection process be both equitable and transparent. Therefore, the following information is requested from each entity that submits a proposal:

- Provide a list of references where you have provided services similar to this proposal.
- Identify the team members who will be providing this service to the NAIC. Describe their background and discuss their expertise in providing this type of service.
- Identify any known or potential conflicts of interest that may exist. For example, if your firm currently provides modeling services to any domestic insurance company, please disclose this relationship and level of service, along with your internal procedures relating to conflicts of interest.
- In addition to the above qualifications, the successful bidder must meet the following qualifications:
  - Have at least five years experience in valuing structured securities, specifically RMBS.
  - Have sufficient staffing and resources to permit immediate assignment and accommodate timely completion of this project.
  - Be a financially sound entity.

**VII. Timeline**

<table>
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<tr>
<th>Event</th>
<th>Approx. Date</th>
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<tbody>
<tr>
<td>Release of RFP</td>
<td>February 10th</td>
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<tr>
<td>Begin Phase I - Bidder’s Teleconference</td>
<td>February 20th</td>
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<tr>
<td>Deadline for Receipt of Bids</td>
<td>March 10th</td>
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<tr>
<td>Completion of Phase I (finalists announced)</td>
<td>Week of March 23rd</td>
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<tr>
<td>Begin Phase II - test portfolios sent out</td>
<td>Week of March 23rd</td>
</tr>
<tr>
<td>Portfolio results due from Bidders</td>
<td>Week of March 30th</td>
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<tr>
<td>Calls with Bidders to Discuss results</td>
<td>Week of April 13th</td>
</tr>
<tr>
<td>NAIC Selection of Vendor (Completion of Phase II)</td>
<td>Mid-2015</td>
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</tbody>
</table>

**VIII. Miscellaneous Information**

The NAIC reserves the right to accept or reject any or all proposals, and to ask any or all respondents for such additional information as may be deemed necessary, and to waive any or all irregularities in a proposal. All responses become the property of the NAIC, and one copy of each proposal will be retained in the NAIC’s files.

The results generated using the methodology covered by this proposal become the exclusive property of the NAIC, and is to be used only for the purposes of establishing the appropriate levels of RBC for U.S.-domiciled insurance companies.

If a proposal is accepted, the vendor will be required to sign the NAIC’s standard Professional Services Agreement and comply with the NAIC’s insurance requirements.

The award of the professional services agreement is at the sole discretion of the NAIC.

Any specific questions regarding this RFP should be directed to Mr. James Woody at jwoody@naic.org.