January 30, 2015

Re: RFP NAIC 1755 – *Streamlining Actuarial Reporting (Revised)*

The National Association of Insurance Commissioners, a 501 (c) (3) not-for-profit organization, is soliciting proposals for an actuarial consulting firm to *Streamlining Actuarial Reporting*. The bid specifications and scope of work for this engagement is attached as Attachment 4. This request for proposal (RFP) is a re-release of RFP 1710 – Streamlining Actuarial Reporting – issued on August 1, 2014. Please review this new RFP carefully as the scope and timing of this project has changed.

SUBMISSION OF PROPOSAL

To receive consideration, proposals should be sent electronically to Jim Woody at jwoody@naic.org with a copy to LaMar Wilson at lwilson@naic.org by 5 PM Eastern on Monday February 23, 2015. In addition to ensuring your proposal addresses each item within the scope of work, the proposal should clearly state the price plus any ancillary service charges or fees that could be incurred in the delivery of this service.

If you encounter any problems during your submission, please contact LaMar Wilson at lwilson@naic.org.

TENTATIVE PROJECT SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>1/30/15</td>
<td>Release of RFP</td>
</tr>
<tr>
<td>2/07/15</td>
<td>Submission of questions</td>
</tr>
<tr>
<td>2/12/15</td>
<td>Questions &amp; Answers posted on website</td>
</tr>
<tr>
<td>2/23/15</td>
<td>Proposal due to the NAIC</td>
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<tr>
<td>3/31/15</td>
<td>Consultant Selection and RFP award</td>
</tr>
<tr>
<td>4/01/15</td>
<td>Start Phase I – Generate Reporting Template</td>
</tr>
<tr>
<td>5/15/15</td>
<td>Consultant’s initial report and recommendations</td>
</tr>
<tr>
<td>6/30/15</td>
<td>Completion of Phase I with Reporting Template</td>
</tr>
<tr>
<td>1st Quarter of 2016</td>
<td>Completion of Phase II</td>
</tr>
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SELECTION PROCESS

The NAIC will be responsible for the selection of the consulting firm that will be awarded this project. Input from other knowledgeable individuals also may be sought, but the NAIC will make the final decision.
The following factors will be considered in making the vendor selection:

- Qualifications of participants coordinating the study
- Completeness of response in addressing all the issues raised in Attachment 4
- Professional reputation of the firm
- Price (including any identified ancillary fees)

Any questions you would like addressed about the RFP should be directed to James Woody at jwoody@naic.org with a copy to LaMar Wilson at lwilson@naic.org by noon on February 7, 2015 (please reference RFP 1755 in your subject line). All questions will be addressed and provided on our website by February 12, 2015.

Please direct your questions about the bid requirements to me at Jwoody@naic.org or at 816-783-8015. Please contact LaMar Wilson at 816-783-8158 or lwilson@naic.org if you unable to reach me.

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

Regards,

James W. Woody  
Chief Financial Officer
NAIC Bidder’s checklist for RFP NAIC 1755

- Please provide a copy of your W-9 form
- Did you provide your Terms and Conditions if you do not agree with the NAIC Terms and Conditions?
- Sign and submit the Conflict of Interest form (Attachment 2).
- Workers comp insurance certificate, only if on site this is required.
- Certificate of Insurance for liability, only if on site this is required.
- Please 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 – RFP NAIC 1755**

Any *Entity* that desires to contract with the NAIC must complete this form, including vendors, 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.

<table>
<thead>
<tr>
<th>Authorized Entity Signature</th>
<th>Date</th>
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<tbody>
<tr>
<td>Print Name &amp; Company Name</td>
<td></td>
</tr>
</tbody>
</table>

**CERTIFICATION**

**DISCLOSURE OF POTENTIAL CONFLICT**

<table>
<thead>
<tr>
<th>NAIC CEO or COO</th>
<th>Date</th>
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</thead>
</table>
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 less is. 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.

NAIC 1/08
I. ORGANIZATIONAL OVERVIEW

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S. For additional information on the NAIC can be accessed on the www.naic.org.

II. BACKGROUND AND PURPOSE

Reserve calculation, testing and documentation requirements have been developed and implemented over time in separate regulatory requirements contained in model laws, model regulations, actuarial guidelines, and Risk-Based Capital instructions. As each calculation and testing requirement was developed, various disclosure requirements were also developed. This process continues today with the development of Principle-Based Reserving (PBR), as a new PBR Actuarial Report has been defined for various products based on PBR requirements. A stress-testing methodology is also currently under development by the Life Risk-Based Capital Working Group, which would include both new testing requirements, together with the related documentation. (See the table in section III of the RFP.)

Each actuarial report is meant to be a stand-alone report, so the reports ask for data and information that is likely being requested in multiple actuarial reports. This redundant data leads to excess time and costs for insurers and causes regulatory actuaries to be less efficient. Of particular importance, regulatory actuaries are limited to the information contained in the reports they review; since the data in the reports has not been electronically data captured, regulatory actuaries do not have the benefit of the perspective of the rest of the industry’s data. As it did for financial analysis, electronic data capture of the data in these reports would provide significant efficiencies for regulatory actuaries as well as improving the effectiveness of actuarial reviews.

This proposed project seeks to remedy the above limitations to regulatory actuaries. In Phase I, the consultant would review the various actuarial reports for a sample size of no more than 20 life insurers that will be identified by the NAIC. The consultant will identify the necessary data and information points to cover multiple types of products in a streamlined actuarial report, suggesting elements of data to be captured in a database. The consultant would then design a proposed actuarial report, and this design must facilitate electronic data capture.
In Phase II, the proposed actuarial report will be field-tested by a voluntary study in which no more than the 20 participating companies identified by the NAIC would be invited to “test-drive” the streamlined testing procedures and documentation requirements using an actual statement reporting period. It would be ideal if these participating companies were permitted to use these streamlined methods and reports in lieu of current requirements, rather than in addition to current requirements. This policy would help ensure adequate company participation in the field test. The same consultant selected for Phase I would be used to perform Phase II of the project. The streamlined reports would be reviewed and analyzed by the consultant to identify necessary changes to the template and testing requirements, related instructions, etc. The consultant would update the template with the information from the Phase II filings and propose a revised actuarial report template, testing requirements (and instructions) for Life Actuarial Task Force (LATF) to consider.

PBR and stress testing is not included in this RFP as NAIC staff are working closely with LATF and other regulators regarding PBR. Also not included in this RFP is the need to develop the appropriate data collection and storage process for these reports, or any regulatory tools, as that would be part of the normal NAIC committee and data collection processes.

### III. EXISTING REPORTS TO CONSIDER IN THE REVIEW

To provide a perspective on the number of actuarial filings and reports that are currently required even before the implementation of PBR and RBC stress testing, we have compiled this non-exhaustive list:

<table>
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<tr>
<th>Topic</th>
<th>Category</th>
<th>Description</th>
<th>Guidance</th>
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</thead>
<tbody>
<tr>
<td>Actuarial Opinion</td>
<td>Reserves</td>
<td>Total Reserves</td>
<td>MDL 820/822</td>
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<td>Exhibit 5 Interrogatories</td>
<td>Policyholder Equity</td>
<td>Participating Opinion for Exhibit 5</td>
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<tr>
<td>Exhibit 5 Interrogatories</td>
<td>Policyholder Equity</td>
<td>Non-Guaranteed Opinion for Exhibit 5</td>
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<td>AG 35</td>
<td>Reserves</td>
<td>EIA</td>
<td>AG 35</td>
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<tr>
<td>AG 36</td>
<td>Reserves</td>
<td>EIUL</td>
<td>AG 36</td>
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<tr>
<td>AG 38*</td>
<td>Reserves</td>
<td>ULSG</td>
<td>AG 38</td>
</tr>
<tr>
<td>AG 43**</td>
<td>Reserves</td>
<td>Variable Annuity Reserves - multiple certifications and reports</td>
<td>AG 43</td>
</tr>
<tr>
<td>AOM</td>
<td>Reserves</td>
<td>Total Reserves RAAIS and Memo</td>
<td>MDL 820/822</td>
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<td>C3 Phase 1</td>
<td>RBC</td>
<td>Fixed Annuity RBC</td>
<td>RBC Instructions LR027</td>
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<tr>
<td>C3 Phase 2</td>
<td>RBC</td>
<td>Variable Annuity RBC</td>
<td>RBC Instructions LR027</td>
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<td>Dividends</td>
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<td>Supplemental Exhibit</td>
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<td>Reserves</td>
<td>Opinion</td>
<td>MDL 200</td>
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<td>Illustrations</td>
<td>Illustrations</td>
<td>MDL 582</td>
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<td>Modified Guaranteed Annuities</td>
<td>Reserves</td>
<td>Also known as Market-Value Adjusted Annuities</td>
<td>MDL 255</td>
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<td>Non-guaranteed elements</td>
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<td>Supplemental Exhibit</td>
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<td>Preferred Mortality</td>
<td>Reserves</td>
<td>Life insurance Mortality</td>
<td>MDL 815</td>
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<td>RAAIS</td>
<td>Reserves</td>
<td>Summary of AOM</td>
<td>MDL 820/822</td>
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<td>Special State Requirements</td>
<td>Reserves</td>
<td>NY, CA annual letters</td>
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<tr>
<td>Synthetic GICs</td>
<td>Reserves</td>
<td>Also known as Stable Value Wraps</td>
<td>MDL 695</td>
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<td>X-factors</td>
<td>Reserves</td>
<td>Life insurance Mortality</td>
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<td>Non-forfeiture Compliance</td>
<td>NFF values</td>
<td>Certifications Related to Annuity Non-forfeiture Ongoing Compliance</td>
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</table>

* AG38 8C – Actuarial Memorandum for Section 8C Business including a Standalone Asset Adequacy Analysis  
AG38 8D – Actuarial Memorandum for Section 8D Business  
AG38 8E – Actuarial Opinion for Section 8E “Method I” Policy Designs  
AG38 8E – Company Representation for Section 8E “Method I” Policy Designs  
AG38 8E – Good Faith High Level Analytical Review for Section 8E “Method II” Policy Designs  

** AG43 Actuarial Memorandum – Appendix 2, A2.3B  
Actuarial Certifications Related to Hedging Required by Actuarial Guideline XLIII  
Financial Officer Certification Related to Clearly Defined Hedging Strategy Required by Actuarial Guideline XLIII  
Management Certification That the Valuation Reflects Management’s Intent Required by Actuarial Guideline XLIII  
Actuarial Certification Related to the Reserves Required by Actuarial Guideline XLIII  
Actuarial Certification Related to the Use of 2001 Preferred Class Tables Required by the Model Regulation  
Permitting the Recognition of Preferred Mortality Tables for Use in Determining Minimum Reserve Liabilities

### IV. SCOPE OF PROJECT & DELIVERABLE

A. The consultant is expected to review the above existing actuarial reports/certifications for no more than 20 life insurance companies identified by the NAIC and work in conjunction with the domiciliary state or states to get access to the reports/certifications and execute any necessary confidentiality documents required by the company and/or domiciliary state. The actuarial reports/certifications may be provided in either written or electronic form.
B. Based on the type and range of data included in the reports, develop a Standard Reporting Template and instructions on completing the Template by all life companies.

C. Working with the Life Actuarial Task Force, American Academy of Actuaries and the ACLI develop a final list of data elements to be included in the Standard Reporting Template that could be extracted electronically for analysis by the state regulators.

D. The consultant is expected to present the initial report, recommendations and Standard Reporting Template to LATF via a conference call.

E. The consultant is expected to field test the proposed Standard Reporting Template.

F. The consultant is expected to provide the day to day project management.

V. DUE DATE

Phase I of the consulting actuary's work should be completed by June 30, 2015 so that companies participating in the voluntary field test will know the streamlined testing and reporting requirements by end of 3rd quarter when many companies begin their year-end statutory financial statement work.

VI. PROJECT DELIVERABLES

The project requires the consultant to design a proposed Standard Reporting Template, as well as supporting instructions for completing the template, and then field test the proposed report. Upon completion of testing, the project requires changes to the template and testing requirements and related instructions. See Section II for a detailed discussion.

VII. CONTENT OF PROPOSAL TO BE SUBMITTED

For final evaluation of proposals, it is important that consultants comment on their ability to be flexible in meeting the requirements of the project due to a time period that is not completely definitive since numerous external factors could impact the timing, namely the ability to obtain volunteers from the industry in Phase I. Additionally, company availability during Phase II could also impact the timing of the end product.

To facilitate the evaluation of proposals, the following information should be submitted:

A. Resumes of the person(s), expected to participate, indicating how their background, education and experience bear on their qualifications to undertake the project. It is expected that the person(s) have significant expertise with each of the existing reports in order to understand the relationships between the reports and ability to develop common points among the various reports to achieve the desired objective for members of the industry.
B. An outline of the approach to be used, emphasizing issues that require special consideration.

C. Cost estimates for the study should include both phase I and phase II. We request you provide your estimate in two ways: 1) based on no more than 20 companies included in the study; and 2) a per hourly rate. Both estimates should include the amount of time needed to complete the analysis, prepare a report, and present the report to LATF. The estimate should also include the estimated costs for interim calls needed to present the report. While cost will be a factor in the evaluation of the proposal, it will not necessarily be the deciding factor.

D. Other related factors that give evidence of a proposer’s capabilities to perform in a superior fashion should be detailed.

E. References of entities for which you have provided consulting services.

VIII. CONFLICTS OF INTEREST

The NAIC recognizes that any consultant with the experience reasonably necessary to perform this design may have past relationships with the volunteer companies. It’s possible that such relationships could present a conflict of interest of some type depending upon the work. These conflicts of interest will not automatically disqualify the consultant, but should be disclosed, as well as a summary of the verifiable policies and procedures in place designed in compliance with established industry standards to address conflicts of interest issues that may arise in connection with this design. Please see Attachment 2 for the NAIC’s Conflict of Interest Form.

IX. CONTACT PERSON FOR ANY QUESTIONS RELATED TO THE RFP

Any questions regarding the Scope of Work should be directed by e-mail to Larry Bruning (e-mail: lbruning@naic.org). Questions related to any other matter should be directed to: James Woody (fax: 816-460-7509; e-mail: Jwoody@naic.org)