July 21, 2014

Re: RFP 1708 – *NAIC Governance Review*

The National Association of Insurance Commissioners (NAIC), is soliciting proposals for a firm to provide consulting services by performing an independent review of the governance of the NAIC and recommend revisions or improvements to comply with best practices for comparable organizations and to enhance the NAIC’s ability to support and improve state regulation of insurance. The background and specifications for this request are outlined in Attachment 4.

To receive consideration, proposals should be sent electronically to Jim Woody at JWoody@naic.org by 5 PM Eastern on Friday, August 15, 2014. 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.

**Tentative Project Schedule**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>7/21/14</td>
<td>Release of RFP</td>
</tr>
<tr>
<td>7/25/14</td>
<td>Submission of questions to <a href="mailto:JWoody@naic.org">JWoody@naic.org</a></td>
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<tr>
<td>7/31/14</td>
<td>Conference Call to Respond to Questions &amp; Answers</td>
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<tr>
<td>8/15/14</td>
<td>Proposal due to the NAIC</td>
</tr>
<tr>
<td>9/12/14</td>
<td>Consultant Selection and RFP award</td>
</tr>
<tr>
<td>11/2014</td>
<td>Consultant’s initial report and recommendations presented to the NAIC Executive Committee</td>
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Please email JWoody@naic.org and JWells@naic.org if your firm is likely to participate in the RFP process by close of business on Monday, July 28, 2014. Please include your firm name and email contact information.

If there are any questions regarding any aspect of this project, please submit them to JWoody@naic.org and JWells@naic.org by close of business on Friday, July 25, 2014. All questions will be addressed during an informational conference call Thursday, July 31, 2014. Details regarding the conference call will be emailed to you only if you have expressed an interest in participating at least three days prior to the call.
Selection Criteria
The Consulting Services’ provider will be selected by the NAIC Executive Committee based on the following criteria:

- Experience with similar projects and ability to meet the scope of work;
- Completeness of proposal;
- Ability to meet the project schedule;
- Professional reputation of the firm; and
- Proposed project costs.

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.

If you have any questions regarding this RFP, please send them to JWoody@naic.org and I will get back to you as soon as possible. You can also contact me at 816-783-8015.

Respectfully,

James W. Woody
NAIC Chief Financial Officer

CC: Kay Noonan, NAIC General Counsel
Bidder’s checklist for RFP NAIC 1708

- Please provide a copy of your W-9 form
- Sign and return the Conflict of Interest waver (Attachment 2)
- Did you provide your Terms and Conditions if you do not agree with the NAIC Terms and Conditions? (Attachment 3)
- Provide your most recent Workers comp insurance certificate
- Provide your most recent Certificate of Insurance for liability
- Please reference the RFP number on all your response documents.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
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<tr>
<th>Phone</th>
<th>FAX</th>
<th>e-mail</th>
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Please E-Mail to JWoody@naic.org on or before 8/15/2014 - 5 PM Eastern
NAIC CONFLICT OF INTEREST FORM
FOR RETENTION OF CONSULTANTS OR PURCHASES
SUBJECT TO BID
RFP 1708

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.

<table>
<thead>
<tr>
<th>CERTIFICATION</th>
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<tbody>
<tr>
<td>• _________________ (“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.</td>
</tr>
<tr>
<td>• <strong>Entity</strong> will not provide or receive gifts, favors, membership points or any other benefits to any employee or representative of the NAIC in connection with the negotiation or implementation of this contract.</td>
</tr>
<tr>
<td>• <strong>Entity</strong> owners, principals and employees negotiating or implementing this contract on behalf of <strong>Entity</strong> are not former NAIC employees unless disclosed below.</td>
</tr>
<tr>
<td>• <strong>Entity</strong> owners, principals and employees negotiating or implementing this contract on behalf of <strong>Entity</strong> are not immediate family members of NAIC employees unless disclosed below.</td>
</tr>
</tbody>
</table>

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

<table>
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<tr>
<th>DISCLOSURE OF POTENTIAL CONFLICT</th>
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<tbody>
<tr>
<td>Authorized Entity Signature</td>
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<tr>
<td>Print Name &amp; Company Name</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>NAIC Executive Approval</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.

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.

11. 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.

12. **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.

13. **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.

14. **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.

15. **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.

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

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17. **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.

18. **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.

19. **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.

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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.
RFP 1708 – NAIC Governance Review
July 18, 2014

Background and Purpose
The NAIC Executive Committee established a Governance Review Task Force to review the NAIC’s governing documents, practices and procedures. The primary purpose of this RFP is to select a third party consultant to assist the Governance Task Force in fulfilling their role by providing an independent assessment of the NAIC compared to similar organizations and best-practices.

About the NAIC
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. The NAIC is a Delaware corporation recognized as a 501(c)(3) by the Internal Revenue Service.

Additional information concerning the NAIC, its governing documents, the committee structure, charges and ongoing work can be found at www.naic.org.

Scope of Work
The NAIC will engage a consultant to perform a review of its governing documents, organizational structure, management and decision-making processes and recommend revisions or improvements to comply with best practices for comparable organizations and to enhance the NAIC’s ability to support and improve state regulation of insurance. The review will focus on the roles of the Executive Committee and the Internal Administration Subcommittee, the Officers, the CEO and management, the Standing Committees, and individual Members. Specific procedures to be performed by the Consultant will include:

1. Review of organizational structure including:
   a. Review of NAIC Certificate of Incorporation and Bylaws
   b. Analysis of the role and authority of the Executive Committee, NAIC Officers, NAIC CEO and management
   c. Analysis of the Officer election and committee assignment process
   d. Analysis of Zone assignment, elections and activities
   e. Analysis of the fiduciary duty owed by Executive Committee members
2. **Review of Standing Committee, Task Force and Working Group processes, including:**
   a. Analysis of Committee charges process and organizational priority-setting
   b. Analysis of the role of Committee chairs, vice-chairs, members, NAIC staff and interested parties
   c. Analysis of existing “administrative procedures” of the NAIC and recommendations for enhancements

3. **Review of NAIC External Engagements, including**
   a. Analysis of interactions with international bodies, including the International Association of Insurance Supervisors (IAIS), on how NAIC strategy and messages are developed, how Members are appointed to various committees and the role of Officers, Executive Committee, International Insurance Relations Leadership Group (IIRLG), International Insurance Relations (G) Committee, the NAIC CEO and staff related to international activities
   b. Analysis of interactions with federal bodies, including Congress, the Federal Reserve, the Department of Treasury (including Financial Stability Oversight Committee (FSOC) and Federal Insurance Office (FIO)), on how NAIC strategy and message are developed, how Members are selected to represent the NAIC and the role of Officers, Executive Committee, Government Relations Leadership Council (GRLC), the NAIC CEO and staff related to federal activities

4. **Benchmarking**
   The Consultant should compare NAIC’s organizational and governance model with best practices of comparable organizations, where practicable.

Consultants wishing to submit proposals for this project should have significant experience and expertise performing work for comparable organizations specifically in the areas of legal analysis of corporate structure, nonprofit governance and best practices, and organizational and business strategy analysis.

This engagement is intended to begin in mid-September. Consultant shall present its initial report and recommendations to NAIC’S Executive Committee in November.

**Content of Proposal to be submitted**
- A biography of the firm including its history and general expertise related to governance and organizational analysis
- A biography of each person on the team including their role, and their specific experience and expertise
- A list of references for which the bidder has provided similar services
- A brief description of your firm’s past work for or interaction with the insurance industry, current and former state insurance regulators and the NAIC
• A general description of how the services would be provided covering all the points in the Scope of Work
• Pricing/fee information should include:
  – A detailed and complete cost for the project. If expenses are to be billed separately, please provide a list of expected expenses and their costs
  – If you make assumptions regarding your fees for the project, please list those assumptions in the proposal
• Any sample analysis or other data the bidder believes would be beneficial to the Association
• Any supplemental information you believe would be helpful

Submission of Proposal
Proposals must be received by 5:00 p.m. EDT on Friday, August 15, 2014. Submissions must be submitted electronically to James Woody at JWoody@naic.org and copy Julie Wells at JWells@naic.org.

If you encounter any problems during your submission, please contact Julie Wells at jwells@naic.org.

Selection Process
The Consulting Services’ provider will be selected by the NAIC Executive Committee based on the following criteria:
• Experience with similar projects and ability to meet the scope of work;
• Completeness of proposal;
• Ability to meet the project schedule;
• Professional reputation of the firm; and
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Contact Person for any questions related to the RFP:
Jim Woody, Chief Financial Officer
National Association of Insurance Commissioners
1100 Walnut Street
Suite 1500
Kansas City, MO 64106-2197
JWoody@naic.org
Phone – 816-783-8015