

REQUEST FOR QUOTATION Addendum #1

State of West Virginia
Offices of the Insurance Commissioner

INS13018

Questions for the state of West Virginia Offices of the Insurance Commissioner (OIC)

1. Does the West Virginia Insurance Division utilize the NAIC Citrix server for their financial examinations? If not do they utilize their own server?

Answer: We can utilize the NAIC Citrix server or the Vendors.

2. If the West Virginia Insurance Division does not utilize a server application, can we use our company server application to complete the examination?

Answer: See response #1.

3. Does the West Virginia Insurance Division allow off site field work or do they require the examination staff to be on site the entire examination?

Answer: Off-site work is allowed.

4. Can you provide us with the latest annual statement, examination report and CPA report for each of the companies?

Answer: To obtain copies of this information, please go to <http://www.wvinsurance.gov/> or send an email request to Bids@wvinsurance.gov.

5. How many copies of each proposal should be sent?

Answer: Please submit 1 (one) original and 4 (four) copies.

6. Please clarify the deadline for submission of the bid?

Answer: All bids must be received and time stamped by March 6, 2013 @ 1:30 p.m. Any bid received after this date and time will be disqualified.

7. How many copies are required?

Answer: See response #5.

8. Please provide the number of staff and the level you are seeking for this RFQ. (i.e one EIC, one staff, one actuary, one IT, etc.)

Answer: One EIC and one staff.

9. How many Department's staff will assist with this project?

Answer: 1-2

10. Please clarify if the responses should be mailed to you or e-mail is acceptable?

Answer: Our preferred method is to receive bids via mail at 1124 Smith Street, Charleston, WV 25301. However, we will accept bids via email at Bids@wvinsurance.gov.

11. Can you please let me know how to get the prior report of examination for the companies in the RFQ?

Answer: See response #4.

12. Can you also provide me with additional information on the business registration? I have signed up and have a user name and password. What else do I need to do?

Answer: Answer: You do not have to be a registered vendor to participate in the bid process. However, In order for the State of West Virginia to engage in an agreement, your company will have to be registered with the Department of Administration, Purchasing Division, the Secretary of State office, and the WV Tax Department. Please use the following web-links to access the information needed to complete the registration processes.

- <http://www.state.wv.us/admin/purchase/vrc/default.html>
- <http://www.sos.wv.gov/business-licensing/Pages/FormIndexforBusinessFilings.aspx>
- <https://www.business4wv.com/B4WVPublic/default.aspx>

13. Was the prior exam conducted on a "Risk Focused" or "SRA" basis?

Answer: Risk-Focus

14. How many man-days did each of the prior exams take?

Answer: 70-85 days for both companies 2 examiners.

15. Was the prior exam performed by WVOIC or a vendor?

Answer: Both were performed by WVOIC staff examiners.

16. Is company governed by SOX or MAR?

Answer: Neither

17. What is the risk recommendation by Financial Analysis for each company?

Answer: Farmers & Mechanics Mutual The company writes primarily homeowners multiple peril, fire, farmowners multiple peril and commercial multiple peril. The Company was licensed in Virginia in February 2010. However they currently write 100% of their policies in West Virginia.

- **Number of States Licensed: 2**
- **Percentage of business written in:**
 - **West Virginia – 100%**
 - **Virginia – 0%**
- **Lines of business written:**
 - **Homeowners multiple peril**
 - **Fire**

- *Farmowners multiple peril*
- *Commercial multiple peril*
- *Targeted market:*
 - *Underserved markets in West Virginia*
- *Primary source of revenue:*
 - *Company reported U/W gains*
 - *Investment income and realized gains*
- *Reinsurance:*
 - *Hartford Steam*
 - *QBE Re*
 - *Employer Mutual Casualty*
 - *Arch Re*
 - *Toa Reinsurance Co of America*

Farmers & Mechanics Fire & Casualty - The company writes auto physical damage (57.7%), private passenger auto liability (33.5%) and small amounts of commercial multiple peril (7.5%), other liability – occurrence (1.0%), and homeowner’s multiple peril. The Company operates strictly in West Virginia.

- *Number of States Licensed: 1*
- *Percentage of business written in:*
 - *West Virginia – 100%*
- *Lines of business written:*
 - *Auto physical damage*
 - *Private passenger auto liability*
 - *Commercial multiple peril*
 - *Homeowners multiple peril*
 - *Other liability - occurrence*
- *Targeted market:*
 - *Underserved portions of West Virginia*
- *Primary source of revenue:*
 - *Investment gains*
 - *Company reported U/W gains*
- *Reinsurance:*
 - *Arch Reinsurance Co.*
 - *Swiss Reins. American Corp.*
 - *Toa Re Ins. Co. of America*
 - *QBE Reinsurance Corp.*
 - *Employers Mutual Casualty Company*
 -

18. Do you have the completed Exhibit B Exam Planning Questionnaire for each company?

Answer: *Company is preparing.*

19. Are prior exam reports available for review by bidders?

Answer: *See response #4.*

20. The RFQ states WVOIC staff will be assigned to examination for training and participating in the work. How many staff examiners are anticipated to be assigned?

Answer: *1-2*

21. May some of the examination work be performed remotely with approval and when appropriate?

Answer: See response #3.

22. Is the prior examination report available on the WVOIC website? If not, may we receive a copy?

Answer: See response #4.

23. Could you tell me the total assets and surplus for each company?

Answer: See response #4.