

NEW YORK LIQUIDATION BUREAU

REQUEST FOR PROPOSAL – Investment Accounting Software System and Services

September 10, 2009

I. BACKGROUND

The New York Liquidation Bureau (“Bureau”) carries out the responsibilities of the Superintendent of Insurance of the State of New York (“Superintendent”) in his capacity as liquidator, rehabilitator, conservator or ancillary receiver of all entities under his receivership pursuant to Articles 74, 75, 76 and 77 of the New York Insurance Law and Article 6A of the Workers’ Compensation Law (“Receiver”). The Bureau acts on the Receiver’s behalf in discharging his duties to protect policyholders and creditors of insurance companies that have been placed into his receivership (“Estates”). The Bureau’s ultimate objective is to maximize the assets and resolve the liabilities of such companies in an effort to return rehabilitated companies to the marketplace or to distribute the assets of liquidating companies to claimants and creditors. A current list of Estates may be found at <http://www.nylb.org/Estates.htm>.

The Bureau seeks the services of a software vendor that can provide an investment accounting system (“Software”) for a \$1-2 billion portfolio. The Bureau invites all qualified Software vendors (“Proponents”) to draft and submit to the Bureau, at the Proponents’ expense, proposals (“Proposals”) in accordance with the requirements outlined in this Request for Proposal (“RFP”). The Bureau encourages participation by qualified, certified minority and women owned business enterprises (“MWBE’s”) with a demonstrated commitment to diversity in the workplace. The selected software vendors (“Awardee”) will be performing services solely on behalf of the Superintendent as Receiver, not in his capacity as regulator.

II. SCOPE

A. Definitions

1. “FASB” shall mean Financial Accounting Standards Board.
2. “GAAP” shall mean Generally Accepted Accounting Principles.
3. “NAIC” shall mean National Association of Insurance Commissioners.
4. “SVO” shall mean Security Valuation Office.
5. “OTTI” shall mean Other Than Temporarily Impaired.
6. “IMR” shall mean Interest Maintenance Reserve.
7. “AVR” shall mean Asset Valuation Reserves.
8. “STAT” shall mean Statutory Accounting Principles.

B. Description of Services

The Awardee shall provide Software and/or services in connection with this project (“Project”), without limitation:

1. Provide Software that can be fully integrated within the Bureau’s current and future applications.

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2. The Software must possess certain specifications and functions that include, but are not limited to, the capability to:
 - a. Have all reports exported to Microsoft Access or Excel, permanently or as a test file.
 - b. Strike daily net asset value calculations.
 - c. Have multiple open accounting periods.
 - d. Have unlimited prior-period reporting.
 - e. Perform block trades.
 - f. Add new Estates, as necessary.
 - g. Perform “straight-thru” processing.
 - h. Accept pricing feeds from external sources provided by the banking and/or brokerage industry, as well as the SVO.
 - i. Edit transactions in a previously closed period and have the general ledger transactions post to the same period.
 - j. Handle multiple basis ledgers including STAT, GAAP, tax and user defined ledgers.
 - k. Interface all schedules to the Stone River system, including the annual statement and general ledger packages.
 - l. Import files that are formatted to upload into JD Edwards World and Stone River general ledger systems.
 - m. Create additional ad-hoc reports, as required.
 - n. Conduct performance reporting.
 - o. Import transaction files for automated processing.
 - p. Import files from the NAIC/SVO.
 - q. Engage in limited foreign-exchange transactions.
 - r. Calculate amortization using the scientific method.
 - s. Produce STAT schedules.

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3. The Software must compute and run various reports (“Reports”) throughout the calendar year, including:

a. **Monthly Individual Estate Reports:** On a monthly basis, the Software must prepare for each Estate a Report:

i. That processes and reconciles all transactions made by the Bureau on behalf of each Estate to agree with the Estate’s monthly custodian bank statement’s ending balance, and prepares: (1) transaction ledgers; (2) income transaction ledgers; (3) earned income reports; (4) collected income reports; (5) book value reports; (6) disposal reports (including gains/losses); (7) unsettled transaction reports; (8) asset holdings reports; (9) par and market value reports; and (10) any other annual STAT reporting requirements of the NAIC.

ii. On asset holdings that designates securities by long-term (D1), short-term (DA1) and cash equivalents (E2).

iii. On earned income.

b. **Monthly Consolidated Estate Reports:** On a monthly basis, the Software must prepare for the Estates, collectively, a Report:

i. That processes and reconciles all transactions made by the Bureau on behalf of the Estates to agree with the Estates’ monthly custodian bank statements ending balances, and prepares: (1) transaction ledgers; (2) income transaction ledgers; (3) earned income reports; (4) collected income reports; (5) book value reports; (6) disposal reports (including gains/losses); (7) unsettled transaction reports; (8) asset holdings reports; (9) par and market value reports; and (10) any other annual STAT reporting requirements of the NAIC.

ii. On the book value of bonds that shows monthly amortization and accretion.

iii. On asset holdings that designates securities by long-term (D1), short-term (DA1) and cash equivalents (E2).

iv. On earned income that sets forth assets, interest paid on acquisitions, sales interest, accrued income, and interest received.

v. On par and market value that compares the par, amortized cost and market values of assets and includes a Report of the Estates assets (market pricing is provided by the custodian, Bank of New York Mellon).

vi. On standard transactions that can be queried by date and type of transaction, which lists all transaction data.

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- c. **Quarterly Individual Estate and Consolidated Estate Reports:** On a quarterly basis, the Software must prepare for each Estate and the Estates collectively a Report:
 - i. That produces annual STAT financial statement and supporting exhibits, including schedule: (1) D-verification; (2) D-part 1B; (3) DA-part 1; (4) DA-verification; (5) E-verification; (6) D-part 3; (7) D-part 4; (8) E-Part 2; (9) OTTI; and (10) any other quarterly STAT requirements of the NAIC.
 - ii. For IMR/AVR unrealized and realized gain/loss per lot, which should reconcile with the IMR/AVR schedules generated by the Software.
- d. **Annual Reporting:** On an annual basis, the Software must prepare for each Estate and the Estates collectively a Report:
 - i. That produces annual STAT financial statement and supporting exhibits, including: (1) net investment income exhibit; (2) capital gains/losses exhibit; (3) summary investment schedule; (4) schedule D-summary by country; (5) schedule D-verification; (6) schedule D-Part 1A (Section 1); (7) schedule D-Part 1A (Section 2); (8) schedule DA-verification; (9) schedule D-Part 1; (10) schedule D-Part 3; (11) schedule D-Part 4; (12) schedule D-Part 5; (13) schedule DA-Part 1; (14) schedule E-Part 2; (15) OTTI; and (16) any other annual STAT requirements of the NAIC.
 - ii. Necessary to produce annual GAAP financial statements and the supporting exhibits.
- 4. Provide technical and Software support during and after installation of the Software.
- 5. Provide training to various Bureau personnel responsible for the ongoing maintenance or support of the Software.

The Awardee shall also provide such other services as may be necessary to successfully complete this Project.

III. RULES AND INSTRUCTIONS

In order to facilitate a fair evaluation of all Proposals, the Bureau requires that all Proposals maintain a uniform format. Accordingly, all Proposals must strictly adhere to the requirements outlined in this RFP. The Bureau may, in its sole discretion, modify, rescind or provide an addendum to this RFP, require Proponents to revise their Proposals or supply additional information, or invite any Proponent to appear for an interview.

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All compliant Proposals will be reviewed by a committee that will, under the supervision of the Bureau's Chief Compliance Officer, consider Proponents based exclusively on the Proposals submitted and any subsequent interviews with Proponents or additional information submitted by Proponents at the request of the Bureau. The Bureau, in its sole discretion, will make its selections from all compliant RFPs submitted.

Proposals must specifically supply all items of information requested in Section IV below in the exact format set forth in Section IV. Material deviations from the required format will likely result in disqualification of the Proposal. If any item in Section IV does not apply to Proponent, Proponent must specifically indicate that the item is not applicable. Proponents may not satisfy an item of requested information by submitting or referring to a brochure, promotional or descriptive literature, or any other document, unless the request expressly permits such submission or reference.

Proposals must be formatted in 12-point or larger font. Each Proponent shall submit one original and four copies of their Proposal. Each Proposal must be signed and dated by Proponent. In submitting a signed Proposal, Proponent certifies that the information in the Proposal is materially complete, truthful and accurate. Each Proponent shall be bound by the information contained in its Proposal, including fees quoted for services.

Proposals must be sent via mail, overnight courier or hand delivery to:

New York Liquidation Bureau
123 William Street
New York, New York 10038-3889
Attn: John Pearson Kelly, Esq.
Chief Compliance Officer
RFP: Investment Accounting Software System and Services

Proposals may be withdrawn from consideration at any time by written submission to John Pearson Kelly, Chief Compliance Officer, at the address listed above.

Proposals must be received no later than 5:00 p.m., EST, on September 29, 2009, unless such deadline is extended in writing by, and at the sole discretion of, the Bureau. Late Proposals will be disqualified from consideration.

Proponents may submit written questions no later than 5:00 p.m., EST, on September 25, 2009 via e-mail to jpkelly@nylb.org or via mail to John Pearson Kelly, Chief Compliance Officer, at the address listed above.

Proposals will be opened at a closed meeting under the supervision of the Chief Compliance Officer.

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Except as provided in this RFP and as otherwise necessary for conducting business operations previously established with the Bureau, Proponents may not communicate with Bureau personnel who are involved in the review, evaluation or selection of Proponents. Proponents may not directly or through an intermediary attempt to influence the process of evaluation and selection, except through the submission of a Proposal and any subsequent interview. The Bureau will disqualify Proponents who engage in prohibited communications of a material nature, as determined by the Bureau.

IV. PROPOSAL

Proposals shall set forth the following information:

A. Name of Proponent and Contact Information

1. State the name of Proponent.
2. State the address of Proponent's corporate headquarters and primary office that will be engaged in the Project ("Engagement Office").
3. State Proponent's general telephone and fax number.
4. State Proponent's tax identification number.
5. List a primary contact person for Proponent, including such person's specific contact information.
6. List an alternate contact person for Proponent, including such person's specific contact information.

B. Expertise

1. Describe Proponent's experience in providing and maintaining Software similar to the Software sought by the Bureau.
2. Provide a list of the Engagement Office's current and prior reference clients that engaged the Proponent in a similar project, including the type(s) of services performed and a brief description of the scope of the projects.
4. Describe the composition and expertise of the team that will be responsible for implementation of the services set forth in Section II.
5. Set forth any other facts relevant to establishing Proponent's expertise in executing the described services set forth in Section II.

C. Strategy for Implementation of the Software

1. Indicate whether the Bureau will have an assigned account representative for the Project and, if so, describe the account representative's role in the Project.

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2. Provide a formal implementation plan for the Software including, but not limited to, a general list of tasks to be performed, the anticipated duration of each task and a timeline for the completion of each task.
3. Describe the scope and conditions of the support the Bureau will receive during and after implementation of the Software.
4. Describe how Proponent will provide training to various Bureau personnel responsible for the ongoing maintenance and/or support of the Software.
5. Indicate whether the Bureau will receive technical and Software support during and after installation of the Software.
6. Describe the testing procedure that will be performed prior to going live.
7. Describe how the Proponent will ensure that the Software will receive the full benefits of any upgrades and advances in technology, and at what additional cost within the lifetime of the contract agreement.

D. Proponent History and Licensing

1. Describe Proponent's organizational form (*e.g.*, partnership, professional corporation, etc.). Indicate the number of people, broken out by organizational level, located within the Engagement Office that will execute implementation of the Project.
2. Provide a general overview and history of Proponent, including number of years in business and total number of employees.
3. State all names used by Proponent within the past 10 years.
4. State all prior primary business addresses of Proponent within the past 10 years.
5. For every judgment entered against Proponent as a result of a claim against Proponent for negligence or other malfeasance, set forth the date, all monetary relief granted, all injunctive relief granted, and the amount of the monetary judgment that currently remains unsatisfied, if any.
5. Set forth the number of settlements within the last 10 years resulting in a payment of greater than \$10,000 in connection with any claims for negligence or other malfeasance brought against Proponent.
6. If Proponent has been convicted of any crime (felony or misdemeanor), set forth the relevant facts relating thereto.
7. If Proponent has been the subject of any investigation by any governmental authority within the last five years, provide a brief description of the circumstances of each investigation, including the name of the investigating authority, the nature of the investigation, the date on which the investigation was commenced, and the status or disposition of the investigation.
8. Provide a brief statement regarding all sanctions, suspensions, and disciplinary actions imposed upon Proponent by any professional or regulatory body in any state within the last 10 years.

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E. Potential Conflicts of Interest

1. List all known employees of Proponent or any parents, subsidiaries or affiliates of Proponent who are related by blood or marriage to any Bureau employees and/or who are living in the same household as any Bureau employee.
2. List all known employees of Proponent or any parents, subsidiaries or affiliates of Proponent who were previously employed by the Bureau.
3. For all Proponents who have worked on one or more Bureau matters in the last 10 years, set forth a description of each such Bureau matter, including the person(s) primarily responsible for the matter, the key issues and difficulties confronted, and the resolution of the matter.
4. List all known Bureau employees previously employed by Proponent or any parents, subsidiaries or affiliates of Proponent.
5. State whether Proponent or any parents, subsidiaries or affiliates of Proponent have been involved in litigation against the Receiver, the Bureau and/or its estates within the last 10 years as a party, witness or otherwise.
6. List the names of all persons or entities, if any, asserting claims against the Bureau or its Estates for whom Proponent is currently performing work.
7. Provide a brief statement regarding whether Proponent has previously provided services to the Bureau, including whether Proponent has any financial interest in any organization that has contracted to provide services to the Bureau.

F. Fees

Provide a statement of fees and expenses for the services to be provided (as described in Section II hereof), including an hourly rate, a flat fee or an alternative pricing model.

G. EEO/Diversity/MWBE Status

1. Set forth facts sufficient to demonstrate that Proponent is an equal opportunity employer and complies with all relevant federal, state and municipal equal employment opportunity and non-discrimination laws, regulations and executive orders. Proponent may attach hard copies of any equal employment opportunity policy statements or other relevant official firm documents.
2. Is Proponent certified as an MWBE with the New York State Department of Economic Development? If yes, please provide a copy of your certification. If no, please list any other jurisdictions and/or certifying bodies that have deemed the Law Firm to be minority or women owned. Please provide a copy of any such certification.
3. If Proponent has applied for, but has not, as of the date of this RFP, been certified as a MWBE by the New York State Department of Economic Development, please submit proof of a pending application, including the filing date thereof.
4. Please provide any additional information that may demonstrate Proponent's commitment to equal employment opportunity and diversity in the workplace.

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V. ADDITIONAL TERMS AND INFORMATION

The information contained herein shall be used for the sole purpose of responding to this RFP. The Bureau will not, and is not under any obligation to, pay the costs, in whole or in part, incurred during the preparation of a Proposal and during the selection process.

The Bureau, in its sole discretion, reserves the right to accept or reject any or all Proposals, to utilize any or all ideas expressed within the Proposals or to adopt any or all parts of the Proposals submitted. All Proposals shall, upon receipt by the Bureau, become the property of the Bureau.

The Bureau may in its sole discretion: (a) request additional information or clarification from Proponents; and/or (b) invite any Proponent to appear for an interview.

The Bureau may, in its sole discretion, rescind, modify or provide an addendum to this RFP and, in connection therewith, allow Proponents to revise their responses or supply additional information.

This RFP does not commit the Bureau to select a Proponent or enter into a contract with a Proponent.