

REQUEST FOR PROPOSAL

WORKERS' COMPENSATION CLAIMS ADMINISTRATION

NEW YORK LIQUIDATION BUREAU

BACKGROUND INFORMATION

The New York Liquidation Bureau (the "Bureau") carries out the responsibilities of the Superintendent of Insurance as Receiver, acting on his behalf to protect the interests of policyholders and creditors of insurance companies that have been placed into receivership. The Bureau requires the services of a qualified third party administrator ("TPA") to provide cost-effective workers' compensation claims administration.

The Bureau invites all qualified TPAs ("Proponents") to draft and submit to the Bureau a proposal ("Proposal") in accordance with the requirements outlined in this request for proposal ("RFP"). From the TPAs submitting Proposals, the Bureau may select a TPA to be awarded a contract ("Contract") to provide the foregoing claim administration services.

PROJECT OVERVIEW

The Bureau requires the services of a TPA to process workers' compensation claims in a timely manner and in accordance with Articles 74 and 76 of the New York Insurance Law and Article 6A of the Workers' Compensation Law (the "Project"). As part of the Project, the TPA will be expected to handle claims from inception to disposition and will be responsible for communicating regularly with claimants, assisting in returning claimants to restrictive duty positions, identifying and defending fraudulent claims, actively pursuing subrogation, and reporting regularly to Bureau staff. The TPAs' responsibilities will also include setting reserves, attending hearings, negotiating and settling claims for amounts pre-approved by the Bureau, arranging for independent medical examinations, arranging for and monitoring rehabilitation services, and filing reports with the state and excess insurance providers. The Bureau will have final approval of all outside vendors utilized, including attorneys, independent medical examiners and vocational experts.

MINIMUM REQUIREMENTS

Staffing

The Bureau will have final approval of all staff assigned to the Project. In order for a Proponent to be awarded the Contract ("Awardee"), Proponent must demonstrate that the TPA will be able to provide:

- trained, competent and, where required, licensed claims adjusters to perform the services outlined in this RFP in a manner commensurate with the highest professional standards, in good faith and in accordance with all applicable laws and regulations.

- a claims manager who has more than ten years of experience in investigation, evaluation and settlement negotiation of workers' compensation claims and at least five years of experience as a claims supervisor.
- senior examiners who each have at least seven years of experience in investigation, evaluation and settlement negotiation of workers' compensation claims and at least five years of experience handling lost-time cases. Lost-time case diary counts for this Project should not exceed 200.
- examiners who have at least five years of experience in investigation, evaluation and settlement negotiation of workers' compensation claims and at least three years of experience handling lost-time cases. Lost-time case diary counts for this Project should not exceed 175.
- claims technicians who have at least three years of claims handling experience.

PROCEDURES FOR SUBMISSION OF PROPOSALS

Formatting and Delivery

Proposals must be formatted in 12-point font or larger font. The cover of each Proposal shall include the name of Proponent and the subject matter, as follows: **RFP: Workers' Compensation Claims Administration**. Each Proponent shall submit one original and four copies of their Proposal. Proposals must be sent via mail, overnight courier or hand delivery to:

New York Liquidation Bureau
 123 William Street
 New York, NY, 10038-3889
 Attn: Steven Nachman
 Chief Compliance Officer
RFP: Workers' Compensation Claims Administration

Proposals must be received no later than 5:00 p.m., EST, on Tuesday, July 17, 2007. Late Proposals will be disqualified from consideration.

Proponent's Certification

Proposals must be signed and dated by Proponent. In submitting a signed Proposal, Proponent certifies that the information in the Proposal is complete, truthful and accurate.

Binding Effect of Proposal

Each Proponent shall be bound by the information contained in their Proposal, including fees quoted for services.

Withdrawal of Proposal

Proposals may be withdrawn from consideration at any time by written submission to Chief Compliance Officer Steven Nachman at the address listed above.

Proponents' Questions

Proponents may submit questions up until 5:00 p.m., EST, on Friday, July 13, 2007 via e-mail to Chief Compliance Officer Steve Nachman at snachman@nylb.org or via mail to Steven Nachman at the address listed above.

Modifications to the RFP

The Bureau may modify the RFP in writing or provide an addendum to the RFP prior to selection of a TPA and allow Proponents to revise their Proposals or supply additional information in response.

Opening of Proposals

Proposals will remain under seal and will be opened at a closed meeting on **Wednesday, July 18, 2007 at 10:00 a.m.**

Evaluation of Proposals

As part of its evaluation of the Proposals, the Bureau may: (i) request additional information from Proponents; and/or (ii) invite some or all Proponents to appear for an interview.

Communication with Bureau Personnel

Except as provided in this RFP and as otherwise necessary for the conduct of business operations previously established with the Bureau, Proponents may not communicate with Bureau personnel who are involved in the review, evaluation or selection of a Proponent. The Bureau will disqualify Proponents who engage in prohibited communications of a material nature, as determined by the Bureau.

Conflicts of Interest

The Bureau is concerned with both actual and perceived conflicts of interest. If a Proponent has been involved in litigation against the Bureau within the last 10 years, it must disclose such involvement. If the Awardee is representing or performing work for any person or entity involved in litigation against the Bureau, the Awardee must take the necessary and appropriate steps to exercise independent judgment and ensure that the Bureau's interests are not compromised.

PROPOSAL CONTENTS

In order to facilitate a fair evaluation of all Proposals, the Bureau requires a uniform Proposal format. Please provide the following information:

1. Proponent's tax identification number and certificate of authority to do business in the State of New York.
2. A general overview and history of Proponent, including the number of years in business, number of years performing workers' compensation claims administration services, total number of employees, location of corporate headquarters, and location of office or offices that will provide the workers' compensation claims administration services.
3. Details of Proponent's qualifications and experience in performing the required services, including a summary of comparable workers' compensation claims administration projects (*e.g.*, workers' compensation claims administration for bankrupt or insolvent companies or companies in receivership), project dates and references.
4. Resumes of all professional personnel of Proponent, including information technology ("IT") staff, who will be involved in performing the required services, setting forth the professional's number of years and type of claims handling experience, the position each person currently occupies, the length of time they have been employed and detailed descriptions of their involvement with projects of similar scope.
5. Proponent's most recent financial statements or SEC filings, such as 10-K and 10-Q filings, as applicable.
6. A brief statement regarding the integrity and reputation of Proponent and its employees, including whether in the last 10 years it has been the subject of any criminal conviction or any final, non-appealable civil judgment for malfeasance (including actions or proceedings by governmental authorities).
7. A brief statement regarding whether Proponent has been the subject of any investigation by any governmental authority within the last 10 years.
8. 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.
9. The number of claims adjusters that Proponent will assign to the Project and the number of files each claims adjuster will be handling.
10. Insurance carrier(s), types and limits of coverage currently maintained by Proponent.
11. Claims/loss reports filed by Proponent for the three years prior to July 17, 2007 as it relates to professional liability and fidelity coverage.

12. Proponent's most recent SAS report. If not applicable, provide a copy of the most recent security and controls audit report prepared for Proponent.
13. A brief statement regarding any major changes in Proponent's senior management positions within the last three years.
14. Proponent's plan for utilizing the services of subcontractors, if any, including names, phone numbers, specific assignments, and qualification of each sub-contracting firm and its key personnel. Provide a client reference list for the sub-contractor(s).
15. The status of Proponent's business continuity planning and disaster recovery plans, including testing schedule for 2007 and 2008.
16. With regard to IT capabilities, please:
 - a. state whether Proponent's IT Department is in-house or outsourced; if outsourced, provide a copy of the most recent SAS 70 Report or disaster recovery plan for the subcontractor;
 - b. state whether the IT system(s) utilized to process claims loss and expense payments can be electronically linked with the Bureau and can validate payments to a vendor file supplied by the Bureau;
 - c. state whether Proponent has the ability to securely transmit data via an FTP site or by other secure means;
 - d. state whether Proponent's claims system is equipped to provide Bureau personnel with remote access to review claims status and processing;
 - e. state whether Proponent has the ability to transmit data in a specific fixed-length format, including without limitation the Uniform Data Standards (UDS v2.1) as defined by the National Conference of Insurance Guaranty Funds, which can be found at <http://www.ncigf.org/publications/uds.asp>;
 - f. set forth a proposed timeline for initiating the electronic file transfer to and from the Bureau, including without limitation the import of data transmitted to Proponent in a specified fixed-length format (utilizing a UDS v2.1 Record "A" format);
 - g. set forth Proponent's current backup procedures and schedule; and

- h. state whether Proponent can perform OFAC screening and set forth the screening procedures utilized.

FEES FOR SERVICES

Each Proponent must provide a breakdown of the fees it will charge in connection with for the Project using the following models:

- Model One: Price per claim/per year
 - Lost-Time Indemnity Claim
 - Medical-Only Claim
 - PPD/PTD Claims (This includes repetitive pay claims that have already been classified at the Workers' Compensation Board)
- Model Two: Per Claim – One-Time “Life of Claim”
 - Lost-Time Indemnity Claim
 - Medical-Only Claim
 - PPD/PTD Claims (This includes repetitive pay claims that have already been classified at the Workers' Compensation Board and established Second Injury Fund claims).

Proponents may, at their discretion, discuss any pricing models in addition to the foregoing.

In addition, each Proponent must provide the Bureau with a recommendation and explanation as to which pricing model suits the Bureau's overall objective in the most cost-efficient manner.

TRANSITION COSTS

Each Proponent must provide and delineate the costs associated with moving the claims files from their existing location in lower Manhattan to Proponent's offices, including the cost of both physical and electronic transfer.

EVALUATION AND AWARD

In selecting an Awardee, the Bureau will consider, among other factors it deems appropriate, whether the Awardee: (1) has expertise administering workers' compensation claims; (2) has demonstrated that it will commit appropriate staffing and resources to perform the Project; and (3) is in good standing with professional and governmental organizations and conducts its business in an ethical manner. The Bureau is not bound to accept the lowest-priced Proposal.

Upon selection of an Awardee, the Bureau will attempt to execute a contract with the Awardee within 60 days.

BUREAU'S RIGHTS

This RFP does not commit the Bureau to select an Awardee or enter into a contract with any Proponent. The Bureau reserves the right to: (a) rescind or revoke this RFP prior to execution of a contract with the Awardee; and/or (b) utilize any ideas from the Proposals. The Bureau may: (a) reject a Proposal if it is non-responsive or non-compliant with the requirements set forth in this RFP; or (b) waive minor discrepancies in any Proposal. All materials submitted in response to this RFP become the property of the Bureau and will not be returned. The Bureau disclaims responsibility and liability for any costs related to Proponent's participation in this RFP.