

REQUEST FOR PROPOSALS FOR

**Third Party Administration (TPA) Services for the
Commission's Self-Insured Auto and General Liability Claims**

ISSUING OFFICE

Pennsylvania Turnpike Commission

Risk Management Department

RFP NUMBER

RFP 10-10260-2756

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REQUEST FOR PROPOSALS FOR
Third Party Administration (TPA) Services for Auto and General Liability Claims

TABLE OF CONTENTS

Part I	- GENERAL INFORMATION FOR PROPOSERS	1
Part II	- INFORMATION REQUIRED FROM PROPOSERS	6
Part III	- CRITERIA FOR SELECTION	9
Part IV	- WORK STATEMENT	10

PART I

GENERAL INFORMATION FOR PROPOSERS

I-1. Purpose. This request for proposals (RFP) provides interested Proposers with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for **Third Party Administration (TPA) Services for the investigation and adjusting of Commission's Automobile Liability and General Liability Claims.**

I-2. Issuing Office. This RFP is issued for the Commission by the **Risk Management Department.**

I-3. Scope. This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

I-4. Problem Statement. The Pennsylvania Turnpike Commission is seeking qualified organizations to provide Third Party Administration (TPA) Services for the investigation and adjusting of the Commission's Self-Insured Automobile Liability and General Liability Program.

I-5. Type of Contract. It is proposed that if a contract is entered into as a result of this RFP, it will be an annual fixed fee Contract. The Commission may in its sole discretion undertake negotiations with Proposers whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

I-6. Rejection of Proposals. The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing Proposers.

I-7. Subcontracting. Any use of subcontractors by a Proposer must be identified in the proposal. During the contract period use of any subcontractors by the selected Proposer, which were not previously identified in the proposal, must be approved in advance in writing by the Commission.

A firm that responds to this solicitation as a prime may not be included as a designated subcontractor to another firm that responds to the same solicitation. **Multiple responses under any of the foregoing situations may cause the rejection of all responses of the firm or firms involved.** This does not preclude a firm from being set forth as a designated subcontractor to more than one prime contractor responding to the project advertisement.

I-8. Incurring Costs. The Commission is not liable for any costs the Proposer incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of contract.

I-9. Questions and Answers. Written questions may be submitted to clarify any points in the RFP which may not have been clearly understood. Written questions should be submitted by email to RFP-Q@paturndpike.com with **RFP 10-10260-2756** in the Subject Line to be received no later than **Thursday, November 4, 2010, by 12:00 Noon, local time.** All questions and written answers will be posted to the website as an addendum to and become part of this RFP.

I-10. Addenda to the RFP. If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be posted to the Commission's website under the original RFP document. It is the responsibility of the Proposer to periodically check the website for any new information or addenda to the RFP.

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to ensure the submitted proposal complies with any changes in the published advertisement.

I-11. Response. To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: Wanda Metzger, on or before **12:00 Noon, local time, December 1, 2010**. The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.

Please note that use of U.S. Mail delivery does not guarantee delivery to this address by the above-listed time for submission. Proposers mailing proposals should allow sufficient delivery time to ensure timely receipt of their proposals. If the Commission office location to which proposals are to be delivered is closed on the proposal response date, due to inclement weather, natural disaster, or any other cause, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open. Unless the Proposers are otherwise notified by the Commission, the time for submission of proposals shall remain the same.

I-12. Proposals. To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in **five (5) hard** copies and **one complete and exact** copy of the technical proposal on CD-ROM in Microsoft Office or Microsoft Office-compatible format. to the Contract Administration Department. No other distribution of proposals will be made by the Proposer. Each proposal page should be numbered for ease of reference. Proposals must be signed by an official authorized to bind the Proposer to its provisions and include the Proposer's Federal Identification Number. For this RFP, the proposal must remain valid for at least one hundred twenty (120) days. Moreover, the contents of the proposal of the selected Proposer will become contractual obligations if a contract is entered into.

Each and every Proposer submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or telefax notice received at the Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt. However, if the Proposer chooses to attempt to provide such written notice by telefax transmission, the Commission shall not be responsible or liable for errors in telefax transmission. A proposal may also be withdrawn in person by a Proposer or its authorized representative, provided its identity is made known and it signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this RFP.

I-13. Economy of Preparation. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP.

I-14. Discussions for Clarification. Proposers who submit proposals may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Proposer responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

I-15. Best and Final Offers. The Issuing Office reserves the right to conduct discussions with Proposers for the purpose of obtaining “best and final offers.” To obtain best and final offers from Proposers, the Issuing Office may do one or more of the following: a) enter into pre-selection negotiations; b) schedule oral presentations; and c) request revised proposals. The Issuing Office will limit any discussions to responsible Proposers whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award.

I-16. Prime Proposer Responsibilities. The selected Proposer will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected Proposer to be the sole point of contact with regard to contractual matters.

I-17. Proposal Contents. Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission’s option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing Proposers at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

In accordance with the Pennsylvania Right-to-Know Law (RTKL), 65 P.S. § 67.707 (Production of Certain Records), Proposers shall identify any and all portions of their Proposal that contains confidential proprietary information or is protected by a trade secret. Proposals shall include a written statement signed by a representative of the company/firm identifying the specific portion(s) of the Proposal that contains the trade secret or confidential proprietary information.

Proposers should note that “trade secrets” and “confidential proprietary information” are exempt from access under Section 708(b)(11) of the RTKL. Section 102 defines both “trade secrets” and “confidential proprietary information” as follows:

Confidential proprietary information: Commercial or financial information received by an agency: (1) which is privileged or confidential; **and** (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Trade secret: Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; **and** (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The term includes data processing software by an agency under a licensing agreement prohibiting disclosure.

65 P.S. §67.102 (emphasis added).

The Office of Open Records has determined that a third party must establish a trade secret based upon factors established by the appellate courts, which include the following:

the extent to which the information is known outside of his business;
the extent to which the information is known by employees and others in the business;
the extent of measures taken to guard the secrecy of the information;
the value of the information to his business and to competitors;
the amount of effort or money expended in developing the information; and
the ease of difficulty with which the information could be properly acquired or duplicated by others.

See Crum v. Bridgestone/Firestone North Amer. Tire., 907 A.2d 578, 585 (Pa. Super. 2006).

The Office of Open Records also notes that with regard to “confidential proprietary information the standard is equally high and may only be established when the party asserting protection shows that the information at issue is either ‘commercial’ or ‘financial’ and is privileged or confidential, and the disclosure **would** cause substantial competitive harm.” (emphasis in original).

For more information regarding the RTKL, visit the Office of Open Records’ website at www.openrecords.state.pa.us.

I-18. Debriefing Conferences. Proposers whose proposals are not selected will be notified of the name of the selected Proposer and given the opportunity to be debriefed, at the Proposer’s request. The Issuing Office will schedule the time and location of the debriefing. The Proposer will not be compared with other Proposers, other than the position of its proposal in relation to all other proposals.

I-19. News Releases. News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

I-20. Commission Participation. Unless specifically noted in this section, Proposers must provide all services to complete the identified work.

I-21. Cost Submittal. The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal. **Failure to meet this requirement may result in disqualification of the proposal.**

I-22. Term of Contract. The term of the contract will commence on the Effective Date (as defined below) and will end after three (3) years with options to renew for two (2) additional one-year periods. The Commission shall fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

I-23. Proposer’s Representations and Authorizations. Each Proposer by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the Proposer in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement, omission or misrepresentation shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.

- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other Proposer or potential Proposer.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a Proposer or potential Proposer, and they will not be disclosed on or before the proposal submission deadline specified in the cover letter to this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the Proposer, the Proposer, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the Proposer in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Proposer and except as otherwise disclosed by the Proposer in its proposal, the Proposer has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Proposer that is owed to the Commonwealth.
- h. The Proposer is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the Proposer cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.
- i. The Proposer has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each Proposer, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.

PART II

INFORMATION REQUIRED FROM PROPOSERS

Proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. Each proposal shall consist of two (2) separately sealed submittals. The submittals are as follows: (i) Technical Submittal, in response to Part II-1 through II- 7 hereof; (ii) Cost Submittal, in response to Part II-8 hereof.

The Commission reserves the right to request additional information which, in the Commission's opinion, is necessary to assure that the Proposer's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Commission may make such investigations as deemed necessary to determine the ability of the Proposer to perform the work, and the Proposer shall furnish to the Issuing Office all such information and data for this purpose as requested by the Commission. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Proposer fails to satisfy the Commission that such Proposer is properly qualified to carry out the obligations of the agreement and to complete the work specified.

II-1. Statement of the Problem. State in succinct terms your understanding of the problem presented or the service required by this RFP.

II-2. Management Summary. Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

II-3. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of personhours allocated to each task.

II-4. Prior Experience. Include experience in **Auto and General Liability Third Party Administration (TPA) Services**. Experience shown should be work done by individuals who will be assigned to this project as well as that of your company. Studies or projects referred to should be identified and the name of the customer shown, including the name, address, and telephone number of the responsible official of the customer, company, or agency who may be contacted.

II-5. Personnel. Include the number, and names where practicable, of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work. Show where these personnel will be physically located during the time they are engaged in the work. Include through a resume or similar document education and experience **Auto and General Liability Third party Administration (TPA) Services**. Indicate the responsibilities each will have in this project and how long each has been with your company. Identify subcontractors you intend to use and the services they will perform.

II-6. Training. If appropriate, indicate recommended training of Commission personnel. Include the personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

II-7. DBE/MBE/WBE Participation. The Turnpike Commission is committed to the inclusion of disadvantaged, minority, and woman firms in contracting opportunities. Responding firms shall clearly identify DBE/MBE/WBE firms, expected to participate in this contract, in their Proposal. Proposed DBE/MBE/WBE firms must be certified by the Pennsylvania Department of General Services (www.dgs.state.pa.us) or the Pennsylvania Unified Certification Program (www.paucp.com) at the time of the submission of the proposal. While D/M/WBE participation is not a requirement for this RFP, inclusion of D/M/WBEs will be a factor in the evaluation determination. **If further information is desired concerning DBE/MBE/WBE participation,** direct inquiries to the Pennsylvania Turnpike Commission's Contract Administration Department by calling (717) 939-9551 Ext. 4241.

II-8. Cost Submittal. The information requested in this section shall constitute your cost submittal. **The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separate from the technical submittal.**

Proposers should **not** include any assumptions in their cost submittals. If the proposer includes assumptions in its cost submittal, the Issuing Office may reject the proposal.

The total cost you are proposing must be broken down but not limited to the following components:

- a. **Direct Labor Costs.** Itemize to show the following for each category of personnel with a different rate per hour:
 - (1) Category: e.g., partner, project manager, analyst, senior auditor, research associate.
 - (2) Estimated hours.
 - (3) Rate per hour.
 - (4) Total cost for each category and for all direct labor costs.
- b. **Labor Overhead.** Specify what is included and rate used. If there is no labor overhead rate in your proposal, so state.
- c. **Travel and Subsistence.** Itemize transportation, lodging and meals per diem costs separately. Travel and subsistence costs must not exceed current Conus rates and IRS approved mileage rates. If there are no travel and subsistence in your proposal, so state.
- d. **Subcontract Costs.** Itemize as in (a) above. If there are no subcontract costs in your proposal, so state.
- e. **Cost of Supplies and Materials.** Itemize. If there are no supplies and materials in your proposal, so state.

- f. **Other Direct Costs.** Itemize. If there are no other direct costs in your proposal, so state.
- g. **Total Cost.** Total annual fixed fee inclusive of items a to f.

Any costs not provided in the cost proposal will be assumed as no charge to the Commission.

The selected Proposer shall only perform work on this contract after the Effective Date is affixed and the fully-executed contract sent to the selected Proposer. The Commission shall issue a written Notice to Proceed to the selected Proposer authorizing the work to begin on a date which is on or after the Effective Date. The selected Proposer shall not start the performance of any work prior to the date set forth in the Notice of Proceed and the Commission shall not be liable to pay the selected Proposer for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commission employee has the authority to verbally direct the commencement of any work under this Contract.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal should be (a) timely received from a Proposer; (b) properly signed by the Proposer; and (c) formatted such that all cost data is kept separate from and not included in the Technical Submittal.

III-2. Proposals will be reviewed and evaluated by a committee of qualified personnel selected by the Commission. This committee will recommend for selection the proposal that most closely meets the requirements of the RFP and satisfies Commission needs. Award will only be made to a Proposer determined to be responsive and responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

III-3. The following criteria will be used in evaluating each proposal:

a. Understanding the Problem. This refers to the Proposer's understanding of the Commission needs that generated the RFP, of the Commission's objectives in asking for the services or undertaking the study, and of the nature and scope of the work involved.

b. Proposer Qualifications. This refers to the ability of the Proposer to meet the terms of the RFP, especially the time constraint and the quality, relevancy, and recency of studies and projects completed by the Proposer. This also includes the Proposer's financial ability to undertake a project of this size.

c. Personnel Qualifications. This refers to the competence of professional personnel who would be assigned to the job by the Proposer. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience on studies/services similar to that described in the RFP. Particular emphasis is placed on the qualifications of the project manager.

d. Soundness of Approach. Emphasis here is on the techniques for collecting and analyzing data, sequence and relationships of major steps, and methods for managing the service/project. Of equal importance is whether the technical approach is completely responsive to all written specifications and requirements contained in the RFP and if it appears to meet Commission objectives.

e. Cost. While this area may be weighted heavily, it will not normally be the deciding factor in the selection process. The Commission reserves the right to select a proposal based upon all the factors listed above, and will not necessarily choose the firm offering the best price. The Commission will select the firm with the proposal that best meets its needs, at the sole discretion of the Commission.

f. DBE/MBE/WBE Participation. This refers to the inclusion of D/M/WBE firms, as described in Part II-7, and the extent to which they are expected to participate in this contract. Participation will be measured in terms of total dollars committed or percentage of total contract amount to certified D/M/WBE firms.

PART IV

WORK STATEMENT

IV-1. Objectives.

a. General. The Pennsylvania Turnpike Commission is seeking a company to perform the functions of a Third Party Administrator (TPA) for the Commission's Self-Insured Automobile Liability and General Liability Program.

b. Specific. The Third Party Administrator (TPA) will manage each claim to insure reduction of loss exposure, tight cost control, adequate claim reserves, accurate loss payments and strict administrative expense supervision.

IV-2. Nature and Scope of the Project. The Pennsylvania Turnpike Commission is seeking qualified organizations to provide nationwide Third Party Administration (TPA) services for the investigation and adjusting of the Commission's Self-Insured Automobile Liability and General Liability claims. If a claim reaches litigation, the Commission will resume the handling of the claim.

IV-3. Requirements. The Third Party Administrator (TPA) will be responsible for the adjusting of approximately 250 to 300 liability claims per year. The Third Party Administrator (TPA) will obtain records from the claimants, police, attorneys, insurance carriers, and various Commission departments, located, but not limited to, the Commonwealth of Pennsylvania, as needed for the determination of negligence and to insure the auto and general liability claims are resolved timely, efficiently and fairly. A primary contact for all claims shall be provided to the Commission.

IV-4. Tasks. The Third Party Administrator (TPA) will be required to:

- Provide an acknowledgement of receipt of claim
- Initiate an investigation within 24 hours of receipt of the claim
- Contact the claimant within 24 hours of receipt of the claim
- Review and evaluate all accident and loss reports
- Establish and monitor loss reserves
- Supervise and direct all field claim handling
- Respond to the requests and directions of The Pennsylvania Turnpike Commission's claims staff
- Gather supporting documentation
- Obtain written and/or recorded statements from pertinent parties when necessary and transcribe recorded statements when requested
- Evaluate losses for determination of negligence and validity of damage amounts
- Develop claim strategies and solutions
- Resolve all claims efficiently, fairly and timely
- Consult with The Pennsylvania Turnpike Commission's claims staff with respect to payment of any claim
- Make recommendations for payment of injury damage claims legally owed, obtain release and deny those not legally owed
- Issue drafts in payment of Third Party settlements and expenses

- Notify The Pennsylvania Turnpike Commission of any claim requiring litigation
- Provide The Pennsylvania Turnpike Commission with a Bi-Weekly payment log listing all drafts issued and remaining account balance
- Provide the Commission with required reports on a monthly basis
- Maintain claim files for each reported claim throughout the life of the claim and retain all closed files for a period of four (4) years following the closing of the file
- Provide an initial report, interim report (if needed) and closing report
- Designate an Account Executive charged with coordination of services and as a liaison with The Pennsylvania Turnpike Commission
- Monitor losses and make recommendations to The Pennsylvania Turnpike Commission to reduce loss exposure
- Provide loss analysis reports
- Provide semi-annual loss runs with adequate information to assess claim activity
- Attend semi-annual claims review meetings
- Communicate with claims staff via e-mail

IV-5. Reports and Project Control. The Third Party Administrator (TPA) will provide an acknowledgement of claim, and Initial Preliminary Report, an Interim Report (where necessary), and a Final report for each claim indicating reserves, description of incident, damaged property, investigative results, liability analysis and recommendations.

It will be the responsibility of the Third Party Administrator to provide updates during the course of the investigation to the Commission's claims staff and to act as liaison between the Commission and the Claimant.

- a. Acknowledgement of claim.** The TPA will provide an acknowledgement of claim within 24 hours of receipt of the claim listing the TPA's claim number, Commission's claim number, claimant and type of claim.
- b. Initial Preliminary Report.** The TPA will furnish an Initial Preliminary Report within thirty (30) days of the receipt of the claim. This report will provide a summary of the claim investigation and include recommended reserves, a description of the accident/incident including the specific location and time, claimant information, description of investigation performed to date, liability discussion and assessment and recommendations on future handling of the claim.
- c. Interim Report.** For any claim remaining open after thirty (30) days, the TPA will furnish an Interim report for each subsequent thirty (30) day period. The Interim Report will follow the same format as the Initial Preliminary Report and will serve to update the Commission on the investigation/settlement.
- d. Final Report.** The TPA will provide a final report upon the settlement and closing of each claim. The closing report will at minimum include a summary of the claim investigation conducted including, findings, conclusions, and recommendations developed in each phase of the claim. The report will describe all data collected and any

other techniques used during the investigation. Copies of all supporting documentation are to be included in this report.

f. Final Termination Report. At termination of the contract, the TPA should provide a final report addressing at a minimum the following key areas:

(1) Summary. A status of the open and closed claims.

(2) The final report should provide detailed information as to the transfer of claims information to any subsequent TPA.

Addendum No. 1

RFP # 10-10260-2756

Third Party Administration (TPA) Services for the Commission's Self-Insured Auto and General Liability Claims

Following are the answers to questions submitted in response to the above referenced RFP as of November 4, 2010. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

1. Why are you marketing your claims administration program?

The current contract expires May 8, 2011.

2. Who is the incumbent claims administrator, and how long have they been your administrator?

The incumbent administrator is Excalibur Insurance Management Services and they have been our administrator since April 1, 2005.

3. Are there any service issues with the current claims administrator? If so please explain.

There are no service issues with the current claims administrator.

4. With regard to pricing, should our annual fixed fee quotation include the costs of field claims handling, or may that expense be paid as an allocated expense out of the loss fund?

Pricing should include the costs of field claims handling.

5. Will usual allocated expenses, such as the cost to obtain police report, etc., be paid as allocated expenses out of the loss fund, or are they to be included in our annual fee quotation for claims administration services? Can you provide a listing of what expenses will be considered as allocated expenses and need not be included in our annual fixed fee quotation?

In general, police reports will be provided by the Commission. All other expenses should be included in your quotation.

- 6. In the event that more than 300 claims are reported, will the administrator be permitted to bill the Commission for the excess claims? If so is there a preferred pricing methodology.**

If the claim count exceeds 300, a flat rate, per claim fee may be charged but must be stipulated in your quotation.

- 7. Will the claims administrator be permitted to decide whether written vs. recorded statements are to be obtained?**

The need for statements and the type of statement taken will depend on the severity and circumstances of the claim and will be decided by the Commission.

- 8. Will vehicle and real property damage appraisals be paid as allocated expenses out of the loss fund, or are they to be included in the annual fixed fee?**

In the event that a damage appraisal is needed, the fees will be paid by the commission.

- 9. Can you define the content of the reports the RFP says we are to provide the commission on a monthly basis? Are they other than the first, interim and final narrative reports we are to provide for each claim?**

The RFP requests the above referenced reports along with semi-annual loss runs/loss analysis reports.

- 10. Please define what information is to be provided in the “Loss Analysis” reports the RFP says we are to provide. How often are we to provide them? Are we to provide a “Loss Analysis” report for each claim?**

A “Loss Analysis” report should provide an analysis of claims to date broken down by Auto Liability, General Liability, Property Damage and Bodily Injury. The reports would include claim data including, but not limited to reserves, payments and status. The reports are to be provided quarterly.

- 11. Can you provide the average life of claim, broken down by Auto Liability and General Liability?**

This information is not currently available.

- 12. Will the successful bidder be required to manage any files that are currently open? If so can you provide information on the number, etc?**

No. The contract is a life of claim contract and the current TPA will handle currently open files.

13. Will the successful bidder be required to manage any claims that are currently closed, but may need to be reopened during the contract period?

No.

14. Do you have a breakdown by claim type.

Calendar Year	Auto Liability #	Auto Liability Paid	General Liability #	General Liability Paid	Bodily Injury #	Bodily Injury Paid
2005	17	\$13,350	251	\$31,884	23	\$500
2006	17	\$18,922	174	\$ 2,687	10	\$0.00
2007	18	\$32,458	185	\$32,757	17	\$1,500
2008	8	\$34,990	150	\$12,070.86	5	\$0.00
2009	18	\$46,732	171	\$18,792	19	\$5,822

15. Will there be any claims coming over from the prior carrier? Or is the quote for new arise only.

See question 12.

16. The RFP asks for a flat fee proposal. Are you looking for life of partnership or life of file pricing?

The pricing is to be based on life of file.

17. The RFP asks for flat fee pricing; however, on page 7 and 8, section II-8, the RFP requests a breakdown of costs. The statements are contradictory and we want to ensure you are getting exactly what you want. We can price per claim as suggested in section II-8, we can provide a flat fee, or we can provide both. Please clarify.

The RFP does require annual flat fee pricing. However, section II-8 requires a break down of the components of that flat fee.

18. Over the last three years, can you tell us what the annual averages of the claims are by claim type?

See question 14.

19. Do you want a quote on the existing open Claims? If you do want a quote on these open claims can you tell us how many open claims there are by claim type?

See questions 12.

20. Who is the existing TPA and what is the current contract price?

See question 2. The current contract price is \$84,000.00 for the first 200 claims and \$375.00 for each claim in excess of 200.

21. Please confirm the total volume and break that down between property damage claims and injury claims.

See question 14.

22. What are the expected cycle times? Is their historical data available for review?

See question 11.

23. Is there severity data on bodily injury and property damage claims available for review?

See question 14.

24. What are the authority levels / Reserve and settlement?

The TPA will establish adequate reserves for all files. All settlements will be approved by the PTC.

25. What are the expectations around SCHIP reporting? The RFP references check insurance yet does not specify the expectations of the Commission.

SCHIP reporting will be handled by The Pennsylvania Turnpike Commission.

26. What type of reports is the Commission Expecting? The RFP references that monthly reporting will be required. Are there particular reports that the Commission will require?

See questions 9 and 10.

27. What happens when a file goes into litigation? Will Crawford still handle or does that file go back to them?

All litigation files are managed by the PTC legal department.

28. Please define what is meant by “monitor losses and make recommendations to the Commission to reduce loss exposure.”

The TPA will be expected to monitor claim occurrence trends and provide recommendations to reduce loss exposure.

29. Will detailed loss runs be provided? We are interested in reviewing loss runs for the last three years including claim type, reserves and payments.

Loss runs will not be provided. See question 14.

30. Please provide a loss run for the past 5 years which shows the claim breakout for Auto and General Liability Claims? You confirm you average between 250-300 liability claims per year we just need detail/split between Auto and General Liability.

See questions 14 and 29.

31. Can you please breakdown the liability claims referenced in the RFP? Specifically, how many Auto Liability and how many General Liability claims your average annually?

See questions 14 and 29.

32. If a contract is entered into as a result of this RFP, the RFP states that it will be an annual fixed fee Contract. In the event that we are awarded this Contract, will the terms of this Contract be negotiable between the Commission and Crawford & Company? (Aside from the contents of the RFP which we will have already agreed to in our RFP response.)

The Pennsylvania Turnpike Commission will consider requests for revisions of some terms.

33. Is the scope of work limited to Pennsylvania?

While the vast majority of work will be in Pennsylvania, third party claimants can be from elsewhere.

34. What geographic areas do you anticipate to be high volume area?

Claims encompass the entire turnpike system.

35. Will a schedule of vehicles be provided?

No. A schedule of vehicles will not be provided.

36. Will historical loss runs be provided?

See question 29.

37. What claims management system does the Turnpike Commission currently use? Would the Turnpike Commission be open to using V-Tech?

The Turnpike Commission does not currently use a claims management system. The Turnpike Commission would be open to discussing the use of the TPA's system.

38. Will there be Property Damage Claims that will need to be handled as well? If no, who handles those types of claims for the Turnpike Commission?

There will be no Property Damage Claims. First party property damage claims are handled by Turnpike employees.

39. Who is the incumbent? What is the reason for this RFP? How many team members are dedicated to handle the Turnpike Commission work for the current TPA? How many team members from the turnpike Commission handle TPA and claims handling responsibilities? What is the annual amount spent historically by the Turnpike Commission on TPA and adjusting services?

- See question 2.
- See question 1.
- There are 6 members dedicated to handle the Turnpike Commission work for the current TPA.
- There are 2 team members from the Turnpike Commission who handle TPA and claims handling responsibilities.
- See question 20.

All other terms, conditions and requirements of the original RFP dated **October 19, 2010** remain unchanged unless modified by this Addendum.