RESPONSES TO QUESTIONS SUBMITTED
FOR RFP #11 – GOVERNANCE REVIEW

Prepared by the Insurance Compact Office
Reviewed by the Governance Review Committee

For purposes of this response, Compact will be used in reference to the Interstate Insurance Product Regulation Commission and the Office of the Interstate Insurance Product Regulation Commission (“Commission”). States and jurisdictions of the Compact will be referenced as Compacting States or members of the Compact. The term “Stakeholder Committees” refers to the Legislative Committee, Consumer Advisory Committee, and Industry Advisory Committee – each committee has 8 members, respectively. Further, reference to Priority and Action Items are found in the Insurance Compact Compass: Strategic Plan 2020 -2022.

Certain similar questions have been combined. Please note Questions 14 through 36 and Responses thereto are identical to Questions and Responses 14 through 36 for RFP #12 – Business Assessment.

Please note responses to RFP #11 are now due by 5 pm EST on Wednesday, June 3, 2020.

1. **State enactments and legislative history:** Will the Insurance Compact provide copies of all organizational documents listed in Step 1, especially the states’ enactments? Can the Insurance Compact provide legislative histories of states’ enactments and amendments?

   **RESPONSE:** Yes, the Compact will provide copies of the organizational documents listed in the Request for Proposal. During the engagement, the Compact team will provide the consultant with requested information and be responsive to questions. The consultant can reference the majority of these documents and other information on the insurancecompact.org website including citations for state enactments. The Compact has not collected legislative histories for all Compacting States but does have this information for a handful of Compacting States. The Compact can facilitate the gathering of legislative histories needed by the consultant to perform its work to the extent the legislative histories are available.

2. **Scope clarification:** What time period will the consultant’s report need to cover? (i.e. does the Insurance Compact Commission contemplate another governance review upon completion of this one or would the consultant provide a recommendation in this regard?)

   **RESPONSE:** The Compact will accept suggestions for both the time period to be covered and suggestions for future reviews.
3. **Scope clarification:** Please clarify Step 3. Is the Insurance Compact looking for recommendations to improve organizational documents (listed in Step 1) to better align with current governance procedures or improve current governance procedures to better align with current organizational documents, or possibly a mix of both? We note Step 8 requests recommendations for amending organizational documents.

**RESPONSE:** One of the key goals of the governance review is to understand the procedures outlined in the governing documents and the governance procedures in practice to determine incongruity as well as updates or improvements for the organization. The Compact will consider recommendation to better align current procedures and the organizational documents.

4. **Scope clarification:** Should the review and assessment identifying deficiencies in operations, processes etc. also identify weakness if found in organizational formation via bylaws? Does RFP seek recommendations for practices not only for compacts but for best practices drawn from public and private sector governance practices?

**RESPONSE:** The assessment should identify deficiencies or weaknesses in operations and process with respect to governance as well as suggestions for improvements to the governance structure including possible changes to the Bylaws given the parameters set forth in the Compact law. The governance review can identify practices of other interstate compacts as well as best practices from public and private sector governance models which may be suitable to the organization.

5. **Scope clarification:** If a change in tax/legal structure is included as a legal recommendation, is a tax opinion desired as part of the recommendation or will that be considered at a future date?

**RESPONSE:** The governance review does not involve providing a tax opinion but rather what changes should be considered. The consultant will be provided previous outside counsel communication and communication with the IRS regarding tax matters for purposes of this aspect of the engagement. Implementation of a recommendation related to the Compact’s tax structure is not part of this scope of work.

6. **Scope Clarification:** Specific step #2 regarding: Analysis of the role and authority of the Insurance Compact Commission; Management Committee; Insurance Compact Officers; Audit Committee; Other Committees (Other Committees include the Product Standards Committee, Rulemaking Committee, Finance Committee, Regulatory Counsel Committee, and Actuarial Working Group); and the Insurance Compact Executive Director and management including communications, reporting structure, and requirements. Is this step #2, essentially a “review” rather than an “analysis” so as to provide a basis for the assessment/analysis in steps 3-10? If not, please clarify the expected deliverable.
RESPONSE: The term “review” is a more appropriate description for this step. The consultant will be expected to gain familiarity with the role and authority of the bodies within the Compact and the communications, reporting structure and requirements. The purpose of this step is to understand the current structure and governance of the organization.

7. **Scope clarification:** Specific step #6 regarding Analysis of the risk and implications of third-party litigation and court rulings to the Insurance Compact and in relation to the ability of a member of the Insurance Compact to carry out its statutory purposes and obligations under the Insurance Compact and to its fellow Compacting States. Is this step #6 essentially a risk assessment (and quantification) based on specified litigation or court rulings, or is this step intended to be legal research and analysis of case law that could impact the Compact? / RFP #11 – Governance Review requests an analysis of the risk and implications of third-party litigation and court rulings to the Insurance Compact. Can the Insurance Compact confirm if the requested analysis is expected to include legal advice or rather only an assessment of the associated risks?

RESPONSE: The scope includes a legal opinion including legal research and a risk assessment with respect to those aspects of the Compact that have been identified or could be identified as possible legal risks for its validity and enforceability and providing guidance on how to minimize or eliminate these risks. The Colorado Supreme Court recently issued an opinion holding that in the context of an interstate compact that has not been approved by Congress, the General Assembly may not delegate to an interstate administrative agency the authority to adopt regulation that effectively override Colorado statutory law. *Amica Life Insurance Company v. Wertz* (No. 19SA143) (April 27, 2020). The Compact members are undertaking workstreams to consider the effect of this legal decision and it will be relevant to the governance review.

8. **Background for Priority III, Action Item 10:** Was there a particular event(s) or concern(s) prompting the IIPRC to include this review as part of its strategic plan?

RESPONSE: In conjunction with the Strategic Plan, a Management Committee member suggested an outside corporate governance review to assess whether current operation continue to reflect the expectations of the members of the Compact. A key purpose of this exercise is to obtain outside opinion on ways to enhance communication between staff and members and whether the structure established long ago continues to serve the needs of the members today. An example is that the current bylaws of the Compact prohibit a member of the Management Committee from being a member of the Audit Committee. Whether a need for this restriction continues to exist would be an issue upon which the consultant should address.

9. **Use Cases:** If selected, are you able to provide examples of a few issues, transactions, or significant decisions to provide better understanding of the circumstances, escalation, and approval processes within the governance framework?
RESPONSE: The Compact will provide practical examples and background information to demonstrate its current decision-making and governance process. This information may be provided by management, the Governance Review Committee, members of the Compact or stakeholder committees.

10. **State Law:** What is the Insurance Compact Commission’s view/current interpretation regarding the applicability of state laws and regulations to its activities? (i.e. which state(s) duties of care, professional responsibility, choice of law, employment law, taxation, organizational formation, etc. apply to the Insurance Compact Commission?), and would the Insurance Compact like to have consultant’s recommendation on applicability of state laws in the Governance report? / The Enabling Statute provides at Article III, Section 4 that “venue is proper and judicial proceedings by or against the Commission shall be brought solely and exclusively in a Court of competent jurisdiction where the principal office of the Commission is located.” Is this also the state law that is intended to apply to govern the Compact’s operations and governance?

RESPONSE: The Compact will provide previous outside counsel communication with the selected consultant which cover the topics listed above. The Compact will also share its current practices with respect to taxation and employment law. A legal opinion on the applicability of the state laws to the Compact’s operations, such as employment or tax laws, is not considered a deliverable under the RFP Scope of Work. The governance review may identify recommendations for changes or other action that are driven by issues of the applicability of state law to aspects of the Compact.

11. **Open meetings and records:** The Bylaws for the Compact Commission requires it comply with open meeting practices. Are committee meeting minutes and other records made available under state open records requests and to whom are these submitted and under what state’s governing law?

RESPONSE: The Compact legislation governs open meetings and records of the Compact. The Bylaws further define the obligations with respect to open and closed meetings. The members of the Compact adopted the Public Access Rule Operating Procedure. Minutes of the Management Committee and Commission can be found on its website. The Product Standards Committee posts summaries of its meetings on the website as well.

12. **Opt out:** Are there specific conditions imposed by the Compact Commission required for a Compacting State to opt-out of a Uniform Standard other than timely notice and the administrative procedural requirements of the respective state, and if so, what are they?

RESPONSE: Article VII of the Compact legislation addresses the requirements for opting out of a Uniform Standard. The members of the Compact have adopted an Opt Out Rule. The Compact
will provide the selected consultant with background information with respect to Compacting States who have exercised their statutory and regulatory right to opt out. The Compact is reviewing these procedures and does not consider this to be within the scope of the RFP.

13. **Legislative recommendation:** Can recommendations also include legislative recommendations if the consultant believes these to be necessary?

**RESPONSE:** The governance review can include the assessment of possible legislative changes to address the issues identified by the consultant. Recommendations involving legislative changes should also identify the impact on the organization in pursuing such legislative changes.

14. **Comparable Organization:** The Compact Commission is a unique statutory public organization. What are examples of other organizations that the Commission has looked to as “comparable organizations” or “models” in governing itself to this point? When you seek benchmarks, who do you compare yourself against? The RFPs request that the Vendor perform comparisons with the best practices of comparable organizations. Does the Insurance Compact have its own expectations or perspective on what qualifies as a comparable organization? How does the IIPRC define a ‘comparable organization’ as referenced throughout the RFP?

**RESPONSE:** The Compact can be compared to virtually any other organization with a board of directors, particularly an unpaid board of directors. Examples could include other interstate compacts widely adopted by the states; other regulatory or quasi-regulatory bodies performing essential government functions on behalf of a state(s); standard-setting bodies; member organizations of government officials; organizations with a voluntary revenue stream derived from value-added services to the private sector; and, other fee-for-service providers. Specifically, there are aspects of the National Association of Insurance Commissioners (NAIC), the National Insurance Producer Registry (NIPR), Financial Industry Regulatory Authority (FINRA) and the Conference of State Bank Supervisors (CSBS) especially in their operation of the National Multistate Licensing Service (NMLS); National Conference of State Legislatures (NCSL); and North American Securities Administrators Association (NASAA) that are comparable.

15. **Organizational Structure:** How would you describe your current organizational and leadership structure as well as the current size of the organization? Can you share your current org structure? Can you please provide your current organizational chart?

**RESPONSE:** The forty-six (46) members of the Compact (i.e., the Commission) are the Chief Insurance Regulatory authority for their state or their designated proxy. The members of the 14-member Management Committee manage the affairs of the organization and generally approve action items before the items are presented to the Commission. Action is taken by majority vote with a two-thirds vote requirement to adopt Uniform Standards.
Three members of the Management Committee are elected by the full Commission to serve as Officers – Chair, Vice Chair and Treasurer. The Commission also includes a legislative committee that “… monitors the operation of and makes recommendations to. . .” the Commission and two advisory committees for consumer and industry input.

The Compact also has staff, headed by the Executive Director, who serve as the Commission’s principal administrators under the Bylaws and regularly brief and receive guidance from the Officers as well as update the Commission and Management Committee on a monthly basis and during meetings. The Compact currently has 12 full-time employees and two full-time consultants. The Compact’s organizational chart and its committee chart are attached as appendices. The NAIC also provides overhead services including office space and administrative and technical services.

16. **Revenue Structure:** What are the current services provided by the Insurance Compact? What services generate revenue? / How is the Compact Commission funded? If funded by assessment of the Compacting States how are assessments determined and who is the determining body for assessment of one or more Compacting States? Are there consequences if a Compacting State does not make a capital contribution?

**RESPONSE:** The Compact provides services to its members by accepting and processing policy forms and rates from insurance companies. The Compact charges fees to insurance companies who submit product filings to the Compact for review and approval.

The Compact generates its revenue solely from fees paid by insurance companies in the following categories: Annual Registration Fee, Per Filing Fee, Expedited Review Fee, Advanced Fee Calculation Fee, and the EFT Return Fee. The Annual Registration Fee is not transactional but is required to be paid to access the Compact for filing purposes. The Per Filing Fee is due at the time of product filing submission. The other fees are transactional as well.

The Compact does not receive dues or assessments from members of the Compact and is intended to be revenue neutral to the members. In addition to the Per Filing Fee, the Compact collects from filers and remits to Compacting States applicable state filing fees associated with a product filing submission. The Compact maintains a chart of the state filing fees for members of the Compact.

17. **Fee Structure:** How are fees currently charged? In addition to registration fees, are there other recurring fees? How are fees calculated?

**RESPONSE:** The Finance Committee monitors financial matters and recommends the fee schedules to the Management Committee and Commission for their consideration and adoption.

Here is a link to the [2020 Compact Filing Fee Schedule](#).
The Annual Registration Fee must be paid by a company to have access to the Compact filing platform. Companies must register by January 1 each year to receive uninterrupted access. Historically, a majority of the companies register by January 1 for the upcoming annual registration period. Some companies submit their annual registration later in the year when they need to make new filing submissions or update a previously approved filing. The Annual Registration Fee is prorated by 50% on October 1 for the remainder of the year.

Both the Annual Registration Fee and Per Filing Fee are based in part on the size of the company (based on premium volume) and further reduced if a company is doing business in 12 or less Compacting States (i.e., a regional filer). Premium volume size is determined by the information the company reports on its Annual Statement – specifically Schedule T, Part 2 – filed with the NAIC.

For the Per Filing Fee, the amount is based on the type of filing with more complex filings (i.e., those requiring actuarial review) having a higher associated fee.

For the Expedited Review Fee, the amount is double the applicable Per Filing Fee. The Advanced Fee Calculation fee is $100 per filing notwithstanding the size of company or type of filing. The EFT Return Fee is 5% of the amount returned.

18. **Strategic Planning:** What factors spurred the 2019 Insurance Compact Compass strategy conference? Any insights here or supporting background info on operational goals? / Are you able to share the outcome of the year-long strategic planning process and the details of your Strategic Plan 2020 – 2022? Was the yearlong strategic planning process completed internally or done with the assistance of an outside company? / The Compact’s Strategic plan contains 3 overarching priorities, 9 objectives and 28 measurable action items. Has the Compact undertaken a risk assessment that considers the estimated costs, benefits, and risks relating to the achievement of these goals as these may affect the governance, operational, and financial model?

**RESPONSE:** The members of the Compact wanted to go through a formal strategic planning process similar to the process undertaken by the NAIC in 2017-2018 and NIPR in 2017. Information regarding the Compact’s strategic planning efforts can be found on its Insurance Compact Compass web page. The development history is found at the bottom of the web page.

The process was member-driven, with multiple opportunities for input by state regulators, the Legislative Committee, advisory committees, company filers and other interested parties.

The members of the Compact adopted its [Strategic Plan](#) in December 2019 at its in-person meeting in Austin, Texas. The Compact will also make copies of the [Insurance Compact Compass](#) available to the consultant. The Compact did not utilize any outside vendor in the strategic planning process.
The Compact has identified the general steps and estimated costs associated with each action item. This information can be found in the Navigator on the Strategic Planning web page.

Parts of both the business assessment and the governance review include risk assessment component(s) and may identify recommendations that could impact the priorities, objectives, and action items. The Compact Compass is a living document which the members will review and update as needed.

19. **Document Review:** Is there a specific period of time desired for which documents will be included in the review? i.e. specified fiscal years or current year documents, or current and previous year? / Will the consultant have access to the Insurance Compact’s staff as well detailed documents relating to the Insurance Compact? / What level of review is desired for the organizational documents? / Will the consultant have access to all prior iterations of organizational documents (bylaws, ethics, audit charter, etc.) to track and understand document evolution?

**RESPONSE:** The Compact expects each consultant to be familiar with its organizational structure and requirements. This will require review and understanding of the model legislation, Bylaws, certain rules and operating procedures, minutes, and reports. The Compact will make available documents since inception in 2006, the majority of this information is accessible on the website including the Compact legislation, original and amended Bylaws, Annual Reports (including independent audited financial statements), Annual Budgets, meeting minutes, Rules and rulemaking history. The Compact staff will be available to answer questions and provide documents relevant to the consultant’s requests. The consultant should denote in its proposal if the scope of engagement would be or should be limited to a specific time period and whether it affects its cost proposal.

20. **Survey:** Has the IIPRC conducted a member survey related to this project or does the IIPRC anticipate that as part of this request? / Will specific survey be developed by consultant in conjunction with Senior Management of Compact or independent thereof? Will survey results disclosed be required to identify each member state? Will consultant recommendations be provided independent of state survey results or should consultant consider recommendations in light of survey, or both? / What intelligence do you have about what your constituents (filers, states, etc.) value most about the services provided?

**RESPONSE:** The Compact has not conducted a member survey related to the subject matter of these RFPs. A survey of members, stakeholder committees and company filers were conducted during the strategic planning process and this information will be made available to the consultant. The purpose of each RFP is to retain an outside consultant to perform an independent review or assessment. A survey was not specifically identified in the RFP Scope of Work though we will consider proposals where a survey is suggested to accomplish the work. If a survey is performed by the consultant, the Governance Review Committee and senior management will be
available to consult in the preparation of survey questions. Any survey results should be presented in summary or in a collective manner without identifying the particular member state, entity, or person. We do not anticipate any problems with obtaining responses to surveys.

21. **Interviews / Outreach:** Does the IIPRC anticipate interviews of members and the IIPRC’s officers as a part of the assessment? Is the scope of the review limited to IIPRC’s documents and leadership, or does it extend to membership outreach? Will we be able to meet with or hold telephone interviews with each member of the Management Committee, Officers, and the Executive Director? How many individuals make up the Management Committee? How many Officers? Does the Insurance Compact have a general expectation for the number or range of stakeholder interviews to be conducted in order to meet the objectives of each RFP? We anticipate conducting the current state assessment through review of documentation you will provide and interviews with key stakeholders. How many interviews do you think will be needed to perform this assessment? For the business assessment, will we interview Insurance Compact stakeholders only or also some representatives at insurance companies? Will we have access to external parties (compacting states, NAIC, etc.) as part of this assessment, and would the Insurance Compact facilitate the connection? Other than the stakeholders referenced in the RFP and the 2020 – 2022 strategic plan, may the firm contact other stakeholders and representatives, such as industry associations, actuaries, etc. in the analysis and assessment of its findings? What cadence of meetings would the Insurance Compact like to see (in person as well as phone/videoconference)? What role, if any, will the consultant play in “soliciting feedback from the Compacting States” regarding “the effectiveness of the current structure, procedures, communications and opportunities for improvements”?

**RESPONSE:** In its proposal, the consultant should identify the scope of review and outreach necessary to perform the applicable scope of work. The consultant is expected to receive input from members of the Compact, stakeholder committees and company filers, as part of the assessment.

By way of background, the Compact has 46 members of which 14 members serve on the Management Committee of which three are the Compact Officers. The Legislative Committee and Consumer and Industry Advisory Committees have eight members on each committee. Currently, 220 insurance companies are registered to file with the Compact in April of 2020 and several use third-party filers. The Compact is open to the consultant reaching out to other stakeholders as it deems appropriate to perform its work. The Compact does not expect the consultant selected for either RFP to interview all members or stakeholders but a representative number to perform the scope of work.

The consultant will report to and receive regular feedback from the Governance Review Committee which includes the Compact Officers – Rhode Island Superintendent Beth Dwyer (Chair), Wisconsin Commissioner Mark Afable (Vice Chair) and Illinois Director Robert Muriel
(Treasurer) – and two members of the Management Committee – Texas Commissioner Kent Sullivan and West Virginia Commissioner James Dodrill.

The consultant should plan to attend the two in-person Compact meetings which will be held in conjunction with the NAIC Summer and Fall National Meetings, respectively. The consultant will have an opportunity to meet with Commissioners, regulators, state legislators, as well as consumer and industry representatives. It is anticipated the Compact will convene in person on August 10, 2020 in Minneapolis, Minnesota and November 13, 2020 in Indianapolis, Indiana. The Compact will facilitate travel arrangements and will cover expenses for the days to attend each meeting.

The Compact will facilitate the scheduling of and cost of conference calls using its call providers (Chorus Call or WebEx) with members of the Compact and other stakeholders necessary to perform this engagement. Information about the Commission and Management Committee members can be found on the About the Compact web page.

If the consultant proposal depends on the number of interviews, it should clearly state how many it feels are necessary. The Compact will consider proposals that include options depending on the level of outreach.

22. **Reporting:** Will the consultant be expected to provide periodic updates to staff, any ad hoc governance review committee or the Management Committee, and if so, what frequency and what form of update, such as a written report or conference call? / Who will we report to during the project? / Do you anticipate the recommendations to be reviewed by States’ representatives? If yes, will it be from all members or a sample? / The RFP indicates that a Committee of the Insurance Compact Commissioners will conduct regular progress meetings with the firm selected as the consultant. Would you please let us know what the approximate frequency of these meetings is expected to be during this assessment period? / Who from the Insurance Compact will be involved in the project.

**RESPONSE:** The consultant should expect to provide concise weekly written updates to the Governance Review Committee with more substantial updates made less frequently, possibly monthly. However, updates may need to be more frequent depending on the stage of activities during the engagement. A written update via e-mail would be preferred but the Compact is open to other types of communication. The Committee will be available for conference calls as needed. The Committee will facilitate involvement with Compact staff as needed. In its proposal, the consultant should also provide its recommendation for the frequency and type of communication between the consultant and Committee or staff to effectively perform the engagement.

The Compact Chair and the Committee will keep the members of the Compact briefed on each project. The final report and recommendations will be presented to the members of the Compact
at a public meeting. The consultant will receive regular feedback from the members of the Governance Review Committee, including reviewing the draft report and recommendations.

23. **Staff Support:** Does the Compact have a dedicated administrative service staff or are these functions performed by the NAIC? / Will we be able to meet with management? / Will key employees, outside of the core team, be available for interviews? / How much time will the resources from the Insurance Compact be able to dedicate to the process? / Who are the subject matter experts that are available to support the consultant on this project? Specifically, will there be access to a CFO and possibly a financial analyst?

**RESPONSE:** The Compact has six staff who perform some degree of administrative functions including the Executive Director, Director of Product Operations and Counsel, Assistant Director of Administrative Services, Communications Coordinator, Administrative Coordinator and Product Filing Support Specialist. The Compact team performs the bulk of administrative functions for the organization with support from the NAIC under a Services Agreement including the Legal team, Finance team, HR team, IT Team, SERFF team and other technical and administrative teams. The Executive Director, Director of Product Operations and Counsel and Assistant Director of Administrative Operations, and other team members as necessary, will be readily available to meet with the consultant throughout the engagement. Team members from the NAIC, including the Chief Financial Officer and a financial analyst team, will also be available to meet with the consultant with respect to the business assessment engagement.

24. **Remote or On-site:** Do you anticipate the project team being on site for the duration of the project or are you open to remote work? / Does the Insurance Compact have any particular requirements/objections to having consulting staff onsite? / For our projects, we typically work on-site, closely with project stakeholders. Based on the current situation, will it be possible to perform the work remotely if lockdown restrictions are still in effect at the time currently planned for this project?

**RESPONSE:** The Compact does not anticipate the need for the consultant to perform this work on-site. The Compact operates in a virtual world with four team members including the Executive Director and Director of Product Operations and Counsel working in the Kansas City Offices of the NAIC and two team members including the Assistant Director of Administrative Operations working in the District of Columbia Offices of the NAIC and the remaining team members working remotely from their home offices. The NAIC Finance and Legal team and other administrative and technical areas that support the Compact under a Services Agreement are located in the NAIC Kansas City Offices. Outreach to members of the Compact and other stakeholders would likely be conducted by video conference, telephone, or electronic communication. The Compact is open to an on-site visit upon the consultant’s recommendation though the Compact and NAIC KC and DC Offices are currently operating remotely due to the COVID-19 situation. The consultant should plan to attend the NAIC Summer and Fall National Meetings including the in-person Compact meeting. The Compact will make and cover travel
and hotel arrangements and expenses for each meeting. The Compact can facilitate conference call and videoconferencing capabilities.

25. **Timeline:** The timeline for completion from July to November is relatively generous. Is there a particular reason for that?

**RESPONSE:** The Compact is looking for the consultant to provide a practical timeline for the project. The Compact envisions the consultant will provide its report in advance of an in-person meeting, and that it will then present its report and recommendation at an in-person meeting where there would be opportunity for question and discussion. The Compact has three in-person meetings each year in conjunction with the NAIC National Meetings. The current plan would be for the consultant to attend the August 10th in-person meetings in Minneapolis, Minnesota and November 13th in Indianapolis, Indiana. The goal is to provide the consultant’s written report and recommendations in advance of an in-person meeting such that members and others have a chance to review. The August 10th meeting may likely be too soon to conduct the work and issue a report and recommendation. Further, the consultant may benefit from attending an in-person meeting before issuing its recommendation. For this reason, the November 13th meeting is identified as the date of the final deliverable – presentation of the report and recommendations.

26. **Constraints including COVID-19 crisis:** Are there any known availability constraints that could prevent key stakeholders and committee members from participating with the selected firms? / Does the IIPRC anticipate COVID-19 restrictions to negatively impact the deliverable dates and final product presentation? If so, does the IIPRC have contingency plans to ensure the presentative deliverable date of the report is met? / As a result of the current COVID-19 situation, do you expect any changes in the timing of the completion of this RFP? / Do you anticipate any changes to the project timeline due to COVID?

**RESPONSE:** The Compact is not aware of constraints that will prevent the consultant from receiving information from key stakeholder and Compact members. The Compact does not anticipate the current COVID-19 situation will impact the timing from its end with respect to the completion of the proposed scope of work. The Compact generally expects this work to be completed with minimal in-person contact. The bulk of the work will be done remotely.

The current COVID-19 situation may pose some scheduling issues as many organizations, including the Compact and NAIC, are working remotely but it is not expected to impact the overall schedule or performance of the engagement. Another possible impact would be if the in-person Compact meetings are not held in the event the NAIC Summer or Fall National Meetings are cancelled similar to the NAIC Spring Meeting. Such circumstances would cause minimal disruption as the Compact meeting would be held by video conference or conference call and in-person outreach planned by the consultant would be conducted by telephone or video conference.

27. **Budgeted Amount:** Does IIPRC have a specific budget (or budget threshold) in mind for this review? / What is the budget for the Governance Review project? / What is the expected
budget and/or budget range for this engagement? / What is the budget for this project? What seems like a reasonable investment to you for a project like this?

**RESPONSE:** The budget for this project depends on the level of effort outlined in the winning proposal. The Compact will consider proposals with more than one cost option depending on the proposed level of work. Both of these projects are currently not included in the adopted 2020 Annual Budget. The members of the Compact are expected to consider an additional 2020 budget allocation for the combined outlay for these projects at its June conference call.

28. **Content of Fee Proposal:** What is your expectation for a fee proposal? Do you have a preference as to how the fee proposal should be structured? You request a detailed and complete cost for the project. Do you want a flat fee proposal, a proposal with hourly rates and estimated hours for the project, a range, or some other combination? Some guidance in this respect would be helpful. / What are some examples of allowable ‘assumptions regarding the selected vendors’ fees? / Item 10 states “…performance of any follow up work as necessary and agreed to by the parties.” – does that assume additional pricing will be negotiated at that time? / Is the Insurance Compact seeking additional support from the consultant in implementing any changes which may be agreed as a result of the analysis?

**RESPONSE:** The Compact has a strong preference for a flat fee proposal and will consider other types of proposals provided the total amount proposed is clearly ascertainable. The Compact has a strong preference for a table or grid showing the cost proposal broken down the steps or deliverables being proposed in response to the RFP scope of work. The purpose of the grid should be to allow for cost comparison among the proposals with the following suggested format:

<table>
<thead>
<tr>
<th>Phase or Deliverable</th>
<th>Associated Costs</th>
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</thead>
<tbody>
<tr>
<td>Phase 1 or First Deliverable (Example: Reviewing and planning)</td>
<td>$</td>
</tr>
<tr>
<td>Phase 2 or Second Deliverable (Example: outreach and information gathering)</td>
<td>$</td>
</tr>
<tr>
<td>Phase 3 or Third Deliverable (Example: analysis and benchmarking)</td>
<td>$</td>
</tr>
<tr>
<td>Phase 4 or Fourth Deliverable (Example: report and recommendation)</td>
<td>$</td>
</tr>
<tr>
<td>Phase 5 or Fifth Deliverable (etcetera . . .)</td>
<td>$</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$</td>
</tr>
</tbody>
</table>
The Compact will expect a “not-to-exceed unless mutually agreed” clause in the agreement with respect to fees and expenses. The Compact’s goal is to be able to appropriately budget for the cost of this expense once a cost is identified, so it expects a realistic and stable proposal.

The members of the Compact will consider and approve a combined budget allocation based on the costs outlined in the winning proposals for these projects. The Compact will separately make and cover the expenses associated with conference calls, videoconferences, travel, and registration to NAIC meetings. The Compact may also perform other tasks such as printing or coordinating information gathering if more cost effective. Please also identify whether your proposal includes any discounts for the nature of the Compact either as a government, regulatory or nonprofit entity.

The proposal should identify the assumptions the consultant is making with respect to the obligations of the parties. For example, do the fees assume a certain number of Compact members, industry or others would be interviewed? Do the fees assume the consultant will perform the work remotely or on-site? Do the fees assume the consultant will complete its work within a certain time frame or within a certain number of hours? Do the fees assume the Compact will handle the scheduling and costs associated with outreach to members of the Compact?

The implementation phase is not considered part of the scopes of work in the Request for Proposals. The members of the Compact would determine next steps including whether to utilize the support of the consultant selected under this RFP.

Work outside the scope of work in the agreement between the Compact and consultant including work following the final report and recommendation will be subject to additional pricing and negotiations.

29. **Evaluation Factors:** What are the selection criteria and weights for determining the firm to assist the IIPRC with the RFP?

**RESPONSE:** The weighting of selection matrix has not been finalized but will be comprised of the following elements: 1) financial aspects of the proposal including total costs and reasonableness in relation to scope proposed; 2) quality of the staff including completeness of background information on the project team members and demonstration of their ability to complete the work in an objective manner; 3) knowledge of specific requirements including completeness of proposal and explanation of the proposed approach; 4) understanding of state-based insurance regulation and/or interstate compacts as well as comparable organizations; 5) ability to provide deliverables by deadlines including a detailed and reasonable timeline with ability to measure progress; and, 6) reputation of firm.

30. **Response to Both RFPs:** The Scope of Work in RFP #11 Governance Review and RFP #12 Business Assessment are similar in many respects and interdependent (i.e., the review of
organizational documents). For the sake of efficiency and cost, would the Compact be interested in combining RFP #11 Governance Review and RFP #12 into a single engagement by a firm with the capabilities to perform the Scope of Work in both RFPs? / The two RFPs (#11 – Governance Review and RFP #12 – Business Assessment) follow the same timeline and include some scope overlap. Can the Vendor submit one consolidated proposal that addresses both RFPs together? / May separate bids for the Governance RFP (#11) and the Business Assessment RFP (#12) reference each other in any manner?

RESPONSE: The Compact envisions the governance review and business assessment will be conducted at the same time and will be independent of each other. The Compact will consider, either or both, a proposal that addresses only one of the RFPs and a proposal that addresses both RFPs. A comprehensive proposal addressing both RFPs should clearly identify the team members who will work on the governance review and business assessment, respectively, as well as the costs/pricing listed separately for each RFP scope of work. If a consultant submits a comprehensive proposal for both RFPs, it should clearly state whether it is a requirement to select the consultant for both RFPs or if it would be willing to perform only one RFP if another consultant was selected to perform the other RFP. Consultant responding to an RFP, or a consultant submitting separate bids to each RFP, may reference the other RFP to the extent necessary.

31. **Communication Between Consultants:** Will the IIPRC selected vendor for the IIPRC’s Governance Review communicate its findings with the selected vendor for IIPRC’s Business Assessment? / Does the Insurance Compact Commission contemplate the need for interaction/coordination between or among consultants if multiple consultants are picked for the Governance RFP (#11) and the Business Assessment RFP (#12)?

RESPONSE: The Compact envisions the governance review and business assessment will be conducted at the same time and will be independent of each other. The Governance Review Committee will provide guidance and oversight for each project and will facilitate the communication and coordination between the respective projects and consultants, as necessary.

32. **Agreements with NAIC:** The Compact has a loan agreement, service agreement and license agreement with the NAIC. Is the consultant expected to review and comment upon these agreements? / Will the consultant have access to documentation regarding the loan from the NAIC to the Insurance Compact Commission, including terms, amendments, and payment history? / What amount of start-up capital must be repaid to the NAIC?

RESPONSE: For both the governance review and business assessment, the selected consultant will need to understand the relationship between the Compact and the NAIC. The Compact staff will provide the consultant with agreements and respond to questions. The consultant may consider the arrangements between the NAIC and Compact when conducting its work and
making its recommendations. The consultant will not be expected to specifically review and comment on these agreements as part of either engagement.

As of year-end 2019, the outstanding amount owed by the Compact to the NAIC was $3,452,867 which under the original terms is required to be paid in full over 60 months. Both the NAIC and Compact have agreed to restructured terms of repayment where the Compact would make repayment only on the principal balance of $2,740,134 over ten annual payments.

The term sheet can be found on the Events Calendar for the May 4th call.

33. **Final work product / deliverables:** In terms of the final output, is the Insurance Compact looking for all of the back-up materials as well as the executive summary of conclusions? Or just the executive summary? / Does the IIPRC anticipate wanting any portion of the review to be a confidential (privileged) review? / How will the selected firm assist the Compact Officers with the presentation of the report at the Annual Meeting?

**RESPONSE:** The consultant’s report will be made available to the members of the Compact and likely will be made publicly available. The reports and recommendations for the governance review and the business assessment will be on the agenda for the in-person Annual Meeting in November. The consultant will make the presentation to the members of the Compact and the Compact Officers will facilitate questions and discussion.

Depending on the scope of the report and recommendation, the Compact would likely want relevant supporting materials though recognizes the consultant may have proprietary interests subject to protection and confidentiality. The Compact does not anticipate the consultant’s report and recommendations will necessarily need to include confidential or privileged information. The work may involve review of privileged information including relevant outside counsel guidance and work product information with respect to the Compact’s participation in third-party litigation.

34. **Insurance Coverage:** Does the Insurance Compact Commission have separate insurance coverage for its Directors, Officers, and/or Management Committee members?

**RESPONSE:** The Compact has D&O insurance coverage which covers members of the Commission and Management Committee including the Officers when acting in Compact capacity.

35. **Other compacts:** We have been involved with work for other compacts outside the insurance industry. Is this experience relevant for the RFP?

**RESPONSE:** Previous work with other interstate compacts not in the insurance industry would be considered relevant.
36. **Previous work for Insurance Compact:** Does the Compact see any advantages to using the audit team as a resource in the consulting engagement? Does the Compact have any reservations about using their audit firm for consulting projects?

**RESPONSE:** The Compact has serious reservations about using any prior engaged consultant for these projects. The Compact would expect proposals to identify any past or current work performed for the Compact, NAIC or the National Insurance Producer Registry or other related entities. The Compact would not object to the audit team or other prior vendors being used as a resource, but any such plan should be identified in the proposal.

Consultants that have performed independent audit or legal services for the Compact, the NAIC or other related entity could appear to lack independence which is generally disfavored for this project. If such a consultant applies, the consultant would need to both identify considerable rationale to overcome this perception of a conflict, and also demonstrate that the team to perform this work would be sufficiently independent of the prior relationships, and have the requisite skill to perform this work independently of the audit team or legal team.