



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Connecticut Insurance Department Responses to Questions Submitted Relating to Request for Statements of Qualifications for Financial Consulting Services

Question Submitted	Response
<p>As part of the Section 1 – Technical Statement, the Department asks for our responses to, “The Applicant must attach documentation outlining similar services provided to other regulatory jurisdictions during the past three years and provide the name, address and telephone numbers of three current references familiar with such services.”</p> <p>What does the Department mean by “documentation”?</p> <p>What if such similar services were performed more than 3 years ago?</p>	<p>Proposer should provide identification of the type of services provided (i.e. actuarial review, IT review, investment review), a brief description of the services rendered, date services were rendered, the name of the regulated entity for which the services were provided, the name of the regulatory authority to which the services were provided and the requested reference information.</p> <p>If services were rendered more than 3 years ago, Proposer should indicate no similar services have been rendered within past 3 years.</p>
<p>As part of Section 3 – Organization Support and Experience, the Department asks for our response to, “Provide an estimate of the number, types and functions of the personnel considered necessary to the administration and operation of the organization on a statewide basis with a separate job description detailing the roles of key persons.”</p> <p>What does the Department mean by “statewide basis?”</p>	<p>Connecticut Insurance Department financial examinations are conducted at locations throughout the state of Connecticut (and in some cases, outside of Connecticut). This question deals with whether or not a Proposer can supply adequate staffing to support examination requirements throughout the state and in multiple locations.</p>
<p>The word “Expenses” appears on pages 20 & 21 with respect to service providers. We assume these refer to travel & other related expenses incurred as a result of an engagement. We typically are reimbursed for expenses as incurred.</p> <p>Does the Department have guidelines that are to be adhered to with respect to such expenses?</p>	<p>The Department negotiates reasonable expense limits on a per engagement basis. These are contracted on a “not to exceed basis”.</p>
<p>How many service providers are currently on the QPL for Categories 4 and 9? Is there a specific number of additional service providers that the Department is targeting to add for these categories?</p>	<p>We currently have approximately 20 firms as Qualified Providers for actuarial services (life, health, property & casualty); we have 8 firms as Qualified Providers for medical malpractice</p> <p>We have no specific number of providers targeted for any category; we will accept all Qualified Providers</p>
<p>If an actuarial firm and an audit firm together could fulfill the Preferred Requirements for a category (e.g. Category 10), is there any advantage to these two firms applying jointly? If not, would each firm still have the opportunity to be added to the Department’s QPL for this category if on their own they only meet the actuarial or auditing portion of the Preferred Requirements?</p>	<p>Firms should not submit joint Statements. Each Proposer should submit statements only for those categories for which they are qualified.</p>

<p>Category 11 has 8 subsections which have various different Preferred Requirements. If we do not meet the Preferred Requirements for all of the subsections are we able to submit to specific ones, such as D and H only?</p>	<p>Yes</p>
<p>I received that attached document from a colleague of mine at my CPA firm. We are interested in submitting our qualifications for Financial Examination services in accordance with the attached document. The document indicates that the firm must have either a CPA or CFE on staff in order to qualify to perform this type of work. I just wanted to confirm with you that a CPA designation is sufficient and an "on staff" CFE is not necessary. Please advise.</p>	<p>A CPA designation is sufficient with the appropriate identified experience requirements.</p>
<p>Category 5 reinsurance services (pgs 11-12) – The subheading of this (and other sections) indicates that the specified requirements are "preferred"; however, the first sentence under the subheading states the Applicant "must" provide personnel with ARE and/or ARA designations. Please clarify whether these designations are preferred or required. For example, would a CPA or CFE with significant experience (eight years or more) in evaluating reinsurance treaties and transactions also be qualified to provide reinsurance services?</p>	<p>With the appropriate reinsurance experience (8 years minimum) a CPA or a CFE designation may be deemed appropriate.</p>
<p>Category 7 investment services (pgs 12-13) – The subheading of this (and other sections) indicates that the specified requirements are "preferred"; however, the first sentence under the subheading states the Applicant "must" provide personnel with any of either IPIR, FRM, CIMA or CFA designations. Please clarify whether these designations are preferred or required. For example, would a CPA or CFE or certified actuary with significant experience (eight years or more) in evaluating insurance company's investment portfolios also be qualified to provide investment services? In considering your response to this question please note that certain CPA's, CFE's and actuaries may have extensive knowledge of investment accounting, investment related internal controls, investment risk management, asset-liability management, derivatives, hedging programs, complex and/or high risk investment types, spread margin products, etc. and may be equally as qualified as professionals with designations specified in the RFQ. We also note that Category 8 services, which could involve some similar issues as Category 7 services, specify the same designations as specified in Category 7 except Category 8 also includes the CPA designation.</p>	<p>With the appropriate specialized investment experience (8 years), a CPA, CFE or certified actuarial designation may be deemed appropriate. With the appropriate specialized investment experience (8 years), a CPA, CFE or certified actuarial designation may be deemed appropriate.</p>

<p>We would like to respond to most in not all sections. However, as a CPA firm we do not have an EIC (or certified financial examiner) on staff. How would we approach this? Do we engage a subcontractor EIC? If so, how would we find one acceptable to the DOI?</p>	<p>A CPA designation is sufficient with the appropriate identified experience requirements.</p>
<p>How does the Department envision the use of Qualified Providers? Would all entities subject to exams be outsourced to vendors or will the department keep some exams in house?</p>	<p>The Connecticut Insurance Department uses Qualified Providers as necessary to augment staff examiners when we need particular expertise or additional resources not available through in-house staff. We do not fully outsource our exams.</p>
<p>It appears this is the first time the State of Connecticut has requested outside vendors assist the Connecticut Insurance Department to conduct financial consulting services. What is driving this decision and what would you like to achieve by establishing this program?</p>	<p>The Department has used consultants to assist on its exams for more than 30 years. This is not a new program and the Proposer who asked this question has been used as a consultant numerous times.</p>
<p>What time is the proposal due?</p>	<p>The proposal is due before the close of business which is 4pm on April 15, 2013</p>
<p>As currently listed in RFQ, it appears that the Department will assign selected examinations/reviews to a vendor listed on the Qualified Provider List. How will the Department resolve potential conflict of interest between the vendor and entity subject to examination?</p>	<p>The Department selects consultants based upon the particular skills needed for an exam. A conflict of interest review is conducted prior to the selection of any consultant and if a conflict exists, those consultants are not selected to work on the engagement.</p>
<p>In the Instructions to Applicants section of the RFQ (Pg 4), it states "In addition, all affidavits or certifications provided as appendices must be completed in full and returned as part of the statement response." Please clarify to which appendices this is in reference.</p>	<p>Appendix 1</p>
<p>On page 5, it notes 6 copies of the statement are due whereas page 1 requested 5 copies be submitted. Please clarify how many copies need to be submitted.</p>	<p>Six (6) copies need to be submitted</p>
<p>Please provide an approximate number of examinations/reviews that the Department is expected to have processed on a yearly basis for each category.</p>	<p>This changes yearly depending upon the entities examined</p>
<p>How many examinations/reviews has the Department processed in the past year for each category?</p>	<p>The Department conducted approximately 12 examinations during 2012 with varying service providers represented. Some examinations use multiple providers; others use no outside consultants.</p>
<p>Could the Department share the budgeted hours per year to conduct the examinations/review for each category?</p>	<p>This will vary by examination and the scope of services necessary based on the examination plan for each entity. The Department uses a risk-focused approach but each exam is unique.</p>
<p>Is the examiner/reviewer covered by the Indemnity provisions for all categories listed in the RFQ?</p>	<p>Consultants are appointed as examiners and are therefore covered under the immunity protections to the same extent as staff employees.</p>