

**STATE OF MINNESOTA
PROFESSIONAL AND TECHNICAL SERVICES
WORK ORDER CONTRACT**

This work order contract is between the State of Minnesota, acting through its **Commissioner of Commerce ("State")** and **INS Regulatory Insurance Services, Inc., 419 South 2nd Street, Philadelphia, PA, 19147 ("Contractor")**. This work order contract is issued under the authority of Master Contract T-Number **1013A**, SWIFT Number 19975 (formerly CFMS Number B44085), and is subject to all provisions of the master contract which is incorporated by reference.

1 Term of Contract

1.1 **Effective date: August 1, 2012**, or the date the State obtains all required signatures under Minn. Stat. § 16C.05, subd. 2, whichever is later. **The Contractor must not begin work under this contract until this contract is fully executed and the Contractor has been notified by the State's Authorized Representative to begin the work.**

1.2 **Expiration date: June 30, 2013**, with the option to extend up to two additional years, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

2 Contractor's Duties

The Contractor, who is not a state employee, will perform a statutory financial examination of Medica Health Plan and Medica Insurance Company.

Upon completion of the examination, the Contractor will draft a formal report of examination that contains findings, conclusions, and recommendations for corrective or regulatory action. The Report of Examination will report on the financial condition of the Company(s) and on the entities' compliance with Minnesota statutes and regulations as they relate to insurers.

The examinations will be performed using procedures contained in the NAIC Financial Condition Examiners Handbook applied to transactions and financial results covering the period ending 12/31/2011 and subsequent events through the end of the examination fieldwork. The Contractor will develop detailed work plans. The Chief Examiner will approve the work plans. The Chief Examiner will also approve any adjustments to the work plans necessary as a result of the review of work as it progresses.

Work papers prepared during these examinations will be organized using TeamMate software, and other tools appropriately approved for use by the Examinations Coordinator. Access to necessary Minnesota databases will be arranged and monitored by the Examinations Coordinator.

The final responsibility for the reports' content and the examination judgments contained therein will remain with the State. The Report of Examinations will be submitted within 30 days of the close of fieldwork.

3 Consideration and Payment

3.1 **Consideration.** The State will pay for all services performed by the Contractor under this work order contract as follows:

(A) **Compensation and Travel Expenses.** The Contractor will be paid compensation based on an hourly rate listed below and will be reimbursed for expenses actually and necessarily incurred by the Contractor up to 20% of the total obligation. Hourly rates will not exceed the amounts specified below:

CLASSIFICATION	HOURLY RATE
Financial Examiners	\$125-160
IT Examiners	\$180
Actuarial Examiners	\$225

SWIFT Contract No. 48882
T-Number 1013A

(B) **Total Obligation.** The total obligation of the State for all compensation and reimbursements to the Contractor under this work order contract will not exceed **\$200,000.00.**

3.2. **Invoices.** The State will promptly pay the Contractor after the Contractor presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted to the State monthly.

4 Project Managers

The State's Project Manager is **Richard Theisen, Chief Examiner, Minnesota Department of Commerce, 85 7th Place East, Suite 500, St. Paul, MN 55101,** [redacted] or **Peter T. Foley II, Examinations Coordinator, 85 7th Place East, Suite 500, St. Paul, MN 55101.** The State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Contractor's Project Manager is **Michael B. Kogut, CPA, Chief Operating Officer, INS Regulatory Insurance Services, 419 South 2nd Street, Philadelphia, PA, 19147,** [redacted] If the Contractor's Project Manager changes at any time during this work order contract, the Contractor must immediately notify the State.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. §§16A.15 and 16C.05.

Signed: Jennifer Hustien
Date: 7/11/12
Swift Contract No. 48882, PO# 1880

3. STATE AGENCY

By: William K. Horley
(with delegated authority)
Title: Deputy Commissioner
Date: 7/12/12

2. CONTRACTOR

The Contractor certifies that the appropriate person(s) have executed the contract on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: Michael B. Kogut
Title: COO
Date: 7/11/12

4. COMMISSIONER OF ADMINISTRATION
As delegated to Materials Management Division

By: David B. Hays
Date: 7/22/12

Distribution: # 30719
Agency
Contractor
State's Authorized Representative - Photo Copy

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By: Quibel B. Hayes
Date: 7/22/12

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