L. ACTUARIAL STUDY REQUEST FOR PROPOSAL
(RFP)

General Outline
(for illustrative purposes only)

Transmittal Letter

I. Introduction

This should include a general discussion of the purpose of the RFP and any relevant background information on the project.

II. Timetable for RFP Process

The proposed timetable for the RFP process should be presented, including the dates to select actuary and to begin and complete the project.

III. Background of the JPA

This action should include a general description of the JPA, the structure of its program(s), its claims administration program, the source of the loss runs, the number of years the self-funded program has been in operation, and its excess insurance.

IV. Overall Objective of the Actuarial Study

The general objectives of an actuarial study are to:

A. Estimate total projected liabilities for claims incurred but unpaid to a certain date.

B. Evaluate the financial position of the JPAs self-funded program(s).

C. Recommend a reasonable margin for contingencies.

D. Recommend overall contributions for the next fiscal year.

E. Provide necessary historical claims experience and payment patterns for use by financial auditors.
V. **Scope of Services**

The study will be based on generally accepted actuarial principles, sufficient to satisfy general accepted accounting principles, which requires that a liability be established for unpaid claims, including those that are yet to be reported.

The objective of the study is to assist the JPA in its determination of an adequate level of funding for its self-insured program(s). The study must include:

A. **Outstanding Losses:** Estimation of outstanding losses and allocated loss adjustment expenses for claims incurred from the inception of the program through ____ (insert date) ____.

B. **Future Losses:** Projection of expected future losses for fiscal year(s) ______ and __ ____.

C. **Recommended Funding:** The study must include recommended funding levels for fiscal year ______. The levels will reflect projected losses, loss adjusting expenses (both ALAE and ULAE), anticipated investment income, the financial position of the JPA and a reasonable provision for contingencies.

D. **Estimated Financial Position:** The study should include a comparison of the program’s assets and liabilities and an estimate of the current financial position. This financial position may be stated in terms of confidence levels.

VI. **Contents of Proposal**

This section normally requests that the proposer submit:

A. **Overall Approach and Plan of Activities**

B. **Qualifications of Actuary to be Assigned to Project**

C. **Description of Firm**

D. **Cost**

E. **Insurance (General Liability, Automobile Liability, Errors & Omissions)**

F. **References**
VII. Proposal Submission Requirements

This section should specify:

A. Deadline for submission of proposal

B. Number of proposal copies required

C. Address to mail or deliver proposal

D. Person to contact in the event of questions

E. Any other special instructions or requirements.