RFP—Voluntary Benefits

CN00023197

Addendum #1

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

January 18, 2007

Subject:	RFP – Voluntary Benefits
Bid Number:	CN00023197
Opening Date/Time:	February 13, 2007
Flyer:	Addendum #1

To All Bidders:

Clarifications:

1. Calendar of Events – The zip-code for submission of proposal was incorrect. The Calendar of Events has been changed to reflect the correct zip-code information. The official address to mail sealed proposals is: Commonwealth of Pennsylvania, Forum Place, 555 Walnut Street, 6th Floor Bid Room, Harrisburg, PA 17101-1914. Refer to revised Calendar of Events dated January 18, 2007.

2. Deadline to submit questions via email was January 5, 2007. All questions are being posted, along with approved responses. Subsequent responses to unanswered questions will be posted to the Department of General Services (DGS) website by close-of-business Thursday, January 25, 2007.

3. Any questions concerning this bid direct to: Matthew M. Bembenick via email at mbembenick@state.pa.us.

IF YOU ARE CHANGING PRICE(S), DO NOT FAX this flyer and/or cover memo; you must furnish these instructions in a sealed envelope. Please indicate the bid number and opening date/time on the outside of the envelope.

Except as clarified and amended by this flyer, the terms, conditions, specifications, and instructions of the invitation to bid and any previous flyers, remain as originally written.

Very truly yours,

Syline M. Shingara
Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us

CALENDAR OF EVENTS

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Deadline to submit Questions via email to mbembenick@state.pa.us **Questions must be received no later than 3 p.m. on January 5, 2007 in order to be accepted.**	Potential Offerors	January 5, 2007 3:00 PM
Preproposal Conference—Commonwealth of Pennsylvania, Department of General Services, Bureau of Procurement, 555 Walnut Street, 6th Floor, Conference Room #9, Harrisburg, PA 17101-1914.	Issuing Office/Potential Offerors	January 18, 2007 10:30 AM
Answers to Potential Offeror questions posted to the DGS website (http://www.dgsweb.state.pa.us/comod/main.asp) no later than this date.	Issuing Office	January 25, 2007
Please monitor website for all communications regarding the RFP.	Potential Offerors	On-Going
Sealed proposal must be received at Commonwealth of Pennsylvania, Forum Place, 555 Walnut Street, 6th Floor Bid Room, Harrisburg, PA 17101-1914. Proposals must be received **no later than 1:30 p.m.** on February 13, 2007 in order to be accepted.	Offerors	February 13, 2007 1:30 PM

Questions for the Commonwealth "RFP CN:00023197, Questions"

1. What current voluntary benefit programs are offered to eligible employees?
   At present, the Commonwealth does not offer any voluntary benefits to employees. Several independent agencies that use the Commonwealth's payroll system offer additional life insurance; these comprise a very small portion of the total employee base. Another 4,800 employees participate in a union-sponsored insurance offering.

2. Will the State support and provide employees with time to meet with enrollment counselors to review benefit options?
   Group meetings should be held in the following major employment areas: Harrisburg, Philadelphia, Pittsburgh, Wilkes-Barre/Scranton, Allentown/Easton, Erie, and Johnstown. One-on-one meetings may be offered during non-working hours, however, the Commonwealth will not provide facility space for one-on-one meetings.

3. When will union participation be determined?
   All Commonwealth unions have been notified of the Commonwealth's intent to make these benefits available. None have objected to the offering.

4. Will all benefits (allowable under IRS code) be required to flow through a Section 125 plan?
   No.

5. What is the current short term disability program offered to eligible employees? What is the current sick pay/salary continuation plan?

6. What is the current LTD plan offered to eligible employees?
   No LTD plan is currently offered.

7. What is the current Employer Paid group life offering?
   The employer-provided group life insurance benefit is equal to the amount of an employee's annual salary up to a maximum benefit of $40,000. Insurance amounts are reduced to 65% of the original amount at age 70, and to 50% at age 75.

8. How many eligibility classes are there?
   All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits.

9. How many pay frequencies are there?
   The Commonwealth operates on a biweekly payroll system. Approximately one-half the Commonwealth is paid on a given date, and the other half is paid one week later.

10. Are deductions and payroll functions centralized?
    Yes.

11. Is the state willing to offer a limited product in year one to gauge benefit communications and enrollment success? Rather than offering all programs at once?
The Commonwealth will decide which products to offer, and the time of product offerings, based on the proposals received.

12. Who administers the Section 125 plan?
Not applicable.

13. If a third party is managing the communications and enrollment processes, is a warm transfer to carriers for purposes of claims management acceptable?
The Commonwealth will consider any systems and methods for data exchanges that can be demonstrated to be cost-effective and efficient.

14. Is your employee vision plan employee-funded or employer-funded?
The vision plan is provided by a health and welfare fund; that organization funds the benefit.

15. Is your employee health plan employee-funded or employer-funded?
The employee health plan is provided by a health and welfare fund; that organization funds the benefit. Certain employee groups are required to make a 1% contribution toward the cost of the health plan benefit.

16. Can you provide specific information on what is covered under your employee vision plan?
    - Annual vision examination covered in full
    - Frames every two years, covered to a maximum $200 wholesale allowance; balance is paid at participating providers up to wholesale cost plus 20%
    - Glasses every year up to age 16, every two years thereafter; standard glass or plastic lenses covered in full at a participating provider
    - Cosmetic contact lenses – limited to a $50 payment in lieu of all other vision benefits. Participating provider's charge is limited to Retail Cost less 25%.

17. The Commonwealth has requested large multi day meeting sessions. What other meetings will be supported/required? What other kinds of endorsement/communication/marketing support will the Commonwealth provide to help make these programs successful?

18. Can group meetings be mandatory? Will the Commonwealth allow 1 on 1 meetings with enrollment specialists if an employee indicates he/she desires individual attention? Under what circumstances?
Group meetings will be conducted on a voluntary basis. No one-on-one meetings will be permitted during work hours. An employee may schedule one-on-one meetings on their own time.

19. With respect to products the employee population has widely varying characteristics that makes one size fit all purchasing problematic. Would the Commonwealth consider an array of group and individual insurance products which provide broad financial security?
Yes. Vendors may propose an array of group and individual insurance products. The Commonwealth will decide which products to offer, and the time of product offerings, based on the bids received. (Please refer to Question #11)

20. Is the State University System included in the Commonwealth's population? Is there any thought of including the System in the future?
No. The State University System is not included in the Commonwealth's population.

21. Are the specifications in the Terms & Conditions something that the carrier needs to be concerned with from an insurance perspective?

22. Page 1 -- Does the Commonwealth have a sense of what percentage of the represented employees will be able to participate in these programs? We are aware that bargaining is currently under way with a large union and are curious if there is any sense from that process about the union's willingness to participate.

23. Page 23 and Page 32 -- Page 23 says that employee age should be as of 1/1 and page 32 says that employees should have no tax liability. For the latter to be true, for voluntary group life the age should be measured as of 12/31 to be consistent with IRC Section 79? Even though the proposed programs are fully voluntary, this section of IRC Section 79 applies in a material way.

24. Page 30 – there is a statement that changes to a vendors system that requires programming changes can't be charged to the employees? Does that mean that vendors are not allowed to build such expenses into the premium rates?

25. Page 32 -- does the Commonwealth *really* insist that voluntary group disability benefits be portable? This is not common in the group insurance industry.

26. Page 32 item 8 -- what underwriting/actuarial services are contemplated in this item, other than renewal underwriting?

27. Pages 33-36 -- to whom would penalties be paid in the event of non-compliant performance?
Penalties would be paid to the Commonwealth of Pennsylvania in the event of non-compliant performance.

28. Appendix D Rate Card -- does the Commonwealth anticipate having single-age rates for Group Life and Disability?

29. The RFP also states, the offeror must accept the Commonwealth's standard eligibility data. We request a description of the data elements included so we are certain it meets minimum standards.

30. How many payroll interfaces will be required?
An individual payroll interface is required for each product offered.

31. Will the Commonwealth entertain offering any voluntary benefits on a pre-tax basis where suitable?
The Commonwealth anticipates offering voluntary benefits on a pre-tax basis, as allowable under the Internal Revenue Code.

32. Given the array of potential products there are concerns about the appropriateness of one common roll out date, especially for complicated products such as Long Term Care. Will the Commonwealth entertain staggered enrollment campaigns to facilitate better communication/educational experiences for the employee population?
The Commonwealth will consider staggered or phased enrollment campaigns over several years for individual benefits. Vendors should explain reasons for their preference in their proposals.

33. The census data provided in Appendix F is identical to the data which was provided to MetLife in 2005 and the number of employee lives in Appendix F, which totals 81,739, differs from the approximately 79,000 lives figure cited on page 29 of the RFP. Please provide a current census with the following information:

- Date of Birth
- Gender
- Annual covered salary
- Occupation
- State of Residence
- Coverage Option (if there is an existing plan)
- Bargaining vs. Salaried Indicator
- Dependent Spouse Indicator if the employee has a spouse or recognized domestic partner

Life Questions:

34. There is no indication in any of the RFP material provided that there is a current optional and/or dependent life insurance plan in effect. If there is no current plan, then the plan can be priced as a new plan. However if there is an existing plan, could you provide the last 5 years of experience as defined below by coverage by year:
    - Premium
    - Claims Paid
    - Change in Reserve by Reserve Type
    - Claims Incurred

35. In addition, if there is an existing plan, could you provide:
    - Detailed Plan Design Information (SPD, Policy, Certificate, or Plan Documents)
    - A summary of any plan changes over the past five years?
    - A summary of any changes in rates due to plan changes? If so, what was the new rate and when was it effective?

36. Can you provide any information about the level of enrollment participation?

37. Is it possible that the new carrier would acquire bargained groups with legacy plan designs if the proposed plan design is not accepted by such groups? If so, we would need to price those plans separately. Please provide relevant supporting information.

38. Item # 3 on page 30 of the RFP says that in subsequent open enrollments, the insurance carrier may require proof of insurability as determined by the carrier and as agreed to by the Commonwealth. What does "as agreed to by the Commonwealth mean?"

39. Paragraph I-25 on page 7 of the RFP says the effective date will be determined only after the contract has been fully executed. However, p. 12 shows an assumed 5/1/2007 effective date. How likely is 5/1/2007 the likely date?

40. Item 5 on p. 30 says coverage must be continued for employees on Leave Without Pay.
    - Are employees who are or who become disabled considered on Leave Without Pay?
    - Does the Commonwealth desire that a disability provision be added to Group Life Insurance protection?
    - Can the Commonwealth describe the types of Leave available, including the maximum durations, the process of approvals, etc.?

41. For the conversion privilege, the Commonwealth requests MetLife offer the preferred group rate for one year (p. 32 of the RFP). Please specify what specific group rates are being referred to?

41. Page 2 of Appendix A, section 9 (Taxes) states that the Commonwealth is exempt from several state taxes. Are the Commonwealth and/or the employees exempt from insurance premium taxes?

43. If there is currently life coverage, and the Commonwealth does not retain the current carrier, will the liability for the currently disabled lives be retained by the incumbent carrier, or will this liability be transferred to the new carrier.

LTD Questions

44. Does the Commonwealth currently offer a voluntary LTD plan? If not, we would price the plan as a brand new group. However, if there is a current LTD plan in place, we would like to obtain as much information as possible, as requested below:

    Last 5 years of premium and claim experience, to include:

    a. Premium
    b. Average Monthly Volume
    c. Average Monthly Lives
    d. Monthly Rates, or Administrative Fees, and Rate Basis
    e. Claims Paid
    f. Claim Count
    g. Paid and Incurred Analysis
    h. In the event a Paid and Incurred Analysis is unavailable an Open and Closed Claim listing for the experience period(s). The listing should include the following fields:

        i. Date of Disability
        ii. Benefit Start Date
        iii. Termination Date
        iv. Age at Disability
        v. Monthly Gross Benefit
        vi. Monthly Net Benefit
        vii. Accumulated Benefits Paid
        viii. Social Security Approval (Yes or No)
        ix. Diagnosis Code
        x. Gender

        xi. Status (Active or Terminated)

45. In addition, if there is an existing plan, could you provide:

    - Detailed Plan Design Information (SPD, Cert, or Plan Documents)
    - A summary of any plan changes over the last five years
    - A summary of any changes in rates due to plan changes

46. Current Insured Census file, in an excel format, with the following:
    a. Date of Birth
    b. Gender
    c. Annual covered salary
    d. State of residence
    e. Occupation
    f. Coverage Option (if applicable)

47. If there is no current LTD plan, any pension disability information that is available would be helpful in the pricing of the LTD plan. More specifically a Plan Document which describes the formulas, benefit levels, etc. A census indicator showing vesting status toward a pension disability benefit and a covered years indicator to allow us to estimate potential pension benefits would also be helpful.

48. If applicable, please provide a description of the current Salary Continuation/ Paid Time Off or STD plan

49. Are employee contributions to be remitted on a pre-tax or post-tax basis?
The Commonwealth anticipates offering voluntary benefits on a pre-tax basis, as allowable under the Internal Revenue Code.

50. For the portability provision, the Commonwealth requests the preferred group rates be charged for a period of at least two years (p. 32 of the RFP). Please specify what specific group rates are being referred to?

51. Do you prefer a single payroll slot for Voluntary Benefits or do you prefer an individual payroll slot for each benefit? (Page 12, II-2 (a) (2) (e))
Individual payroll slots are preferred.

52. Will you provide Social Security Number on the eligibility file?
Yes.

53. Some benefits, including pet insurance and auto/home insurance, are typically enrolled year-round. Will the Commonwealth allow employees to enroll in some benefits at all times of the year?
The Commonwealth will consider year-round enrollment for benefits that would not be impacted by adverse selection.

54. How does the Commonwealth prefer to distribute marketing materials to the employees, at the workplace or by mail to the home?
The Contractor will be responsible for developing the communication plan. The Commonwealth is interested in the proposer's ideas on how best to communicate the information for employees.

55. Will the offeror/project manager be allowed to contact individual Departments (including correctional facilities) to set up education and enrollment meetings in a smaller setting?
Under the proper circumstances, this may be permissible. The Contractor will be responsible for developing the communication plan. The Commonwealth is interested in the proposer's ideas on how best to communicate information for employees.

56. Will the Commonwealth of Pennsylvania support 20 minute individual meetings between the offeror and all employees to educate and enroll the benefit offerings? This will allow the 30,000 employees that don't have access to a computer during the day to enroll and also allow everyone to ask questions in a more personal setting. These optional individual meetings would be conducted in addition to the group meetings by licensed non-commissioned benefit representatives.
No one-on-one meetings will be permitted during work hours.

57. What is your current method of enrollment for core benefits? How do the 30,000 employees without computer access currently enroll?
Paper forms.

58. The Commonwealth wants all benefits to be portable for its employees. Do you define portable as the ability for an employee to participate after they leave employment of the Commonwealth via direct bill or do you define portable as all benefits can continue on a direct bill basis even after the master policy and payroll deductions have been cancelled?
The Commonwealth defines portable as the ability for an employee to participate after they leave employment of the Commonwealth via direct bill.

59. Is the Commonwealth interested in launching all products at once, or a more phased-in approach over several years?
The Commonwealth is open to either approach. Vendors should explain reasons for their preference in their proposals.

60. Can you provide a full census including DOH, DOB, Salary, Gender and Job Classification?
The Commonwealth's standard data interface includes all of these except Job Classification.

61. Do you have a preference for benefit duration for STD and LTD or do you prefer we recommend durations?
The proposer should recommend durations.

62. Is disability currently offered to any of the Commonwealth employees?
The Commonwealth does not offer a disability benefit. The pension system offers a disability retirement benefit.

63. Do all employees currently receive employer-paid term life at one-times salary (1x) up to $40,000?
All permanent employees receive this benefit, with the exception of 4,300 law enforcement employees whose maximum is $50,000.

64. Can you provide the following for your employer-paid life program: 5 years of claim history, 5 years of waiver of premium history, and copies of the master policy and certificate of coverage?

65. Is the Commonwealth considering reducing the current Rx benefit to add a supplemental plan?
Prescription benefits are offered through a health and welfare fund. The Commonwealth does not have jurisdiction over the benefits offered by that fund.

66. Does your current Rx Plan have any monthly or annual caps?
No.

67. Do you offer any voluntary benefits that are not listed on the Commonwealth's website?

No.

68. The offeror is able to comply with the RFP specifications. However, will the Commonwealth consider an alternative proposal where the Offeror/Broker if selected would conduct a separate RFP process with the assistance of the Commonwealth? This approach brings the advantages detailed below:

    a. Allows for more competition, negotiation, improved plan design and reduced pricing.
    b. Streamlines underwriting requirements or provides for no underwriting.
    c. Facilitates the selection of insurance carriers that are best-in-class for each product.
    d. Ensures independence between broker and insurance carrier and allows for replacement of carrier if they fail to deliver on all program requirements.

    Our partnership has significant experience in other Commonwealths, State Governments and large employers where our best-in-class RFP process has added great value for the employees.
    No, the Commonwealth will not consider the described alternative approach.

69. Is it acceptable for the Insurance Carrier(s) to maintain the beneficiary forms or do you prefer the offeror (broker) to perform this function?
    The Commonwealth is willing to consider having the Insurance Carrier(s) to maintain beneficiary forms.

70. Did the Commonwealth use a consultant to help write the RFP? Will a consultant assist in the bid evaluation process? If so, can you identify the consultant(s)?

71. Census data provided does not outline occupations, full-time or part-time designation, union designation, or union name/affiliation. Please provide census data which outlines individual's occupations. (Special indicators showing which personnel are police, fire, or prison guard personnel is very important.)

72. Please provide a comprehensive grid outlining which groups/unions/segments of the population currently have Group Life, STD, LTD, Critical Illness, LTC, Cancer Insurance, Supplemental Prescription Drug Insurance, etc. – Include approximate headcounts/volumes.

73. For coverage currently in place, please provide current rates, carrier names, and plan designs.
    At present, the Commonwealth does not offer any voluntary benefits to employees. Several independent agencies that use the Commonwealth's payroll system offer additional life insurance; these comprise a very small portion of the total employee base. Another 4,800 employees participate in a union-sponsored insurance offering. (Please refer to Question #1)

74. In regards to Disability, do any of the current insurance programs coordinate benefits with the employees usage of sick leave/sick bank, etc. (please note on plan design grids)?

75. For groups that already have coverage in place, is it the intent of this RFP to replace existing coverage with coverage quoted by us? Or is it the intent to have our coverage supplement current coverage already in place?
Please refer to Question 73.

76. If existing benefits vary by group, is the intent of this RFP to merge to a standard plan design for each product?
At present, the Commonwealth does not offer any voluntary benefits to employees.

77. The RFP mentions that unions must agree to the proposed benefit programs. How will this process be managed? How soon could the Commonwealth provide a determination of the final population of employees who will be eligible for the program (including union employees whose union management approve participation?)

78. Are all 79,000 employees eligible or just those that don't have coverage offered today (i.e. permanent part-time employees)?
All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits. (Please refer to Question #8)

79. Will the state endorse the programs available over any current voluntary plans in force or will all existing plans plus the proposed plan be offered? Please describe the level of endorsement that would be provided and how the endorsement campaign would be managed.
The Commonwealth does not currently offer any voluntary benefits to employees.

80. Will the carrier have access to all eligible employees via face-to-face and/or one-on-one meetings?
The Commonwealth will not allow face-to-face and/or one-on-one meetings during work hours. An employee may schedule one-on-one meetings on their own time. The Commonwealth would like to offer group meetings in the following locations: Harrisburg, Philadelphia, Pittsburgh, Wilkes-Barre/Scranton, Allentown/Easton, Erie, and Johnstown. (Please refer to Question #2)

81. Will the carrier have access to all eligible employees via group meetings? Will participation in the group meetings be mandatory?

82. Will group enrollment meetings be held during normal business hours? During lunch hour? During the course of the business day?

83. Is the Commonwealth of Pennsylvania interested in subsidizing premium payments on any or all products? If so, how much?
No.

84. Is the Commonwealth of Pennsylvania expecting mailers/benefits packages to be sent to home addresses?
The Contractor will be responsible for developing the communication plan. The Commonwealth is interested in the proposer's ideas on how best to communicate the information for employees. (Please refer to Question #54)

85. Will the Commonwealth of Pennsylvania agree to distribute written communication materials via its internal mail and email distribution network? If so, will the Commonwealth of Pennsylvania bear or share any of the costs? What costs would the Commonwealth expect to be reimbursed for?

86. Has the Commonwealth of Pennsylvania ever attempted to install Voluntary Benefit programs similar to the ones outlined in this proposal? If so, what were the outcomes/takeaways? What made the process successful or unsuccessful?

87. Access to employees:

    a. Will one-on-one meetings be possible?
    b. Who will be sponsoring (endorsing face-to-face mtgs.?) The enrollments, the Union, or the Gov't. administration?
    c. How many different physical locations are there?
    d. What is the smallest concentration of ee's, largest concentration of ee's, avg. # of ee's per location.

89. Benefits History:
    a. Have voluntary products been offered in the past?
    b. If so:
        i. What products?
        ii. What carriers?
        iii. When were they offered?
        iv. What kind of participation was achieved?
        v. Are they still in force?

90. Please check all that currently apply to benefit enrollments:
    a. One form per benefit
    b. Consolidated enrollment form

c. Manual data entry of changes/additions
d. Blank enrollment forms
e. Pre-printed enrollment forms (excluding current choices)
f. Pre-printed enrollment forms (including current choices)
g. Forms distributed via interoffice mail
h. Forms distributed via U.S Mail to employee's homes
i. Scan form technology
j. Benefit election confirmation statement
k. Group meetings conducted by Human Resources personnel
l. Group meetings conducted by third party
m. Video/multimedia presentation
n. Dedicated personnel for answering questions via telephone during enrollment
o. Interactive voice response system
p. Kiosk
q. Intranet
r. Internet

91. In 2005, the Commonwealth went out to bid with a similar proposal and never awarded one. Could you explain why? Is this likely to occur again?

92. Did the Commonwealth engage a consultant in regards to drafting this RFP? If so, who was the consultant and are they currently acting in this capacity?

93. Would you consider looking at another voluntary benefit, such as:

a. On-line Employee Discounts
b. Prepaid Legal Insurance
c. Home & Auto Insurance

Yes. The Commonwealth is open to considering such benefits. However, the Commonwealth will decide which products to offer, and the time of product offerings, based on the proposals received.

94. Will retirees of the Commonwealth be eligible for the discounts or programs?
a. If yes, approximately how many retirees would be eligible?
b. If yes, would pension deduction be available to retirees?
c. If yes and pension deduction is not available, can retirees be offered discounts through EFT payment options?

Not at this time. Program offerings may be extended to retirees at a later date, at the discretion of the Commonwealth.

95. For our legal insurance products, we contract with "individual" attorneys, not firms. If we utilized and certified attorneys as minority or women attorneys as part of the panel servicing your plan, would this meet the intent of this section?

96. Does the Commonwealth currently conduct or recognize individual minority certification for other professionals they work with (doctors, accountants, etc.)?

97. Is the contract term set as described in this section? Would you be open to other guarantee periods other than that stated?
The initial term of the contract period is three (3) years with the option of two (2) one-year renewal periods, which may be exercised in the sole discretion of the Commonwealth as one (1) two (2) year renewal or as two (2) one (1) year renewals. The Issuing Office will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained.

98. Are you open to proposals for other agreement standards other than what is stated here? In other words, would you be open to accepting the vendor's standard performance guarantees (some could be more stringent, some perhaps less) or is this exactly what you're looking for on all products and not adhering to would create non-compliance in the bid?
Vendors may take exception to agreement standards, consistent with Section II-8 of the RFP.

99. In regards to Exhibit A-3 (Paper Products) and Exhibit A-6 (Non-Paper Office Products), does this recycling requirement apply to materials used for communication and open enrollment for the plan? Or does this section apply just to those contractors who would be directly supplying this type of product to the Commonwealth for use (e.g. Purchase of paper for Commonwealth copying machines needs to meet the recycling criteria) and not to a benefits vendor and the materials they use? If not, would not using recycling materials for communication materials be considered non-compliant or would the Commonwealth be open to bids without recycled materials?

100. We can send an invoice breaking out the members if the Commonwealth requested. Would this meet the requirements of this section?

101. Can we get an exception to the warranty section since we are providing a service? This section seems to pertain more to physical products.

102. To conserve costs, our materials are created to be used universally across our book of business and, therefore, we cannot transfer ownership. Can you provide more detail on the intent, and possible examples, of this section as it applies to employee benefits and their communication?

103. Audits are OK as long as they don't violate plan member privacy issues. We're assuming they would not due to the client/attorney privilege in regards to services with a legal plan.

104. We could not agree to pay for replacement services in the case of contract termination. We would assume that we as the vendor would not default on any of the provisions provided for in Section A during this contract. If this paragraph is stricken, would we be considered non-compliant?

105. Termination for Convenience: We're assuming this provision is provided in case budget dollars are not available for this plan. This would be a moot point in

that this is a voluntary plan paid for by employee payroll deduction dollars. Otherwise, other than for a breach of contract, we can't allow termination for convenience. Would it be possible to strike or amend this section? If not, would this make the bidder non-compliant?

106. May we get a copy of the RFP in a Word/Excel document?

107. Will only one carrier be selected to insure /administer all optional plans (i.e. Life, AD&D, STD, LTD, LTC) or can multiple carriers be selected by coverage? The Commonwealth reserves the right to select multiple carriers by coverage.

108. Can you confirm that we are to assume that all optional plans (i.e. Life, AD&D, STD, LTD, LTC) will be effective 5/1/2007, but that enrollment will not take place until 7/1/07? If this is the case, we are not sure who will be eligible on 5/1/2007 if enrollment doesn't take place for another 2 months on 7/1/07. Please clarify.

109. When are future rate changes expected to occur: (a) 5/1 based on the assumed effective date, or (b) 7/1 enrollment date or (c) at a 1/1 annual enrollment date or (d) other?

110. Should we assume that COP would like full record-keeping services for all optional coverages (i.e. Life, AD&D, LTD, STD, LTC)?

111. Should we assume that this group of employees is the active employees currently insured under the Class I Basic Life coverage?

112. Will any current disabled employees be allowed to enroll for all the optional coverages (i.e. Life, AD&D, STD, LTD, LTC) if they were disabled prior to the effective date? If so, is there a separate census?

113. Are there any other Optional Life plans currently being offered to these employees? If so, may we obtain the plans?

114. Since an Optional Life plan wasn't provided in the proposal specifications, is there a specific plan design that you would like to see?

115. Since an Optional AD&D plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?

116. Should the Optional AD&D plan match the offering for Optional Life?

117. Since an LTD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?

118. Since an STD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?

119. It doesn't appear as if any of the Performance Guarantees are Disability-related. Please confirm.

120. Do employees participate in PA Public Employees Retirement System or State Teachers Retirement System plan or just Social Security?

121. Please confirm the plan is Non-ERISA.

122. Please confirm that all optional coverages (i.e. Life, AD&D, LTD, STD, LTC) would be quoted Net of Commissions.

RFP—Voluntary Benefits

CN00023197

Addendum #2

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

January 25, 2007

Subject:	RFP – Voluntary Benefits
Bid Number:	CN00023197
Opening Date/Time:	February 25, 2007
Flyer:	Addendum #2

To All Bidders:

Clarifications:

Updated information from the Department of General Services (DGS), Preproposal Conference for RFP-CN00023197 – Voluntary Benefits, which was held on January 18, 2007 at Department of General Services Office, 555 Walnut Street, 6th Floor, Forum Place, Harrisburg, PA 17101-1914 are posted to the DGS website as Addendum #2.

The following attachments are part of said Addendum #2:

1. PREPROPOSAL QUESTIONS – UPDATE
2. LIST OF ATTENDEES AT PREPROPOSAL CONFERENCE
3. SAMPLE STANDARD ELIGIBILITY FILE FORMAT
4. COPA - EMPLOYER PAID LIFE INSURANCE MASTER POLICY
5. COPA - EMPLOYER PAID LIFE INSURANCE CERTIFICATE OF COVERAGE
6. COPA - EMPLOYER PAID LIFE INSURANCE, THREE (3) YEARS OF WAIVER HISTORY
7. COPA - EMPLOYER PAID LIFE INSURANCE, THREE (3) YEARS OF CLAIM HISTORY
8. WORD DOCUMENT – RFP CN00023197 – VOLUNTARY BENEFITS

Changes to RFP CN00023197 – Voluntary Benefits document are as follows:

Page 2, Part I, Section 1-1, Purpose; Paragraph 2, Sentence 1, the Commonwealth is **no longer considering Short Term Disability products for review under RFP – CN-00023197.**

Page 2, Part I, Section I-5. Type of Contract; Paragraph 2, Sentence 3 is to read: "Insurance policies issued under the contract must be issued directly to the **program participant**"

Page 23, Part II, Section II-10. Cost Submittal; Paragraph 3, Sentence 2 is to read: " Age means Insured's age as of **December 31** for the year insurance is elected".

Page 30, Part IV, Section IV-3, Requirements, Eligibility and Enrollment is to read: "Prior to the open enrollment, the Commonwealth will forward an electronic file containing the annual salary and age as of **December 31**, of the current year.

Except as clarified and amended by this flyer, the terms, conditions, specifications, and instructions of the invitation to bid and any previous flyers, remain as originally written.

Very truly yours,

Syline M. Shingara

Syline M. Shingara
Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us

Questions for the Commonwealth "RFP CN:00023197, Questions"

1. What current voluntary benefit programs are offered to eligible employees?
   Please refer to Addendum #1 of the RFP for answer.

2. Will the State support and provide employees with time to meet with enrollment counselors to review benefit options?
   Please refer to Addendum #1 of the RFP for answer.

3. When will union participation be determined?
   [Note: This answer replaces the answer originally set forth in Addendum #1]
   All employees will be participating.

4. Will all benefits (allowable under IRS code) be required to flow through a Section 125 plan?
   Please refer to Addendum #1 of the RFP for answer.

5. What is the current short term disability program offered to eligible employees? What is the current sick pay/salary continuation plan?
   The Commonwealth has determined that it is no longer interested in offering a short term disability benefit. Vendors should not propose a voluntary benefit of this type.

6. What is the current LTD plan offered to eligible employees?
   Please refer to Addendum #1 of the RFP for answer.

7. What is the current Employer Paid group life offering?
   Please refer to Addendum #1 of the RFP for answer.

8. How many eligibility classes are there?
   [Note: This answer replaces the answer originally set forth in Addendum #1]
   One. All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits.

9. How many pay frequencies are there?
   Please refer to Addendum #1 of the RFP for answer.

10. Are deductions and payroll functions centralized?
    Please refer to Addendum #1 of the RFP for answer.

11. Is the state willing to offer a limited product in year one to gauge benefit communications and enrollment success? Rather than offering all programs at once?
    [Note: This answer replaces the answer originally set forth in Addendum #1]
    Yes. Vendors may propose an array of group and individual insurance products. The Commonwealth will decide which products to offer, and the time of product offerings, based on the bids received.

12. Who administers the Section 125 plan?
    Please refer to Addendum #1 of the RFP for answer.

13. If a third party is managing the communications and enrollment processes, is a warm transfer to carriers for purposes of claims management acceptable?
    Please refer to Addendum #1 of the RFP for answer.

14. Is your employee vision plan employee-funded or employer-funded?
    [Note: This answer replaces the answer originally set forth in Addendum #1]
    Employer funded.

15. Is your employee health plan employee-funded or employer-funded?
    [Note: This answer replaces the answer originally set forth in Addendum #1]
    Primarily employer-funded, however, some employees are required to make a contribution toward the cost of the health plan benefit.

16. Can you provide specific information on what is covered under your employee vision plan?
    Please refer to Addendum #1 of the RFP for answer.

17. The Commonwealth has requested large multi day meeting sessions. What other meetings will be supported/required? What other kinds of endorsement/communication/marketing support will the Commonwealth provide to help make these programs successful?
    An employee may schedule meetings on his/her own time. The Commonwealth will utilize its electronic mail system, and will utilize agency HR offices, to distribute limited information to make employees aware of the benefits.

18. Can group meetings be mandatory? Will the Commonwealth allow 1 on 1 meetings with enrollment specialists if an employee indicates he/she desires individual attention? Under what circumstances?
    Please refer to Addendum #1 of the RFP for answer.

19. With respect to products the employee population has widely varying characteristics that makes one size fit all purchasing problematic. Would the Commonwealth consider an array of group and individual insurance products which provide broad financial security?
    [Note: This answer replaces the answer originally set forth in Addendum #1]
    Please refer to Question #11.

20. Is the State University System included in the Commonwealth's population? Is there any thought of including the System in the future?
    Please refer to Addendum #1 of the RFP for answer.

21. Are the specifications in the Terms & Conditions something that the carrier needs to be concerned with from an insurance perspective?
    Please refer to RFP Section II-8 related to exceptions to the terms and conditions.

22. Page 1 -- does the Commonwealth have a sense of what percentage of the represented employees will be able to participate in these programs? We are aware that bargaining is currently under way with a large union and are curious if there is any sense from that process about the union's willingness to participate.
Please refer to Question #3.

23. Page 23 and Page 32 -- Page 23 says that employee age should be as of 1/1 and page 32 says that employees should have no tax liability. For the latter to be true, for voluntary group life the age should be measured as of 12/31 to be consistent with IRC Section 79? Even though the proposed programs are fully voluntary, this section of IRC Section 79 applies in a material way.
The Commonwealth agrees to this change. For voluntary group life, the age should now be measured as of 12/31 to be consistent with IRC Section 79.

24. Page 30 – there is a statement that changes to a vendors system that requires programming changes can't be charged to the employees? Does that mean that vendors are not allowed to build such expenses into the premium rates?
The Commonwealth is not responsible for costs incurred by vendors as a result of programming changes to a given vendor's system. Vendors may not bill employees directly for programming changes to a given system. Vendors should instead build such expenses into their premium rates.

25. Page 32 -- does the Commonwealth *really* insist that voluntary group disability benefits be portable? This is not common in the group insurance industry.
The Commonwealth believes that employees should be provided the opportunity to enroll in insurance products that are in their best interest and consistent with industry standards. As such, the Commonwealth is interested in providing employees a portable LTD insurance policy. However, the Commonwealth will not disqualify a proposal that does not include this provision./

26. Page 32 item 8 – what underwriting/actuarial services are contemplated in this item, other than renewal underwriting?
Renewal underwriting is expected to be provided. Please indicate any additional services that your firm is able to provide.

27. Pages 33-36 -- to whom would penalties be paid in the event of non-compliant performance?
[Note: This answer replaces the answer originally set forth in Addendum #1]
Liquidated damages would be paid to the Commonwealth of Pennsylvania in the event of non-compliant performance.

28. Appendix D Rate Card -- does the Commonwealth anticipate having single-age rates for Group Life and Disability?
Please complete the rate card in accordance in accordance with the instructions provided in the RFP.

29. The RFP also states, the offeror must accept the Commonwealth's standard eligibility data. We request a description of the data elements included so we are certain it meets minimum standards.
    The Commonwealth will provide a sample data description for the standard file format.

30. How many payroll interfaces will be required?
    Please refer to Addendum #1 of the RFP for answer.

31. Will the Commonwealth entertain offering any voluntary benefits on a pre-tax basis where suitable?
    Please refer to Addendum #1 of the RFP for answer.

32. Given the array of potential products there are concerns about the appropriateness of one common roll out date, especially for complicated products such as Long Term Care. Will the Commonwealth entertain staggered enrollment campaigns to facilitate better communication/educational experiences for the employee population?
    Please refer to Addendum #1 of the RFP for answer.

33. The census data provided in Appendix F is identical to the data which was provided to MetLife in 2005 and the number of employee lives in Appendix F, which totals 81,739, differs from the approximately 79,000 lives figure cited on page 29 of the RFP. Please provide a current census with the following information:
    - Date of Birth
    - Gender
    - Annual covered salary
    - Occupation
    - State of Residence
    - Coverage Option (if there is an existing plan)
    - Bargaining vs. Salaried Indicator
    - Dependent Spouse Indicator if the employee has a spouse or recognized domestic partner

    Vendors should use the census file that is provided with the RFP.

Life Questions:

34. There is no indication in any of the RFP material provided that there is a current optional and/or dependent life insurance plan in effect. If there is no current plan, then the plan can be priced as a new plan. However if there is an existing plan, could you provide the last 5 years of experience as defined below by coverage by year:
    - Premium
    - Claims Paid
    - Change in Reserve by Reserve Type
    - Claims Incurred

    There is no current plan, so it should be priced as a new plan.

35. In addition, if there is an existing plan, could you provide:
    - Detailed Plan Design Information (SPD, Policy, Certificate, or Plan Documents)
    - A summary of any plan changes over the past five years?
    - A summary of any changes in rates due to plan changes? If so, what was the new rate and when was it effective?
      Please refer to Question #34.

36. Can you provide any information about the level of enrollment participation?
    Carriers should use their experience to estimate levels of participation. As no such plans presently exist, the Commonwealth has no information on level of enrollment.

37. Is it possible that the new carrier would acquire bargained groups with legacy plan designs if the proposed plan design is not accepted by such groups? If so, we would need to price those plans separately. Please provide relevant supporting information.
    The new carrier will not acquire legacy plan designs.

38. Item # 3 on page 30 of the RFP says that in subsequent open enrollments, the insurance carrier may require proof of insurability as determined by the carrier and as agreed to by the Commonwealth. What does "as agreed to by the Commonwealth mean?"
    The Commonwealth reserves the right to have final review and concurrence with the required proof of insurability. Deviations from the vendor's proposed requirements will be discussed and negotiated as necessary.

39. Paragraph I-25 on page 7 of the RFP says the effective date will be determined only after the contract has been fully executed. However, p. 12 shows an assumed 5/1/2007 effective date. How likely is 5/1/2007 the likely date?
    The Commonwealth is unable to guarantee the effective date due to the contract execution process. It is hoped that the contract will be fully executed by May 1, 2007. The proposer may not, however, rely on that date. The subsequent enrollments and start-up process leads us to estimate that July 1, 2007, will be the effective date for the first benefit coverage that is implemented.

40. Item 5 on p. 30 says coverage must be continued for employees on Leave Without Pay.
    - Are employees who are or who become disabled considered on Leave Without Pay?
      Yes. They are considered to be on Leave Without Pay unless they are using paid sick leave.

    - Does the Commonwealth desire that a disability provision be added to Group Life Insurance protection?
      No.

    - Can the Commonwealth describe the types of Leave available, including the maximum durations, the process of approvals, etc.?

Most Commonwealth employees earn paid time off in the form of annual, personal and sick leave. The earnings vary based on years of service, with most unions (but not all) having similar accrual rates. At a minimum, employees earn 7 days of annual, 1 day of personal, and 13 days of sick leave each year. The average employee earns 15 days of annual, 4 days of personal, and 13 days of sick each year. The maximum earning rate is 26 days of annual, 4 days of personal, and 13 days of sick leave each year. Leave can be accumulated to a maximum of 45 days of annual and 300 days of sick. When used, leave is paid at 100% of salary. Employees request leave. Supervisors have the discretion to approve leave requests within established guidelines.

41. For the conversion privilege, the Commonwealth requests MetLife offer the preferred group rate for one year (p. 32 of the RFP). Please specify what specific group rates are being referred to?
The rates that are being proposed in the Cost Proposal section of the vendor's response.

42. Page 2 of Appendix A, section 9 (Taxes) states that the Commonwealth is exempt from several state taxes. Are the Commonwealth and/or the employees exempt from insurance premium taxes?
The Commonwealth is exempt from all state taxes. The Commonwealth is unable to give an opinion as to whether employees are exempt from insurance premium taxes.

43. If there is currently life coverage, and the Commonwealth does not retain the current carrier, will the liability for the currently disabled lives be retained by the incumbent carrier, or will this liability be transferred to the new carrier.
This RFP does not include the life insurance contract for employer-paid coverage.

LTD Questions

44. Does the Commonwealth currently offer a voluntary LTD plan? If not, we would price the plan as a brand new group. However, if there is a current LTD plan in place, we would like to obtain as much information as possible, as requested below:
The Commonwealth does not offer a voluntary LTD plan. (Please refer to Question #6 of Addendum #1)

    Last 5 years of premium and claim experience, to include:

    a. Premium
    b. Average Monthly Volume
    c. Average Monthly Lives
    d. Monthly Rates, or Administrative Fees, and Rate Basis
    e. Claims Paid
    f. Claim Count
    g. Paid and Incurred Analysis

h. In the event a Paid and Incurred Analysis is unavailable an Open and Closed Claim listing for the experience period(s). The listing should include the following fields:

i. Date of Disability
ii. Benefit Start Date
iii. Termination Date
iv. Age at Disability
v. Monthly Gross Benefit
vi. Monthly Net Benefit
vii. Accumulated Benefits Paid
viii. Social Security Approval (Yes or No)
ix. Diagnosis Code
x. Gender
xi. Status (Active or Terminated)

45. In addition, if there is an existing plan, could you provide:

- Detailed Plan Design Information (SPD, Cert, or Plan Documents)
- A summary of any plan changes over the last five years
- A summary of any changes in rates due to plan changes

Please refer to Question #44.

46. Current Insured Census file, in an excel format, with the following:
    a. Date of Birth
    b. Gender
    c. Annual covered salary
    d. State of residence
    e. Occupation
    f. Coverage Option (if applicable)

Please refer to Question #44.

47. If there is no current LTD plan, any pension disability information that is available would be helpful in the pricing of the LTD plan. More specifically a Plan Document which describes the formulas, benefit levels, etc. A census indicator showing vesting status toward a pension disability benefit and a covered years indicator to allow us to estimate potential pension benefits would also be helpful. Information regarding the Disability Retirement program can be found at http://www.sers.state.pa.us/sers/cwp/view.asp?a=260&Q=246669&sersSPNav=|5895|#5896 and http://www.sers.state.pa.us/sers/lib/sers/MemberHandbook06F-2C-W.pdf. SERS uses the following formulas to determine the pension amount for disability retirements.

1) If the member has more than 16.6667 years of credited service then the pension is equal to 2% X years of service X Final Average Salary X the multiplier.

2) If the member has less than 16.6667 years of credited service then the pension amount is the smaller of:

(a) the benefit calculated for superannuation retirement based on service projected to superannuation date, or
(b) 33 1/3 percent of the final average salary at time of disability.

If the member is superannuated, then the disability is calculated as a superannuation retirement.

More detailed information is available in the Retirement Code, Section 5704 (a) Disability Annuities.

48. If applicable, please provide a description of the current Salary Continuation/ Paid Time Off or STD plan.
Most Commonwealth employees earn paid time off in the form of annual, personal and sick leave. The earnings vary based on years of service, with most unions (but not all) having similar accrual rates. At a minimum, employees earn 7 days of annual, 1 day of personal, and 13 days of sick leave each year. The average employee earns 15 days of annual, 4 days of personal, and 13 days of sick each year. The maximum earning rate is 26 days of annual, 4 days of personal, and 13 days of sick leave each year. Leave can be accumulated to a maximum of 45 days of annual and 300 days of sick. When used, leave is paid at 100% of salary. Employees are encouraged to save sick leave in the event of an emergency or long-term illness or disability. The average employee has approximately 60 days of sick leave banked.

49. Are employee contributions to be remitted on a pre-tax or post-tax basis?
Please refer to Addendum #1 of the RFP for answer.

50. For the portability provision, the Commonwealth requests the preferred group rates be charged for a period of at least two years (p. 32 of the RFP). Please specify what specific group rates are being referred to?
The rates that are being proposed in the Cost Proposal section of the vendor's response.

51. Do you prefer a single payroll slot for Voluntary Benefits or do you prefer an individual payroll slot for each benefit? (Page 12, II-2 (a) (2) (e))
Please refer to Addendum #1 of the RFP for answer.

52. Will you provide Social Security Number on the eligibility file?
Please refer to Addendum #1 of the RFP for answer.

53. Some benefits, including pet insurance and auto/home insurance, are typically enrolled year-round. Will the Commonwealth allow employees to enroll in some benefits at all times of the year?
Please refer to Addendum #1 of the RFP for answer.

54. How does the Commonwealth prefer to distribute marketing materials to the employees, at the workplace or by mail to the home?
Please refer to Addendum #1 of the RFP for answer.

55. Will the offeror/project manager be allowed to contact individual Departments (including correctional facilities) to set up education and enrollment meetings in a smaller setting?
Please refer to Addendum #1 of the RFP for answer.

56. Will the Commonwealth of Pennsylvania support 20 minute individual meetings between the offeror and all employees to educate and enroll the benefit offerings? This will allow the 30,000 employees that don't have access to a computer during the day to enroll and also allow everyone to ask questions in a more personal setting. These optional individual meetings would be conducted in addition to the group meetings by licensed non-commissioned benefit representatives.
Please refer to Addendum #1 of the RFP for answer.

57. What is your current method of enrollment for core benefits? How do the 30,000 employees without computer access currently enroll?
Please refer to Addendum #1 of the RFP for answer.

58. The Commonwealth wants all benefits to be portable for its employees. Do you define portable as the ability for an employee to participate after they leave employment of the Commonwealth via direct bill or do you define portable as all benefits can continue on a direct bill basis even after the master policy and payroll deductions have been cancelled?
Please refer to Addendum #1 of the RFP for answer.

59. Is the Commonwealth interested in launching all products at once, or a more phased-in approach over several years?
Please refer to Addendum #1 of the RFP for answer.

60. Can you provide a full census including DOH, DOB, Salary, Gender and Job Classification?
[Note: This answer replaces the answer originally set forth in Addendum #1]
No.

61. Do you have a preference for benefit duration for STD and LTD or do you prefer we recommend durations?
[Note: This answer replaces the answers originally set forth in Addendum #1]
The proposer should recommend durations. Please refer to Question #5 for additional information.

62. Is disability currently offered to any of the Commonwealth employees?
Please refer to Addendum #1 of the RFP for answer.

63. Do all employees currently receive employer-paid term life at one-times salary (1x) up to $40,000?
Please refer to Addendum #1 of the RFP for answer.

64. Can you provide the following for your employer-paid life program: 5 years of claim history, 5 years of waiver of premium history, and copies of the master policy and certificate of coverage?

The Commonwealth is able to provide 3 years of claim history, 3 years of waiver premium history, and copies of the master policy and certificate of coverage.

65. Is the Commonwealth considering reducing the current Rx benefit to add a supplemental plan?
[Note: This answer replaces the answer originally set forth in Addendum #1]
No.

66. Does your current Rx Plan have any monthly or annual caps?
Please refer to Addendum #1 of the RFP for answer.

67. Do you offer any voluntary benefits that are not listed on the Commonwealth's website?
Please refer to Addendum #1 of the RFP for answer.

68. The offeror is able to comply with the RFP specifications. However, will the Commonwealth consider an alternative proposal where the Offeror/Broker if selected would conduct a separate RFP process with the assistance of the Commonwealth? This approach brings the advantages detailed below:

    a. Allows for more competition, negotiation, improved plan design and reduced pricing.
    b. Streamlines underwriting requirements or provides for no underwriting.
    c. Facilitates the selection of insurance carriers that are best-in-class for each product.
    d. Ensures independence between broker and insurance carrier and allows for replacement of carrier if they fail to deliver on all program requirements.

    Our partnership has significant experience in other Commonwealths, State Governments and large employers where our best-in-class RFP process has added great value for the employees.
    Please refer to Addendum #1 of the RFP for answer.

69. Is it acceptable for the Insurance Carrier(s) to maintain the beneficiary forms or do you prefer the offeror (broker) to perform this function?
Please refer to Addendum #1 of the RFP for answer.

70. Did the Commonwealth use a consultant to help write the RFP? Will a consultant assist in the bid evaluation process? If so, can you identify the consultant(s)?
Part 1 – Yes. Part 2 – The consultant may assist, at the discretion of the RFP committee. Part 3 – Buck Consultants.

71. Census data provided does not outline occupations, full-time or part-time designation, union designation, or union name/affiliation. Please provide census data which outlines individual's occupations. (Special indicators showing which personnel are police, fire, or prison guard personnel is very important.)
Census data by occupation is not available. However, approximately 4300 employees are State Police enlisted personnel, and there are approximately 10,000 correctional officers.

72. Please provide a comprehensive grid outlining which groups/unions/segments of the population currently have Group Life, STD, LTD, Critical Illness, LTC, Cancer Insurance, Supplemental Prescription Drug Insurance, etc. – Include approximate headcounts/volumes.
The Commonwealth provides Group Life coverage to all permanent employees. The other benefits are not provided.

73. For coverage currently in place, please provide current rates, carrier names, and plan designs.
Please refer to Addendum #1 of the RFP for answer.

74. In regards to Disability, do any of the current insurance programs coordinate benefits with the employees usage of sick leave/sick bank, etc. (please note on plan design grids)?
Disabled employees are permitted to use their earned paid sick leave, or up to 6 months of leave without pay.

75. For groups that already have coverage in place, is it the intent of this RFP to replace existing coverage with coverage quoted by us? Or is it the intent to have our coverage supplement current coverage already in place?
Please refer to Addendum #1 of the RFP for answer.

76. If existing benefits vary by group, is the intent of this RFP to merge to a standard plan design for each product?
Please refer to Addendum #1 of the RFP for answer.

77. The RFP mentions that unions must agree to the proposed benefit programs. How will this process be managed? How soon could the Commonwealth provide a determination of the final population of employees who will be eligible for the program (including union employees whose union management approve participation?)
Please refer to Question #3. All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits. Approximately 79,000 employees from all unions will be eligible.

78. Are all 79,000 employees eligible or just those that don't have coverage offered today (i.e. permanent part-time employees)?
Please refer to Addendum #1 of the RFP for answer.

79. Will the state endorse the programs available over any current voluntary plans in force or will all existing plans plus the proposed plan be offered? Please describe the level of endorsement that would be provided and how the endorsement campaign would be managed.
[Note: This answer replaces the answer originally set forth in Addendum #1]
The Commonwealth does not currently offer any voluntary benefits to employees. The number of employees enrolled in plans available from other sources is a small percentage of the total.

80. Will the carrier have access to all eligible employees via face-to-face and/or one-on-one meetings?
[Note: **This answer replaces the answer originally set forth in Addendum #1**]
No. Please refer to Question #2.

81. Will the carrier have access to all eligible employees via group meetings? Will participation in the group meetings be mandatory?
The carrier will have access to all or nearly all eligible employees via group meetings. Participation in the group meetings is not mandatory.

82. Will group enrollment meetings be held during normal business hours? During lunch hour? During the course of the business day?
Group enrollment meetings will be held during normal business hours and during other such times as may be mutually established between the Commonwealth and the vendor.

83. Is the Commonwealth of Pennsylvania interested in subsidizing premium payments on any or all products? If so, how much?
Please refer to Addendum #1 of the RFP for answer.

84. Is the Commonwealth of Pennsylvania expecting mailers/benefits packages to be sent to home addresses?
Please refer to Addendum #1 of the RFP for answer.

85. Will the Commonwealth of Pennsylvania agree to distribute written communication materials via its internal mail and email distribution network? If so, will the Commonwealth of Pennsylvania bear or share any of the costs? What costs would the Commonwealth expect to be reimbursed for?
Under certain circumstances, the Commonwealth would consider distribution of materials provided by vendors. The Commonwealth would not expect to bear costs for this; costs subject to reimbursement would depend on what is being proposed.

86. Has the Commonwealth of Pennsylvania ever attempted to install Voluntary Benefit programs similar to the ones outlined in this proposal? If so, what were the outcomes/takeaways? What made the process successful or unsuccessful?
The Commonwealth of Pennsylvania has never offered a voluntary benefit program to its employees.

87. Access to employees:

    a. Will one-on-one meetings be possible?
    Not during work hours.

    b. Who will be sponsoring (endorsing face-to-face mtgs.?) The enrollments, the Union, or the Gov't. administration?
    The Commonwealth will support the process, although it will not endorse a specific product or vendor.

c. How many different physical locations are there?
The Commonwealth had over 450 discrete, permanent locations at last count.

d. What is the smallest concentration of ee's, largest concentration of ee's, avg. # of ee's per location.
The smallest concentration of employees is one (1). The largest concentration of employees is approximately 15,000, located at the Capitol complex. The Commonwealth does not have an average number of employees per location calculation available.

89. Benefits History:
    a. Have voluntary products been offered in the past?
    No.
    b. If so:
        i. What products?
        ii. What carriers?
        iii. When were they offered?
        iv. What kind of participation was achieved?
        v. Are they still in force?
    Not applicable.

90. Please check all that currently apply to benefit enrollments:
    a. One form per benefit
    b. Consolidated enrollment form
    c. Manual data entry of changes/additions
    d. Blank enrollment forms
    e. Pre-printed enrollment forms (excluding current choices)
    f. Pre-printed enrollment forms (including current choices)
    g. Forms distributed via interoffice mail
    h. Forms distributed via U.S Mail to employee's homes
    i. Scan form technology
    j. Benefit election confirmation statement
    k. Group meetings conducted by Human Resources personnel
    l. Group meetings conducted by third party
    m. Video/multimedia presentation
    n. Dedicated personnel for answering questions via telephone during enrollment
    o. Interactive voice response system
    p. Kiosk
    q. Intranet
    r. Internet
    All of the above apply.

91. In 2005, the Commonwealth went out to bid with a similar proposal and never awarded one. Could you explain why? Is this likely to occur again?
No. The Issuing Office reserves the right to reject any or all proposal received when such rejection is in the best interest of the Commonweatlh.

92. Did the Commonwealth engage a consultant in regards to drafting this RFP? If so, who was the consultant and are they currently acting in this capacity?
Yes; the Commonwealth has an on-going contract with Buck Consultants (Buck) for benefits and actuarial consulting. Buck provided some input in drafting the RFP.

93. Would you consider looking at another voluntary benefit, such as:

    a. On-line Employee Discounts
    b. Prepaid Legal Insurance
    c. Home & Auto Insurance

Please refer to Addendum #1 of the RFP for answer.

94. Will retirees of the Commonwealth be eligible for the discounts or programs?
    a. If yes, approximately how many retirees would be eligible?
    b. If yes, would pension deduction be available to retirees?
    c. If yes and pension deduction is not available, can retirees be offered discounts through EFT payment options?

Please refer to Addendum #1 of the RFP for answer.

95. For our legal insurance products, we contract with "individual" attorneys, not firms. If we utilized and certified attorneys as minority or women attorneys as part of the panel servicing your plan, would this meet the intent of this section?
The Commonwealth's Bureau of Minority and Women Business Opportunities (BMWBO) certifies minority business enterprises. Minority attorneys can apply for certification as a sole proprietorship or in a corporate entity capacity (PC, LLP, LLC). So long as the minority attorney is certified, the individual can receive consideration in the DB submittal. Individual attorneys that own, operate and control at least 51% of their own firm should be encouraged to obtain certification.

96. Does the Commonwealth currently conduct or recognize individual minority certification for other professionals they work with (doctors, accountants, etc.)?
Yes. Please refer to Question #95 for additional information.

97. Is the contract term set as described in this section? Would you be open to other guarantee periods other than that stated?
[Note: This answer replaces the answer originally set forth in Addendum #1]
The contract term is set. The Commonwealth will not consider a different guarantee period.

98. Are you open to proposals for other agreement standards other than what is stated here? In other words, would you be open to accepting the vendor's standard performance guarantees (some could be more stringent, some perhaps less) or is this exactly what you're looking for on all products and not adhering to would create non-compliance in the bid?
Please refer to Addendum #1 of the RFP for answer.

99. In regards to Exhibit A-3 (Paper Products) and Exhibit A-6 (Non-Paper Office Products), does this recycling requirement apply to materials used for communication and open enrollment for the plan? Or does this section apply just to those contractors who would be directly supplying this type of product to the Commonwealth for use (e.g. Purchase of paper for Commonwealth copying machines needs to meet the recycling criteria) and not to a benefits vendor and the materials they use? If not, would not using recycling materials for communication materials be considered non-compliant or would the Commonwealth be open to bids without recycled materials?
Please refer to Question #21.

100. We can send an invoice breaking out the members if the Commonwealth requested. Would this meet the requirements of this section?
Please refer to Question #21.

101. Can we get an exception to the warranty section since we are providing a service? This section seems to pertain more to physical products.
Please refer to Question #21.

102. To conserve costs, our materials are created to be used universally across our book of business and, therefore, we cannot transfer ownership. Can you provide more detail on the intent, and possible examples, of this section as it applies to employee benefits and their communication?
Please refer to Question #21.

103. Audits are OK as long as they don't violate plan member privacy issues. We're assuming they would not due to the client/attorney privilege in regards to services with a legal plan.
Please refer to Question #21.

104. We could not agree to pay for replacement services in the case of contract termination. We would assume that we as the vendor would not default on any of the provisions provided for in Section A during this contract. If this paragraph is stricken, would we be considered non-compliant?
Please refer to Question #21.

105. Termination for Convenience: We're assuming this provision is provided in case budget dollars are not available for this plan. This would be a moot point in that this is a voluntary plan paid for by employee payroll deduction dollars. Otherwise, other than for a breach of contract, we can't allow termination for convenience. Would it be possible to strike or amend this section? If not, would this make the bidder non-compliant?
Please refer to Question #21.

106. May we get a copy of the RFP in a Word/Excel document?
The Commonwealth will post a link to a Word version of the RFP. We understand that this assists vendors in structuring their proposals.

107. Will only one carrier be selected to insure /administer all optional plans (i.e. Life, AD&D, STD, LTD, LTC) or can multiple carriers be selected by coverage?

Please refer to Addendum #1 of the RFP for answer.

108. Can you confirm that we are to assume that all optional plans (i.e. Life, AD&D, STD, LTD, LTC) will be effective 5/1/2007, but that enrollment will not take place until 7/1/07? If this is the case, we are not sure who will be eligible on 5/1/2007 if enrollment doesn't take place for another 2 months on 7/1/07. Please clarify.
We anticipate the initial contracts to be effective 5/1/2007, but that coverage would not be effective into July. Standard practice is for the Commonwealth to provide updated eligibility files during the systems testing phase, which also ensures that carriers have reasonably current data. The vendor may not rely, however, on the May 1, 2007 date. Please refer to the answer to Question #39.

109. When are future rate changes expected to occur: (a) 5/1 based on the assumed effective date, or (b) 7/1 enrollment date or (c) at a 1/1 annual enrollment date or (d) other?
The Commonwealth expects changes to occur on July 1, 2007.

110. Should we assume that COP would like full record-keeping services for all optional coverages (i.e. Life, AD&D, LTD, STD, LTC)?
Yes.

111. Should we assume that this group of employees is the active employees currently insured under the Class I Basic Life coverage?
The term Class 1 does not apply in this bid. Employees under the Governor's jurisdiction who are on the Commonwealth's payroll system are eligible for these benefits.

112. Will any current disabled employees be allowed to enroll for all the optional coverages (i.e. Life, AD&D, STD, LTD, LTC) if they were disabled prior to the effective date? If so, is there a separate census?
The term "disabled employees" has a variety of meanings. No employees who have separated service from the Commonwealth will be eligible for the voluntary benefits.

113. Are there any other Optional Life plans currently being offered to these employees? If so, may we obtain the plans?
The Commonwealth does not offer any other optional life plans

114. Since an Optional Life plan wasn't provided in the proposal specifications, is there a specific plan design that you would like to see?
Plan design recommendations will be up to the offeror.

115. Since an Optional AD&D plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?
Plan design recommendations will be up to the offeror.

116. Should the Optional AD&D plan match the offering for Optional Life?
Plan design recommendations will be up to the offeror.

117. Since an LTD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?
Plan design recommendations will be up to the offeror.

118. Since an STD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?
Plan design recommendations will be up to the offeror.

119. It doesn't appear as if any of the Performance Guarantees are Disability-related. Please confirm.
Performance Guarantees are as stated in the RFP.

120. Do employees participate in PA Public Employees Retirement System or State Teachers Retirement System plan or just Social Security?
Most Commonwealth employees are enrolled in the State Employees Retirement System for pension; a very few are enrolled in the Public School Retirement System. Most Commonwealth employees also are enrolled in Social Security.

121. Please confirm the plan is Non-ERISA.
The plan is non-ERISA.

122. Please confirm that all optional coverages (i.e. Life, AD&D, LTD, STD, LTC) would be quoted Net of Commissions.
Cost proposals should include all costs to be charged, including any commissions.

123. Section III-4 A) Financial Ratings. Typically not-for-profits are not rated. As such, would this disqualify the vendor even if PA-based and in business for 40+ years?
Yes.

124. Please verify that frame allowance is $200 wholesale and not retail.
The frame allowance is $200 wholesale.

125. I-5 Type of Contract – "Insurance policies issued under the contract must be issued directly to the Commonwealth." Most voluntary/supplemental policies are issued in the name of the employee, not the employer. Is this a problem?
The requirement is modified by this Addendum #2. The overall contract for each product will be with the Commonwealth. The individual policies are between the vendor and the employee.

126. Will the Commonwealth provide home addresses for all eligible employees?
Yes.

127. What are the consultant company names introduced at the pre-proposal meeting today? And what is their role in the process?
Buck Consultants. Their role is as advisor to the Commonwealth.

128. Have you surveyed employees to determine programs of interest?
No.

129. If no survey was conducted, would the state permit a survey to be conducted prior to rollout?
No.

130. To clarify the statement today, the state could decide to select individual products from different vendors and not necessarily look to select one vendor proposal to provide all products?
Yes.

131. Can the state gauge the participation from the unions? Can the state provide a list of unions?
No. The Commonwealth will not provide a list of the unions.

132. Broker Costs – Is this asking for our projected expenses for this bid and the Commonwealth only?
Yes.

133. Auto and Home Insurance dates are not determined by gender and age alone, so the rate card does not apply to our program. Is there an alternative means by which we can illustrate our rates?
Yes. The rate card may be modified as required to convey a rate structure that would apply to your product offering.

134. Can we get a copy of the vendor sign-in list?
Yes; it is attached as part of this Addendum #2.

135. The Purpose Statement describes a need to have benefits communicated, enrolled, and administered. Without face-to-face meetings, this will be difficult to fund. If features and benefits can be demonstrated, will face-to-face meetings be considered?
No. Individual face-to-face meetings will not be allowed during work hours.

136. How many payroll slots does the state have to accommodate these pre- and post-tax deductions?
The number of slots will be determined based upon the benefits offered.

137. Can costs be shown in a "money purchase" (i.e $10 per bi-weekly deduction) mode, or "benefit purchase" (i.e $25,000 life insurance) mode?
Please refer to section II-10 of the RFP.

138. Can you identify the representatives of this RFP evaluation board?
No.

139. Why were all proposals from a previous RFP issued in 2005 rejected?
The Commonwealth reserves the right to reject any proposal, in the best interest of the Commonwealth.

140. Will all departments of the Commonwealth of PA be required to participate in all of the voluntary platforms?
No. Participation is voluntary at the employee level.

141. Do any departments currently solicit benefits independently of the Commonwealth?
Yes. They are not covered by this RFP.

142. II-10 h) – Broker Costs. Are these specific to this RFP or are they on a book of business basis?
Broker costs to be provided are specific to this RFP.

143. Please confirm how the proposals will be graded. An overall score by vendor for technical portion blended with disadvantaged business score*, creates an overall vendor score. This is then blended with the cost score by product.
**Enterprise Zone Small business & domestic workforce*

Each component of the proposal has a weight assigned to it. The sum of the individual components will be used to determine an overall score.

144. I-26 (b&c) – How does their prohibition relate to a broker proposing a carrier's product, when the carrier is also an offeror?
In this case, the broker is the offeror.

145. What "documentation" is required to substantiate client experience?
Please refer to section II-4 of the RFP.

146. Do you require a consolidated billing statement that includes all products or would you accept a separate billing statement for each product?
Payment will be conducted by payroll deduction. Vendors will send an electronic interface to the Commonwealth and the Commonwealth will deduct an appropriate amount. There will be no invoice.

147. Can you explain the disability portion of your pension plan and when employees can access these funds?
Information on disability is available on the SERS website at the following address:
http://www.sers.state.pa.us/sers/lib/sers/publications/DisabilityRetirementGuide2006.pdf

148. Are the permanent part-time hours typically based on a 40-hour work week?
For some employees, permanent part-time hours are based on a 40-hour per week work schedule. For other employees, permanent part-time hours are based on a 37.5 hour per week work schedule.

149. Would you consider integrating the voluntary benefits into your core enrollment process?
No.

150. When will we have the final commitment on the participation of the union members? This is critical for underwriting.
Please refer to Question #3.

151. Will January 1 be changed as the age date for life insurance to December 31 to protect the tax integrity of any optional life offer? This conflicts with the desire to avoid tax risk to the employee?
The Commonwealth will change the age date for life insurance to December 31 to protect the tax integrity of any optional life offer. Please refer to Addendum #2 for additional information.

152. To what extent do the employees covered under this RFP participate in the PEBTF?
Almost 100%. Enlisted State Police employees (4,300 employees) have their own plan coverage and do not participate in the PEBTF.

PREPROPSAL LIST OF ATTENDEES

PREPROPOSAL CONFERENCE SIGN-IN SHEET: RFP #CN00023197 - VOLUNTARY BENEFITS 01/18/07 Thursday 10:30 am

No.	NAME	NAME OF FIRM FOR WHICH YOU REPRESENT	JOB TITLE	TELEPHONE #	EMAIL ADDRESS	CERTIFIED MBWBO YES OR NO
1	MATTHEW DAWES	METLIFE	SPECIALIST	908 253 1414	mdawes@metlife.com	NO
2	CHRIS COVILL	MARSH	VICE PRESIDENT	515 365 1034	Christopher.P.Covill@MARSHPM.com	NO
3	MICHAEL VAN GAVREE	P.I.S.I.	VP	717 761 4437	mvangavree@pisiltc.com	NO
4	PAUL LAROULE	NBP	SVP	803 588 8984		NO
5	JOHN ZARUBNICKY	FUTURE PLANNING ASSOC.	VP	800 626 0291	johnz@fpa.com	NO
6	JEFF SEPESI	AFLAC	SSC	610 891 8886	ssc@gbspanj.com	NO
7	BRIAN PATTEN	AFLAC	SSC	412 841 7892	paw@aflac.com	NO
8	FRED ROSE	AFLAC	RSL	412 323 8855	fredrose50@comcast.net	NO
9	ANITA LAUGHERY	LIBERTY MUTUAL	NAT'L ACCT MANAGER	717 795 8703 x 240	anita.laughery@libertymutual.com	NO
10	MIKE SWEENEY	ING	REGIONAL DIRECTOR	610 260 2302	michael.sweeney@us.ing.com	NO
11	PHILIP M. HARRIS	FINANCIAL INTEGRITY RESOURCES MANAGEMENT LLC	PRESIDENT	215 557 7622	phil@firmadvisor.com	YES
12	KARIN RUSSELL	CIGNA	UW MANAGER	215 761 2595	karin.russell@cigna.com	NO
13	KARIN GIBSON	Corporate Synergies	ACCOUNT MANAGER	856 813 1210	karin.gibson@corpsyn.com	NO
14	JACK SWEENEY	ING	VP	610 834 2100	jack_sweeney@aon.com	NO
15	R. MORIARTY	AON CONSULTING	AVP	212 441 2425	bob_moriarty@aon.com	
16	C. HUNZIKER	MOTIVANO	BDS	813 708 8656	ch.p.hunziker@motivano.com	
17	GORDON SHERARD	FBMC/VBS	MANAGER	864 325 4286	gsherard@fbmc-benefits.com	NO
18	CRAIG MORRIS	FBMC/VBS	ACCOUNT MANAGER	512 947 9191	cmorris@vbs123.com	NO
19	ROSEMARY CARDENAS	FBMC/VBS	ACCOUNT MANAGER	304 546 7219	rcardenas@wvadmin.gov	NO
20	ERIK BOULINE	UHC/UNIMERICA	REGIONAL DIRECTOR	410 729 7741	erik_bouline@uhc.com	NO
21	JEFF KANE	ARAG	DIRECTOR NATIONAL ACCTS	515 229 6899	Jeff.Kane@ARAGGroup.com	NO
22	STEVE FRANKEL	TFC	DIR CORP SVCS	610 660 7708	sfrankel@farmingtonco.com	NO
23	MICHAEL MILLER	PERKS GROUP	SALES REP	609 313 6598	mmiller@perksgroup.net	NO
24	JEFFREY JOACHIM	PERKS GROUP	VP MARKETING	877 253 7100 x 388	jjoachim@perksgroup.net	
25	KEVIN SWEENEY	METLIFE	ACCOUNT EXECUTIVE	410 290 5657	ktsweeney@metlife.com	NO
26	JOHN HAFNER	PRUDENTIAL	ACCOUNT EXECUTIVE	215 658 5389	john.hafner@prudential.com	NO
27	JACK BROWN	VBA	SR ACCOUNT EXEC	717 612 0384	jbrown@visionbenefits.com	NO
28	STEVE SOTTILE	METLIFE	SR ACCOUNT EXEC	908 253 6206	ssottile@metlife.com	NO
29	DON EYSTER	CSC	ACCOUNTANT	717 783 8654	doester@state.pa.us	NO
30	RANDY SCHMOYER	CSC	ACCOUNTANT	717 783 7880	rschmoyer@state.pa.us	NO
31	AL BROWNING	DGS	ADMIN OFFICE	717 787 4676	abrowning@state.pa.us	NO
32	SYLINE SHINGARA	DGS	COMMODITY SPECIALIST	171 346 3833	sshingara@state.pa.us	NO

Please accept our apologies for any mispelled or incorrect information. Contact Janis Brown at (717) 346-3829 or email janibrown@state.pa.us with the corrections.

SAMPLE ONLY – NOT FOR PRODUCTION

SAMPLE ONLY – NOT FOR PRODUCTION

Standard header record structure for HR Outbound Files should be used. Format is as follows:

FIELD	LENGTH	COMMENTS/SAMPLE VALUE
Record Type	6 Characters	"HEADER"
Create Date	8 Characters	"02202002" (MMDDYYYY)
Create Time	6 Characters	"130101" (HHMMSS)
As of Date	8 Characters	"01312002" (MMDDYYYY)
Contact Person Name	40 Characters	'Janice Sage"
Telephone Number	10 Characters	"7177059154"
Email Address	25 Characters	"jsage@state.pa.us"
File Name	40 Characters	"INTF_0442. VOL.BEN.OUT.DAT"
Record Count	8 Characters	"00000230" (will include all the data records and head record)

Copyright 2001 by KPMG Consulting. All rights reserved.

SAMPLE ONLY – NOT FOR PRODUCTION

Detail Record format:

SAMPLE ONLY – NOT FOR PRODUCTION

FIELD DESCRIPTION	FIELD SIZE	COMMENTS
Company Code	X(10)	From selection screen
Personnel Area	X(4)	P0001-WERKS
Personnel Number	9(8)	P000-PERNR
Filler	X(22)	Spaces
Employee Last Name	X(40)	P0002 - NACHN
Employee First Name	X(40)	P0002 - VORNA
Employee Middle Name	X(25)	P0002 - MIDNM
Employee Name Suffix	X(15)	P0002 - NAMZU
Deduction Amount – Pre-Tax	15 (Amount field)	BETRG – Amount for Pre-Tax Wage Type(s) (6EA3) from the RT table multiplied by -1. Example: 12345678901245+
Fee	15 (Amount field)	BETRG – Amount for Pre-Tax Wage Type(s) from the RT table multiplied by -1. since we currently have no Fee Wage Type(s) this amount would always be: 00000000000000+
Deduction Amount – Post-Tax	15 (Amount field)	BETRG – Amount for Pre-Tax Wage Type(s) (6EA4) from the RT table multiplied by -1. Example: 12345678901245+
Deduction Amount – Administrative Fee	15 (Amount field)	BETRG – Amount for Pre-Tax Wage Type(s) (6EA5) from the RT table multiplied by -1. Example: 12345678901245+
Pay Date	8 Date	PAYDT from VERSC in PCL2

Copyright 2001 by KPMG Consulting. All rights reserved.

MF
2110

RIDER NUMBER ONE
TO GROUP INSURANCE CONTRACT NUMBER LG-91475-PA

COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF ADMINISTRATION AND
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

This Rider modifies Group Insurance Contract Number LG-91475-PA (Group Contract) executed between the Prudential Insurance Company of America (Contractor), Federal ID Number 22-1211670, and the Commonwealth of Pennsylvania (Commonwealth), effective July 1, 2000.

WITNESSETH:

WHEREAS, the Commonwealth has need for the services of an insuring organization; and

WHEREAS, the Commonwealth issued a request for proposal (RFP) OA-PER-GLI-99 for insurance services on October 15, 1999, and the Contractor responded to the RFP and set forth the services the Contractor would like to provide in its technical proposal, which technical proposal is incorporated by reference into the Agreement; and

WHEREAS, the Commonwealth has the authority to contract for basic life insurance coverage as specified in law, and for supplemental insurance as delegated by specified agencies not under the Governor's jurisdiction; and

WHEREAS, the Commonwealth has evaluated the Contractor's Technical Proposal and determined that the Contractor has available all qualified personnel, facilities, materials, and software necessary to provide the basic and supplemental insurance coverage identified in their Technical Proposal; and

WHEREAS, the parties wish to agree to the terms and conditions which are specified in the aforementioned documents and which are hereinafter set forth in the following sections of this Rider to the Group Contract;

SECTION	TITLE	PAGE
A	CONTRACTUAL GOVERNANCE	2
B	FINANCIAL ARRANGEMENTS	2

C	PERFORMANCE STANDARDS & GUARANTEES	4
D	OTHER CLAUSES, TERMS, AND CONDITIONS	6
E	STANDARD CLAUSES, TERMS, AND CONDITIONS	7

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual promises hereinafter set forth, the Parties hereto agree, with the intention of being legally bound as follows:

SECTION A- CONTRACTUAL GOVERNANCE

The Contractor's Group Contract and Group Insurance Certificates (Certificates) incorporate the standard terms and conditions under which life insurance benefits, including supplemental life insurance benefits, will be paid to the beneficiaries or estates of State employees covered under the Contractor's agreement with the Commonwealth. However, notwithstanding any language in the Contractor's Group Contract or Insurance Certificates, the language contained in the Contractor's Technical Proposal to the Commonwealth's Request for Proposals to provide group life insurance benefits to Commonwealth employees; in any presentation or representations made in writing to the Commonwealth by the Contractor; and in this Rider shall be the governing language. Any conflicts arising from language contained in the Group Contract or Insurance Certificates shall be resolved in favor of language contained in the Contractor's Technical Proposal, any written presentations or representations by the Contractor to the Commonwealth, or this Rider.

SECTION B - FINANCIAL ARRANGEMENTS

1. The Group Contract between the Commonwealth and the Contractor is fully insured and non-participating. The premium rate to be paid by the Commonwealth to the Contractor will be $.244 per $1,000 of coverage per employee per month for the initial three contract years, specified as July 1, 2000 to June 30, 2001; July 1, 2001 to June 30, 2002; and July 1, 2002 to June 30, 2003. No premium rate increase will be allowed during the initial three contract years unless required by law or Pennsylvania Insurance Department regulation or unless the amount of insurance is altered to an extent that it increases or decreases the Contractor's risk by 10 percent (10%). Regardless of the reason for a proposed increase in premium rates, the Contractor and the Commonwealth agree to enter good faith negotiation concerning any increase prior to implementation.

2. The Contractor agrees that should the contract be extended for a fourth and fifth year, any premium rate increases applied in contract years four and five, specified as July 1, 2003 to June 30, 2004 and July 1, 2004 to June 30, 2005, will be limited to a maximum of 10 percent (10%) unless required by law or Pennsylvania Insurance Department regulation or unless the amount of insurance is altered to an extent that it significantly alters the Contractor's risk.

Regardless of the reason for a proposed increase in premium rates, the Contractor and the Commonwealth agree to enter good faith negotiation and jointly agree to any premium increase prior to implementation.

3. The Commonwealth agrees to convey eligibility information in an electronic transmission (data feed) to the Contractor by the 10th of a contract month, or the first working day thereafter. The initial contract month shall begin on July 1, 2000.

4. The Contractor agrees to bill the Commonwealth for coverage classes provided according to the matrix identified as Attachment 1 to this Rider by the 20th of a contract month, or the first working day thereafter.

5. The Commonwealth agrees to issue payment to the Contractor by the last working day of the contract month for employees listed as eligible in the data feed. During a contract month, neither the Contractor nor the Commonwealth will make retroactive adjustments to eligibility or payment because of employment status changes affecting eligibility that occur after the data feed. The status of such individuals will be accounted for in the following contract month's data feed. If the Commonwealth fails to pay the required premium payment by the last day of the month, the Commonwealth may be liable for interest charges on the unpaid premium payment.

6. The Contractor will refund to the Commonwealth all overpaid premiums due to retroactive termination of an employee's insurance as a result of labor arbitration, collective bargaining, or other legal remedy or settlement entered into by the Commonwealth. The Commonwealth will pay to the Contractor premiums due for retroactive coverage resulting from similar situations.

7. Temporary employees who become permanent employees and who have already worked for the Commonwealth for 90 days or longer will immediately be eligible for the regular and supplemental life insurance coverage specified in the Group Contract. Temporary employees who become permanent employees otherwise will not be eligible for the regular and supplemental life insurance coverage specified in the Group Contract until they have completed their 90th day of employment.

8. The Contractor will issue a commission payment of $88,000 to the Commonwealth by the end of February of each year of the contract. This commission payment will be issued to the Secretary of the Department of General Services, who will forward payment to the Office of Administration.

SECTION C - PERFORMANCE STANDARDS and GUARANTEES

The Contractor agrees that, in part, work performed on behalf of the Commonwealth, the independent agencies, employees, and their dependents will be judged according to following performance standards using the specified methods for monitoring those standards and, for failure to meet or exceed the standards, to have the monies specified either deducted from future payments or returned to the Commonwealth:

Timeliness

1. Contractor will answer no less than 85% of telephone calls within 20 seconds or less and will maintain an average-speed-to-answer of 20 seconds or less. If the Contractor fails to meet this performance guarantee, the Contractor will pay $20,000 per year to the Commonwealth. Results will be measured quarterly with the quarterly at risk amount being $5,000.

2. Contractor will maintain a call abandonment rate of less than 2%. If the Contractor fails to meet this performance guarantee, the Contractor will pay $10,000 per year to the Commonwealth. Results will be measured quarterly with the quarterly at risk amount being $2,500. The Commonwealth acknowledges that on-hold time is not monitored and will not be used to determine the call abandonment rate.

3. Beginning 90 days after the contract effective date, the Contractor will process employee inquiries or requests, including requests for beneficiary information, within 2 business days. Contractor will process all other inquiries and changes within 2 business days. If the Contractor fails to meet this performance guarantee, the Contractor will pay $10,000 per year to the Commonwealth. Results will be measured quarterly with the quarterly at risk amount being $2,500.

4. Contractor will respond in writing to affected parties on all transactions related to the death of an employee or disabled employee that require additional information within three weeks from the date of initial request. Contractor will issue a written past-due notice when direct bill payment is not received within 15 days of the due date. Contractor will issue a written cancellation of coverage notice to direct bill employees on the 45th day after the initial due date.

5. Contractor will apply the Commonwealth's data feed to its eligibility system within 2 days of receipt. The Commonwealth acknowledges that for this standard to be applicable the Contractor must receive the data feed by the expected date. The Commonwealth also acknowledges that the Contractor must be in possession of timely and acceptable information from the independent agencies or their information will not be included in the performance evaluation. If the Contractor fails to meet this performance guarantee the Contractor will pay

$10,000 per year to the Commonwealth. Results will be measured quarterly with the quarterly at risk amount being $2,500.

6. Contractor agrees that 95% of clean death claims will be paid within 5 business days of receipt by the claim area and that 99% will be processed within 10 business days of receipt by the claim area. If the Contractor fails to meet this performance guarantee, the Contractor will pay $20,000 per year to the Commonwealth. Results will be measured quarterly with the quarterly at risk amount being $5,000.

7. When applicable, Contractor will issue a written claim denial to affected beneficiaries or estates within 5 days of a decision. Information regarding appeal rights and the Contractor's appeal process will be included with the claim denial.

Accuracy

1. Contractor specifies that 99% of all financial transactions will be processed correctly. If the Contractor fails to meet this performance guarantee the Contractor will pay $20,000 per year to the Commonwealth. Results will be measured by reviewing Contractor's total "book-of-business" for % of dollars processed correctly. In addition, Contractor agrees that 10% of the Commonwealth's claims will be audited quarterly to determine the accuracy of each financial transaction. Results will be measured quarterly with the quarterly at risk amount being $5,000.

2. Contractor specifies that 95% of all procedural transactions (defined as an employee record) will be processed correctly. If the Contractor fails to meet this performance guarantee the Contractor will pay $20,000 per year to the Commonwealth. Results will be measured quarterly with the quarterly at risk amount being $5,000.

Completeness

Contractor agrees to respond to all written complaints within 1 business day and that all complaints will be resolved within 10 business days. Contractor agrees that results will be measured quarterly.

Customer Satisfaction

Contractor agrees to an 80%+ good or excellent customer satisfaction ranking with 1% or less in the unacceptable or poor category. If the Contractor fails to meet these performance guarantees the Contractor will pay $20,000 to the Commonwealth. To determine customer satisfaction, Contractor agrees to randomly survey 10% of Commonwealth participants' monthly calls to determine satisfaction level. Survey population will include employees or

family members, benefit administration staff and other parties designated by the Commonwealth that participate in the life administration process. The Contractor will report the survey results to the Commonwealth's group life insurance office on a quarterly basis with the quarterly at risk amount being $5,000.

Audits

Contractor agrees that the benefits and services provided are subject to independent audit and that if such audits determine that the Contractor has failed to perform satisfactorily, the Contractor will pay $20,000 per year to the Commonwealth. The Contractor further agrees to correct any deficiencies in the level of service to which the Commonwealth and the Contractor have agreed.

Reporting and Disclosure

Contractor agrees to quarterly reporting and disclosure of the facts and circumstances of the administration of the Commonwealth's group life insurance program and the independent agencies' supplemental life insurance programs based on statistical analysis and the documentation of performance as agreed to under prior sections of this Rider. These reports and disclosures will be provided within 30 days of the end of a contract quarter. Reports and disclosures shall include information for the current quarter, separate information for the preceding quarters of the contract year, if any, and combined information for the contract year. Sample reports for the items listed above are included with this Rider as Attachment 2.

SECTION D-OTHER CLAUSES, TERMS, & CONDITIONS

1. Contractor will mail Certificates to each insured employee.

2. The Commonwealth may, from time to time, adjust incorrect data that had previously been provided to the Contractor. In so doing, the coverage or termination effective date of an employee's insurance may be altered. If the effective date of an employee's coverage is altered to allow retroactive coverage and if a covered death claim has ensued in the interim, the Contractor will pay the claim. However, the Commonwealth will be responsible for any premiums owed for the retroactive coverage. If the effective date of the employee's coverage is altered to allow retroactive termination of coverage, the Contractor will reimburse the Commonwealth for all overpaid premiums. Once premiums are refunded to the Commonwealth, the Contractor's legal obligation for claims payment for the terminated insurance shall cease unless the employee or former employee, upon being provided with appropriate notice, elects to convert the terminated insurance amount within the meaning established by the Contractor's Certificates.

3. Eligibility for coverage under this contract ceases when an employee is no longer in an active pay status. For purposes of this contract, active pay status includes those periods of leave during which the Commonwealth continues to make contributions on behalf of an affected employee. For purposes of this contract, an employee approved for disability life insurance shall also be considered to be in an active pay status. An employee whose coverage would ordinarily cease because they are no longer in an active pay status (as defined above) but who continues to be an employee within the rules established and so designated to the Contractor by the Commonwealth, may continue their coverage under this program by paying the premiums. Failure to make the required premium payments on the part of such an employee will be cause for termination of coverage.

SECTION E- STANDARD CLAUSES, TERMS, & CONDITIONS

1. TERM OF CONTRACT

A. The term of the Agreement between the Commonwealth and the Contractor shall commence on the Effective Date (as defined below) and shall end on the Expiration Date identified in the Group Contract or as specified in the Request for Proposal, subject to the other provisions of the Agreement or these "Required Clauses." The Effective Date shall be fixed by the Contracting Officer after the Agreement has been fully executed by the Contractor and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The Agreement shall not be a legally binding Agreement until after the Effective Date is affixed and the fully-executed Agreement has been sent to the Contractor. The Contracting Officer shall issue a written Notice to Proceed to the Contractor directing the Contractor to start performance on a date which is on or after the Effective Date. The Contractor shall not start the performance of any work prior to the date set forth in the Notice to Proceed and the Commonwealth shall not be liable to pay the Contractor for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No agency employee has the authority to verbally direct the commencement of any work under this Agreement. The Commonwealth reserves the right, upon notice to the Contractor, to extend the term of the Agreement for up to three (3) months upon the same terms and conditions. This will be utilized to prevent a lapse in Contract coverage and only for the time necessary, up to three (3) months, to enter into a new Agreement.

B. For purposes of the Agreement between the Commonwealth and the Prudential Insurance Company of America, the Contracting Officer shall be the Commonwealth's Deputy Secretary for Employee Relations or any other person as designated in writing by the Commonwealth's Secretary of Administration. The Deputy Secretary for Employee Relations or other designated person shall serve as Contracting Officer at the pleasure of the Secretary of Administration (Secretary) and may be removed and replaced at the Secretary's sole discretion.

C. Notwithstanding the aforementioned specification of the Deputy Secretary for Employee Relations or other person designated by the Secretary to be the Contracting Officer for this Agreement, ordinary contacts regarding services to be provided under this agreement will be addressed though the staff of the Commonwealth's Employee Benefits Division.

2. INDEPENDENT CONTRACTOR

In performing the services required by the Group Contract and this Rider, the Contractor will act as an independent contractor and not as an employee or agent of the Commonwealth.

3. COMPLIANCE WITH LAW

The Contractor shall comply with all applicable federal and state laws and regulations and local ordinances in the performance of the duties required by the Group Contract and this Rider.

4. ENVIRONMENTAL PROVISIONS

In the performance of the duties required under the Group Contract and this Rider, the Contractor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations.

5. POST-CONSUMER RECYCLED CONTENT

Except as specifically waived by the Department of General Services in writing, any products which are provided to the Commonwealth as a part of the performance of the duties required under the Group Contract or this Rider must meet the minimum percentage levels for total recycled content as specified in Exhibits A-1 through A-2 to these Required Clauses terms and conditions.

6. COMPENSATION/EXPENSES

The Contractor shall be required to perform the specified services at the price(s) quoted in the Group Contract or this Rider. All services shall be performed within the time period(s) specified in the Agreement. The Contractor shall be compensated only for work performed to the satisfaction of the Commonwealth. The Contractor shall not be allowed or paid travel or per diem expenses except as specifically set forth in the Agreement.

7. INVOICES

The Commonwealth agrees to provide eligibility information to the Contractor by the 10th of each month. The Contractor shall send an itemized invoice to the "Provide Service and Bill To" address by the 20th of each month. The invoice should include only amounts due under the Group Contract. The Group Contract inquiry number shall be included on all invoices. The Commonwealth agrees to pay the amount specified on the Contractor's invoice, subject to audit verification, by the last working day of each month that the Agreement is in force, except on those occasions specified below.

8. PAYMENT

A. The Commonwealth shall put forth reasonable efforts to make payment by the required payment date. The required payment date is: (a) the date on which payment is due under the terms of the Agreement; (b) thirty (30) days after a proper invoice actually is received at the "Provide Service and Bill To" address if a date on which payment is due is not specified in the Agreement (a "proper" invoice is not received until the Commonwealth accepts the service as satisfactorily performed); or (c) the payment date specified on the invoice if later than the dates established by (a) and (b) above. Payment may be delayed if the payment amount on an invoice is not based upon the price(s) as stated in the Agreement. If any payment is not made within fifteen (15) days after the required payment date, the Commonwealth may pay interest as determined by the Secretary of Budget in accordance with Act No. 266 of 1982 and regulations promulgated pursuant thereto. Payment should not be construed by the Contractor as acceptance of the service performed by the Contractor. The Commonwealth reserves the right to conduct further testing and inspection after payment, but within a reasonable time after performance, and to reject the service if such post payment testing or inspection discloses a defect or a failure to meet specifications. The Contractor agrees that the Commonwealth may set off the amount of any state tax liability or other obligation of the Contractor or its subsidiaries to the Commonwealth against any payments due the Contractor under any Agreement with the Commonwealth.

B. The Commonwealth shall have the option of using the Commonwealth purchasing card to make purchases under the Agreement or purchase order. The Commonwealth's purchasing card is similar to a credit card in that there will be a small fee which the Contractor will be required to pay and the Contractor will receive payment directly from the card issuer rather than the Commonwealth. Any and all fees related to this type of payment are the responsibility of the Contractor. In no case will the Commonwealth allow increases in prices to offset credit card fees paid by the Contractor or any other charges incurred by the Contractor, unless specifically stated in the terms of the Agreement or purchase order.

9. TAXES

The Commonwealth is exempt from all excise taxes imposed by the Internal Revenue Service and has accordingly registered with the Internal Revenue Service to make tax-free purchases under Registration No. 23740001-K. With the exception of purchases of the following items, no exemption certificates are required and none will be issued: undyed diesel fuel, tires, trucks, gas-guzzler emergency vehicles, and sports fishing equipment. The Commonwealth is also exempt from Pennsylvania state sales tax, local sales tax, public transportation assistance taxes and fees and vehicle rental tax. The Department of Revenue regulations provide that exemption certificates are not required for sales made to governmental entities and none will be issued. Nothing in this paragraph is meant to exempt a construction contractor from the payment of any of these taxes or fees which are required to be paid with respect to the purchase, use, rental, or lease of tangible personal property or taxable services used or transferred in connection with the performance of a construction Agreement.

10. WARRANTY

The Contractor warrants that all services performed by the Contractor, its agents and subcontractors shall be free and clear of any defects in workmanship or materials. Unless otherwise stated in the Agreement, all services and parts are warranted for a period of one year following completion of performance by the Contractor and acceptance by the Commonwealth. The Contractor shall correct any problem with the service and/or replace any defective part with a part of equivalent or superior quality without any additional cost to the Commonwealth.

11. YEAR 2000 COMPLIANCE

The Contractor represents and warrants that each hardware, software and firmware product delivered (or service performed) under the Agreement, including enhancements, shall be able to accurately process, provide and/or receive date/time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the 20th and 21st centuries and the year 1999 and 2000, including leap year calculations, when used in accordance with the product documentation provided by the Contractor, provided that all listed or unlisted products (e.g. hardware, software, firmware, etc.) used in combination with such product properly exchange date/time data with it. No hardware, software, firmware or service provided under the Agreement shall change the status of a hardware, software and firmware product from Year 2000 compliant to Year 2000 noncompliant. The Contractor must notify the Commonwealth of any Year 2000 noncompliant hardware, software and firmware product located by the Contractor during the course of performance of the Agreement. The Contractor shall not deliver any third-party hardware, software, firmware or service to the Commonwealth which has not been represented and warranted in writing by the third-party

manufacturer to be Year 2000 compliant, as described above. The Contractor shall pass through the third-party representation and warranty from the third-party manufacturer to the Commonwealth. Any modifications or changes made by the Commonwealth or any of its third parties to any hardware, software, or firmware provided under the Agreement that alters Year 2000 compliance shall void the Year 2000 warranty of the product. This Year 2000 Compliance representation and warranty shall be in effect until the later of December 31, 2002 or the termination of the Agreement. In any event this representation and warranty shall survive termination of the Agreement and shall run until December 31, 2002. In no event will the acceptance by the Commonwealth of any hardware, software or firmware product or service delivered to the Commonwealth, by or through the Contractor, or any payment by the Commonwealth to the Contractor under the Agreement limit the effectiveness or survival of this Year 2000 Compliance representation and warranty.

12. PATENT, COPYRIGHT, AND TRADEMARK INDEMNITY

The Contractor warrants that it is the sole owner or author of, or has entered into a suitable legal agreement concerning either: a) the design of any product or process provided or used in the performance of the Agreement which is covered by a patent, copyright, or trademark registration or other right duly authorized by state or federal law or b) any copyrighted matter in any report document or other material provided to the commonwealth under the Agreement. The Contractor shall defend any suit or proceeding brought against the Commonwealth on account of any alleged patent, copyright or trademark infringement in the United States of any of the products provided or used in the performance of the Contract. This is upon condition that the Commonwealth shall provide prompt notification in writing of such suit or proceeding; full right, authorization and opportunity to conduct the defense thereof; and full information and all reasonable cooperation for the defense of same. As principles of governmental or public law are involved, the Commonwealth may participate in or choose to conduct, in its sole discretion, the defense of any such action. If information and assistance are furnished by the Commonwealth at the Contractor's written request, it shall be at the Contractor's expense, but the responsibility for such expense shall be only that within the Contractor's written authorization. The Contractor shall indemnify and hold the Commonwealth harmless from all damages, costs, and expenses, including attorney's fees that the Contractor or the Commonwealth may pay or incur by reason of any infringement or violation of the rights occurring to any holder of copyright, trademark, or patent interests and rights in any products provided or used in the performance of the Agreement. If any of the products provided by the Contractor in such suit or proceeding are held to constitute infringement and the use is enjoined, the Contractor shall, at its own expense and at its option, either procure the right to continue use of such infringement products, replace them with non-infringement equal performance products or modify them so that they are no longer infringing. If the Contractor is unable to do any of the preceding, the Contractor agrees to remove all the equipment or software which are obtained contemporaneously with the

infringing product, or, at the option of the Commonwealth, only those items of equipment or software which are held to be infringing, and to pay the Commonwealth: 1) any amounts paid by the Commonwealth towards the purchase of the product, less straight line depreciation; 2) any license fee paid by the Commonwealth for the use of any software, less an amount for the period of usage; and 3) the pro rata portion of any maintenance fee representing the time remaining in any period of maintenance paid for. The obligations of the Contractor under this paragraph continue without time limit. No costs or expenses shall be incurred for the account of the Contractor without its written consent.

13. OWNERSHIP RIGHTS

The Commonwealth shall have unrestricted authority to reproduce, distribute, and use any submitted report, data, or material, and any software or modifications and any associated documentation that is designed or developed and delivered to the Commonwealth as part of the performance of the Agreement.

14. ASSIGNMENT OF ANTITRUST CLAIMS

The Contractor and the Commonwealth recognize that in actual economic practice, overcharges by the Contractor's suppliers resulting from violations of state or federal antitrust laws are in fact borne by the Commonwealth. As part of the consideration for the award of the Agreement, and intending to be legally bound, the Contractor assigns to the Commonwealth all right, title and interest in and to any claims the Contractor now has, or may acquire, under state or federal antitrust laws relating to the products and services which are the subject of this Agreement.

15. HOLD HARMLESS PROVISION

The Contractor shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all claims, demands and actions based upon or arising out of any activities performed by the Contractor and its employees and agents under this Agreement and shall, at the request of the Commonwealth, defend any and all actions brought against the Commonwealth based upon any such claims or demands.

16. AUDIT PROVISIONS

The Commonwealth shall have the right, at reasonable times and at a site designated by the Commonwealth, to audit the books, documents and records of the Contractor to the extent that the books, documents and records relate to costs or pricing data for the Agreement. The Contractor agrees to maintain records which will support the prices charged and costs incurred for the Agreement. The Contractor shall preserve books, documents, and records

that relate to costs or pricing data for the Agreement for a period of three (3) years from date of final payment. The Contractor shall give full and free access to all records to the Commonwealth and/or their authorized representatives.

17. DEFAULT

A. The Commonwealth may, subject to the provisions of Paragraph 18, Force Majeure, and in addition to its other rights under the Agreement, declare the Contractor in default by written notice thereof to the Contractor, and terminate (as provided in Paragraph 19, Termination Provisions) the whole or any part of this Agreement for any of the following reasons:

1) Failure to begin work within the time specified in the Agreement or as otherwise specified;
2) Failure to perform the work with sufficient labor, equipment, or material to insure the completion of the specified work in accordance with the Agreement terms ;
3) Unsatisfactory performance of the work;
4) Failure or refusal to remove material, or remove and replace any work rejected as defective or unsatisfactory;
5) Discontinuance of work without approval;
6) Failure to resume work, which has been discontinued, within a reasonable time after notice to do so;
7) Insolvency or bankruptcy;
8) Assignment made for the benefit of creditors;
9) Failure or refusal within 10 days after written notice by the Contracting Officer, to make payment or show cause why payment should not be made, of any amounts due for materials furnished, labor supplied or performed, for equipment rentals, or for utility services rendered;
10) Failure to protect, to repair, or to make good any damage or injury to property; or
K) Breach of any provision of this Agreement.

B. In the event that the Commonwealth terminates this Agreement in whole or in part as provided in Subparagraph A. above, the Commonwealth may procure, upon such terms and in such manner as it determines, services similar or identical to those so terminated, and the Contractor shall be liable to the Commonwealth for any reasonable excess costs for such similar or identical services included within the terminated part of the Agreement.

C. If the Agreement is terminated as provided in Subparagraph A. above, the Commonwealth, in addition to any other rights provided in this paragraph, may require the Contractor to transfer title and deliver immediately to the Commonwealth in the manner and to the extent directed by the Issuing Office, such partially completed work, including, where applicable, reports, working papers and other documentation, as the Contractor has specifically produced or

specifically acquired for the performance of such part of the Agreement as has been terminated. Except as provided below, payment for completed work accepted by the Commonwealth shall be at the Contract price. Except as provided below, payment for partially completed work including, where applicable, reports and working papers, delivered to and accepted by the Commonwealth shall be in an amount agreed upon by the Contractor and Contracting Officer. The Commonwealth may withhold from amounts otherwise due the Contractor for such completed or partially completed works, such sum as the Contracting Officer determines to be necessary to protect the Commonwealth against loss.

D. The rights and remedies of the Commonwealth provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

E. The Commonwealth's failure to exercise any rights or remedies provided in this paragraph shall not be construed to be a waiver by the Commonwealth of its rights and remedies in regard to the event of default or any succeeding event of default.

F. Following exhaustion of the Contractor's administrative remedies as set forth in Paragraph 20, the Contractor's exclusive remedy shall be to seek damages in the Board of Claims.

18. FORCE MAJEURE

Neither party will incur any liability to the other if its performance of any obligation under this Agreement is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but are not limited to, acts of God or war, changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes. The Contractor shall notify the Commonwealth orally within five (5) days and in writing within ten (10) days of the date on which the Contractor becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe fully such cause(s) and its effect on performance, (ii) state whether performance under the Agreement is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The Contractor shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as the Commonwealth may reasonably request. After receipt of such notification, the Commonwealth may elect either to cancel the Agreement or to extend the time for performance as reasonably necessary to compensate for the Contractor's delay. In the event of a declared emergency by competent governmental authorities, the Commonwealth by notice to the Contractor, may suspend all or a portion of the Agreement.

19. TERMINATION PROVISIONS

The Commonwealth has the right to terminate this Agreement for any of the following reasons. Termination shall be effective upon written notice to the Contractor.

A. TERMINATION FOR CONVENIENCE: The Commonwealth shall have the right to terminate the Agreement for its convenience if the Commonwealth determines termination to be in its best interest. The Contractor shall be paid for work satisfactorily completed prior to the effective date of the termination, but in no event shall the Contractor be entitled to recover loss of profits.

B. NON-APPROPRIATION: The Commonwealth's obligation to make payments during any Commonwealth fiscal year succeeding the current fiscal year shall be subject to availability and appropriation of funds. When funds (state and/or federal) are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year period, the Commonwealth shall have the right to terminate the Agreement. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the supplies or services delivered under this Agreement. Such reimbursement shall not include loss of profit, loss of use of money, or administrative or overhead costs. The reimbursement amount may be paid from any appropriations available for that purpose.

C. TERMINATION FOR CAUSE: The Commonwealth shall have the right to terminate the Agreement for Contractor default under Paragraph 17, Default, upon written notice to the Contractor. The Commonwealth shall also have the right, upon written notice to the Contractor, to terminate the Agreement for other cause as specified in this Agreement or by law. If it is later determined that the Commonwealth erred in terminating the Agreement for cause, then, at the Commonwealth's discretion, the Agreement shall be deemed to have been terminated for convenience under the Subparagraph 19 A.

20. CONTRACT CONTROVERSIES

In the event of a controversy or claim arising from the Agreement, the Contractor must, within six months after the cause of action accrues, file a written notice of controversy or claim with the Contracting Officer for a determination. The Contracting Officer shall send his/her written determination to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within thirty (30) days after receipt of such written determination, the Contractor files a claim with the Commonwealth Board of Claims. Pending a final judicial resolution of a controversy or claim, the Contractor shall proceed diligently with the performance of the Agreement in a manner consistent with the

interpretation of the Contracting Officer and the Commonwealth shall compensate the Contractor pursuant to the terms of the Agreement.

21. ASSIGNABILITY AND SUBCONTRACTING

A. Subject to the terms and conditions of this Paragraph 21, this Agreement shall be binding upon the parties and their respective successors and assigns.

B. The Contractor shall not subcontract with any person or entity to perform all or any part of the work to be performed under this Agreement without the prior written consent of the Contracting Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.

C. The Contractor may not assign, in whole or in part, this Agreement or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of the Contracting Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.

D. Notwithstanding the foregoing, the Contractor may, without the consent of the Contracting Officer, assign its rights to payment to be received under the Agreement, provided that the Contractor provides written notice of such assignment to the Contracting Officer together with a written acknowledgement from the assignee that any such payments are subject to all of the terms and conditions of this Agreement.

E. For the purposes of this Agreement, the term "assign" shall include, but shall not be limited to, the sale, gift, assignment, pledge, or other transfer of any ownership interest in the Contractor provided, however, that the term shall not apply to the sale or other transfer of stock of a publicly traded company.

F. Any assignment consented to by the Contracting Officer shall be evidenced by a written assignment agreement executed by the Contractor and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of the Agreement and to assume the duties, obligations, and responsibilities being assigned.

G. A change of name by the Contractor, following which the Contractor's federal identification number remains unchanged, shall not be considered to be an assignment hereunder. The Contractor shall give the Contracting Officer written notice of any such change of name.

22. NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of the Agreement, the Contractor agrees as follows:

A. In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under the Agreement or any subcontract, the Contractor, subcontractor or any person acting on behalf of the Contractor or subcontractor shall not by reason of gender, race, creed, or color discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

B. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work or any other activity required under the Agreement on account of gender, race, creed, or color.

C. The Contractor and any subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.

D. The Contractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the Agreement relates.

E. The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to its books, records, and accounts by the contracting officer and the Department of General Services' Bureau of Contract Administration and Business Development for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If the Contractor or any subcontractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting officer or the Bureau of Contract Administration and Business Development.

F. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.

G. The Commonwealth may cancel or terminate the Agreement, and all money due or to become due under the Agreement may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

23. CONTRACTOR INTEGRITY PROVISIONS

A. For purposes of this clause only, the words "confidential information," "consent,"

"contractor," "financial interest," and "gratuity" shall have the following definitions.

1) **Confidential information** means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Commonwealth.
2) **Consent** means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this agreement.
3) **Contractor** means the individual or entity that has entered into the Agreement with the Commonwealth, including directors, officers, partners, managers, key employees and owners of more than a five percent interest.
4) **Financial interest** means:
   a) Ownership of more than a five percent interest in any business; or
   b) Holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.
5) **Gratuity** means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

B. The Contractor shall maintain the highest standards of integrity in the performance of the Agreement and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.

C. The Contractor shall not disclose to others any confidential information gained by virtue of the Agreement.

D. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly, or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

E. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.

F. Except with the consent of the Commonwealth, neither the Contractor nor anyone in privity with him or her shall accept or agree to accept from, or give or agree to give to, any person,

any gratuity from any person in connection with the performance of work under the Agreement except as provided therein.

G. Except with the consent of the Commonwealth, the Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project.

H. The Contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Commonwealth in writing.

I. The Contractor, by execution of the Agreement and by the submission of any bills or invoices for payment pursuant thereto, certifies, and represents that he or she has not violated any of these provisions.

J. The Contractor, upon the inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Contractor's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, the Contractor's business or financial records, documents or files of any type or form which refers to or concern the Agreement. Such information shall be retained by the Contractor for a period of three years beyond the termination of the Agreement unless otherwise provided by law.

K. For violation of any of the above provisions, the Commonwealth may terminate this and any other agreement with the Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another Contractor to complete performance hereunder, and debar and suspend the Contractor from doing business with the Commonwealth.

These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

24. CONTRACTOR RESPONSIBILITY PROVISIONS

A. The Contractor certifies, for itself and all its subcontractors, that as of the date of its execution of this Bid/Contract, that neither the Contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with its Bid, a written explanation of why such certification cannot be made.

B. The Contractor also certifies, that as of the date of its execution of this Bid/Contract, it has no tax liabilities or other Commonwealth obligations.

C. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the Agreement through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the Commonwealth if, at any time during the term of the Agreement, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

D. The failure of the Contractor to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Agreement with the Commonwealth.

E. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth, which results in the suspension or debarment of the Contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

F. The Contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the internet at http://www.dgs.state.pa.us/debarment.htm or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No. (717) 783-6472
FAX No. (717) 787-9138

25. AMERICANS WITH DISABILITIES ACT

A. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., the Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this

Agreement or from activities provided for under this Agreement on the basis of the disability. As a condition of accepting this Agreement, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

B. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of subparagraph a above.

26. HAZARDOUS SUBSTANCES

The Contractor shall provide information to the Commonwealth about the identity and hazards of hazardous substances supplied or used by the Contractor in the performance of the Agreement. The Contractor must comply with Act 159 of October 5, 1984, known as the "Worker and Community Right to Know Act" (the "Act") and the regulations promulgated pursuant thereto at 4 Pa. Code Section 301.1 et seq.

A. Labeling. The Contractor shall insure that each individual product (as well as the carton, container or package in which the product is shipped) of any of the following substances (as defined by the Act and the regulations) supplied by the Contractor is clearly labeled, tagged or marked with the information listed in Paragraph (1) through (4):

1) Hazardous substances:
   a) The chemical name or common name,
   b) A hazard warning, and
   c) The name, address, and telephone number of the manufacturer.
2) Hazardous mixtures:
   a) The common name, but if none exists, then the trade name,
   b) The chemical or common name of special hazardous substances comprising .01% or more of the mixture,
   c) The chemical or common name of hazardous substances consisting 1.0% or more of the mixture,
   d) A hazard warning, and
   e) The name, address, and telephone number of the manufacturer.
3) Single chemicals:
   a) The chemical name or the common name,
   b) A hazard warning, if appropriate, and
   c) The name, address, and telephone number of the manufacturer.

4) Chemical Mixtures:

a) The common name, but if none exists, then the trade name,
b) A hazard warning, if appropriate,
c) The name, address, and telephone number of the manufacturer, and
d) The chemical name or common name of either the top five substances by volume or those substances consisting of 5.0% or more of the mixture. A common name or trade name may be used only if the use of the name more easily or readily identifies the true nature of the hazardous substance, hazardous mixture, single chemical, or mixture involved. Container labels shall provide a warning as to the specific nature of the hazard arising from the substance in the container.

The hazard warning shall be given in conformity with one of the nationally recognized and accepted systems of providing warnings, and hazard warnings shall be consistent with one or more of the recognized systems throughout the workplace. Examples are:

- NFPA 704, Identification of the Fire Hazards of Materials.
- National Paint and Coatings Association: Hazardous Materials Identification System.
- American Society for Testing and Materials, Safety Alert Pictorial Chart.
- American National Standard Institute, Inc., for the Precautionary Labeling of Hazardous Industrial Chemicals.

Labels must be legible and prominently affixed to and displayed on the product and the carton, container, or package so that employees can easily identify the substance or mixture present therein.

B. Material Safety Data Sheet. The contractor shall provide Material Safety Data Sheets (MSDS) with the information required by the Act and the regulations for each hazardous substance or hazardous mixture. The Commonwealth must be provided an appropriate MSDS with the initial shipment and with the first shipment after an MSDS is updated or product changed. For any other chemical, the contractor shall provide an appropriate MSDS, if the manufacturer, importer, or supplier produces or possesses the MSDS. The contractor shall also notify the Commonwealth when a substance or mixture is subject to the provisions of the Act. Material Safety Data Sheets may be attached to the carton, container, or package mailed to the Commonwealth at the time of shipment.

27. COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established

commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Commonwealth shall have the right to terminate the Agreement without liability or in its discretion to deduct from the Agreement price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

28. APPLICABLE LAW

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The Contractor consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The Contractor agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

29. INTEGRATION

The Agreement, including all referenced documents, constitutes the entire agreement between the parties. No agent, representative, employee or officer of either the Commonwealth or the Contractor has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with the Agreement, which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Agreement. No modifications, alterations, changes, or waiver to the Agreement or any of its terms shall be valid or binding unless accomplished by a written Rider signed by both parties. All such amendments will be made using the appropriate Commonwealth form.

EXHIBIT A-1
RECYCLED CONTENTS PRODUCTS PROVISION
INSULATION

Any products provided to the Commonwealth as part of the contractor's performance of this the Agreement shall meet the minimum percentage levels for total recycled content and post-consumer recycled content as specified below and in Exhibits A-2 and A-3:

Material Type	Material Type Percent by Weight
Cellulose Loose-Fill and Spray On	75% Postconsumer Recovered Paper
Perlite Composite Board	23% Postconsumer Recovered Paper
Plastic Rigid Foam, Polyisocyanurate/Polyurethane:	
Rigid Foam	9% Recovered Material
Foam-In-Place	5% Recovered Material
Glass Ridge Foam	6% Recovered Material
Phenolic Ridge Foam	5% Recovered Material
Rock Wool	75% Recovered Material

"Postconsumer Recovered Paper" is defined as "Any paper, paperboard, and fibrous wastes from retail stores, office buildings, homes and so forth, after they have passed through their end-usage as a consumer item including: used corrugated boxes, old newspapers, old magazines, mixed waste paper, tabulating cards, and used cordage, as well as all paper, paperboard, and fibrous wastes that enter and are collected from municipal solid waste."

"Recovered Material" is defined as "Waste material and byproducts which have been recovered or diverted from solid waste, but such term does not include those materials and byproducts generated from, and commonly reused within, an original manufacturing process."

EXHIBIT A-2
LUBRICATING OILS

All lubricating oil provided by the Contractor and sold to the Commonwealth must have a minimum re-refined oil content of twenty-five percent (25%). "Re-refined oil" is defined as "Used oil from which the physical and chemical contaminants acquired through previous use have been removed through a refining process."

EXHIBIT A-3
SELECTED PAPTERS AND PAPER PRODUCTS

	Minimum Percentage of Recovered Materials	Minimum Percentage of PostConsumer Recovered Materials	Minimum Percentage of Secondary Waste Paper
News Print		40	
High Grade Bleached Printing and Writing Papers:			
Offset Printing		20	50
Mimeo and Duplicator Paper		30	50
Writing (Stationery)		20	50
Office Paper (e.g. Note Pads)		20	50
Paper in High-Speed Copiers		30	
Envelopes		30	50
Form Bond Including Computer Paper and Carbonyls		20	
Book Papers		20	50
Bond Papers		20	50
Ledger		20	50
Cover Stock		20	50
Cotton Fiber Papers		20	
Tissue Products:			
Toilet Tissue		20	
Paper Towels		40	
Paper Napkins		30	
Facial Tissue		10	
Doilies		40	
Unbleached Packaging:			
Corrugated Boxes		35	
Fiber Boxes		35	
Brown Papers (e.g., Bags)		5	
Recycled Paperboard:			
Recycled Paperboard Products Including Folding Cartons		80	
Pad Backing		90	

"Postconsumer Recovered Material" is defined as "Any product generated by a business or consumer which has served its intended end use, and which has been separated or diverted from solid waste for the purpose of collection, recycling, and disposition. The term includes industrial by-products that would otherwise go to disposal or processing facilities. The term does not include internally generated scraps that are commonly returned to industrial or manufacturing processes."

"Secondary wastepaper" is defined as "Paper waste generated after the completion of a papermaking process (that is, those manufacturing operations up to and including the cutting and trimming of the paper machine reel into smaller rolls or rough sheets), such as postconsumer waste material, envelope cuttings, bindery trimmings, printing waste, cutting and other converting waste, butt rolls and mill wrappers. It does not include fibrous waste generated during the manufacturing process, such as fibers recovered from waste water or trimmings of paper machine rolls, fibrous by-products of harvesting, extractive or woodcutting process, or forest residue such as bark."

NOW THEREFORE, in consideration of the covenants contained herein, the parties hereto have caused this Rider to be executed.

FOR PRUDENTIAL INSURANCE COMPANY
Federal ID Number 22-1211670

By [signature] VP, Contracts
President or Vice President (Date) 6/20/00

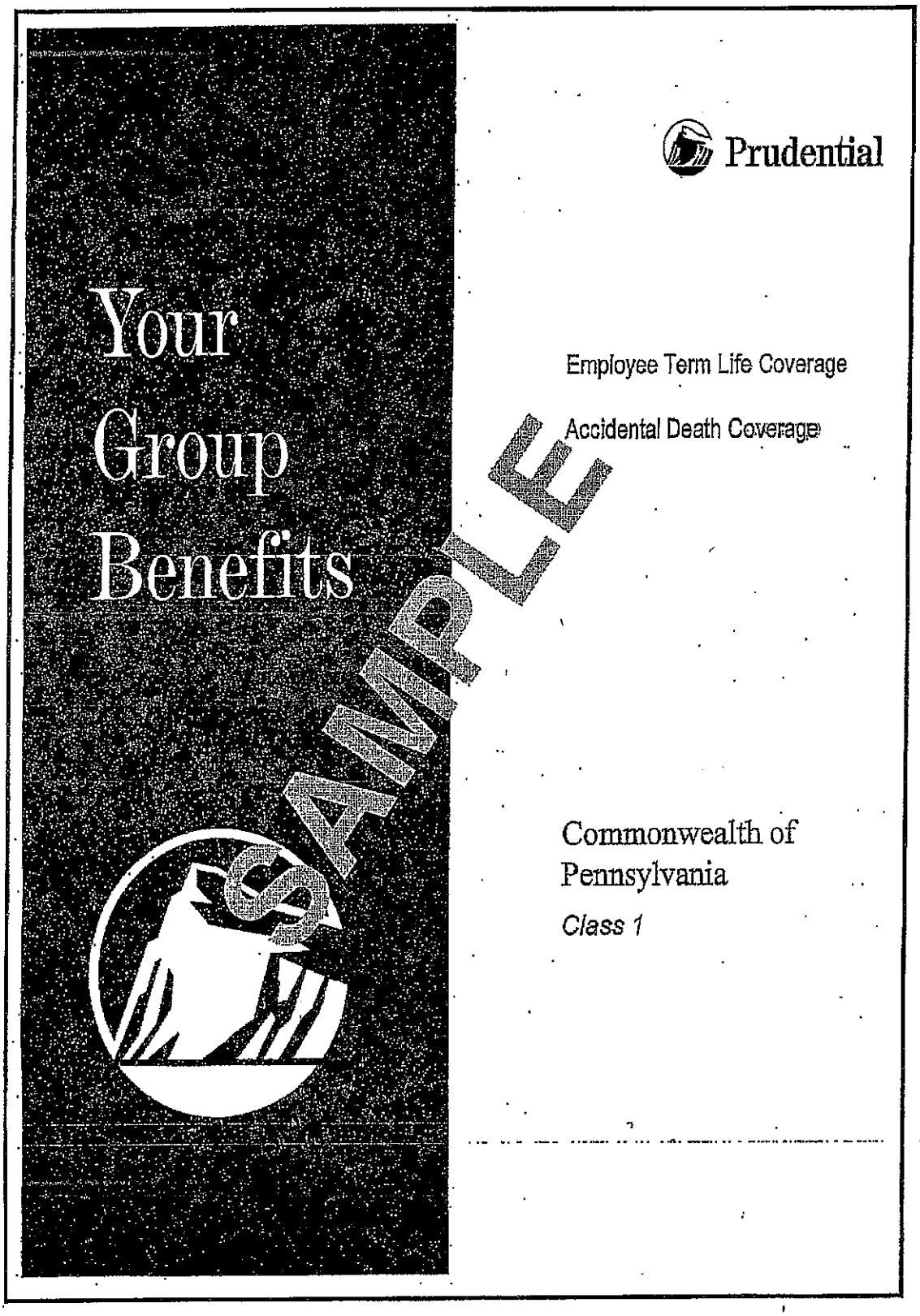
AFFIX CORPORATE SEAL BELOW:

FOR THE COMMONWEALTH OF PENNSYLVANIA:

By [signature] 6/22/2000
Director, Bureau of Risk and Insurance Management (Date)

83500
AMD 5001

D. BOOKLET CERTIFICATE (CLASS 1)



Foreword

We are pleased to present you with this Booklet. It describes the Program of benefits the Commonwealth of Pennsylvania and Prudential have arranged for you and what you have to do to be covered for these benefits.

We believe this Program provides worthwhile protection for you and your family.

Please read this Booklet carefully. If you have any questions about the Program, we will be happy to answer them.

IMPORTANT NOTICE: *This Booklet is an important document and should be kept in a safe place. This Booklet and the Certificate of Coverage made a part of this Booklet together form your Group Insurance Certificate. Sign your name in the space below when you receive this Booklet.*

SAMPLE

_____

Signature of Employee

Table of Contents

FOREWORD 1

SCHEDULE OF BENEFITS 3

Who is Covered? 3
Effective Date of These Benefits 3

Employee Term Life Coverage 3
Amount of Insurance; Amount Reductions Because of Age

Employee Work Related Accidental Death Coverage 4

Other Information 4
Waiting Period Before You Become Eligible for Insurance;
Cost of the Insurance; When You Have a Claim

ELIGIBILITY AND BECOMING INSURED 6

Who is Eligible? 6
When You Become Insured 6
When Coverage Could Be Delayed 7

EMPLOYEE TERM LIFE COVERAGE 8
Death Benefit While You Are Covered; Conversion Privilege

Option to Accelerate Payment of Death Benefits 10

EMPLOYEE WORK RELATED ACCIDENTAL DEATH COVERAGE 12
Benefits; Losses Not Covered

GENERAL INFORMATION 14

Rules that Apply in the Event of Your Death 14
Beneficiary Rules

Assignment of Coverages to Others 15

Definitions 16

Claim Rules 17

WHEN YOUR INSURANCE ENDS 18

Continuation of Coverage Due to Leave or Disability 18

CERTIFICATE OF COVERAGE 19

SAMPLE

Schedule of Benefits

Covered Classes: The "Covered Classes" under this schedule are these Employees of the Contract Holder (and its Associated Agencies): All Permanent Employees, other than Employees classified by the Contract Holder as Turnpike Commission Employees, Employees of the House of Representatives, Judiciary, certain Employees of the Senate, certain Employees of the State System of Higher Education, or University Presidents.

The Covered Classes for the Employee Work Related Accidental Death Coverage do not include Employees classified as Public Safety Workers (Law Enforcement, Firefighters, Emergency Squads).

Regardless of any provisions of this Booklet to the contrary, each Employee who was covered for life insurance benefits offered by the Contract Holder and who was disabled prior to July 1, 2000, and remains classified by the Contract Holder as disabled for purposes of group life insurance, shall be considered a Covered Person.

The Contract Holder decides which Employees will be Covered Persons and for how long. In doing this, the Contract Holder must not discriminate among persons in like situations.

Program Date: July 1, 2000. This Booklet describes the benefits under the Group Program as of the Program Date.

- **This Booklet and the Certificate of Coverage** together form your Group Insurance Certificate. The Coverages in this Booklet are insured under a Group Contract issued by Prudential. All benefits are subject in every way to the entire Group Contract which includes the Group Insurance Certificate. The Group Contract alone forms the agreement under which payment of insurance is made.

SAMPLE

EMPLOYEE TERM LIFE COVERAGE

BENEFIT AMOUNTS:

Amount For Each Benefit Class:

Benefit Classes	Amount of Insurance
All Employees	An amount equal to the lesser of (1) and (2):

(1) 100% of your base pay rate annualized. If this amount is not a multiple of $1,000, it will be rounded to the nearer multiple of $1,000; an amount of $500 will be rounded up.

(2) $40,000.

To Whom Payable: Benefits that become payable on account of your death will be paid to your Beneficiary or Beneficiaries.

83500
BSB 1009

(S-3)(91475-L/AD)

3

Effect of Option to Accelerate Payment of Death Benefits: If you are eligible for and elect the Option to Accelerate Payment of Death Benefits, your amount of insurance will be reduced by the amount of any Terminal Illness Proceeds paid.

Amount Reduction Based on Age: An employee's insurance will be reduced on his or her 70th and 75th birthday in accordance with the schedule below to 65% or 50% of the amount that would have been in effect without a reduction.

The Delay of Effective Date section does not apply to this provision.

Age	Percent
70	65
75 and above	50

If your amount of insurance is reduced under this provision, you may convert the amount of the reduction to an individual life insurance contract. The same rules and conversion period death benefit apply for the reduction amount as would apply if you had transferred out of a Covered Class.

EMPLOYEE WORK RELATED ACCIDENTAL DEATH COVERAGE

BENEFIT AMOUNTS:

Amount For Each Benefit Class: $10,000.

To Whom Payable: Benefits that become payable on account of your death will be paid to your Beneficiary or Beneficiaries.

OTHER INFORMATION

Contract Holder: COMMONWEALTH OF PENNSYLVANIA

Group Contract No.: LG-91475-PA

Associated Agencies: Associated Agencies are independent agencies of the Commonwealth of Pennsylvania that participate in the group life insurance program and are reported to Prudential in writing for inclusion under the Group Contract, provided that Prudential has approved such request.

Employment Waiting Period: There is a 90 day waiting period from your initial date of employment with the Contract Holder or with an Associated Agency before any Coverage in this Certificate takes effect. Any leave without pay during this 90 days will extend your effective date by the number of days of such leave.

Your Employer will inform you of any exceptions to the Employment Waiting Period for your class.

Cost of the Insurance: The insurance in this Booklet is Non-contributory Insurance. The entire cost of the insurance is being paid by the Contract Holder, except when you are on leave without pay without benefits and choose to continue your coverage by paying the premium.

* If on LWOP, are they eligible for WEAD?

SAMPLE

83500
BSB 1009

(S-3)(91475-L/AD)

4

Prudential's Address:

The Prudential Insurance Company of America
290 West Mount Pleasant Avenue
Livingston, New Jersey 07039

WHEN YOU HAVE A CLAIM

Each time a claim is made, it should be made without delay. Use a claim form, and follow the instructions on the form.

If you do not have a claim form, contact Prudential.

SAMPLE

83500
BSB 1009

(S-3)(91475-L/AD)

5

Who is Eligible to Become Insured

FOR EMPLOYEE INSURANCE

You are eligible for Employee Insurance while:

- You are a permanent Employee of the Employer; and
- You are in a Covered Class; and
- You have completed the Employment Waiting Period.

Your class is determined by the Contract Holder. This will be done under its rules, on dates it sets. The Contract Holder must not discriminate among persons in like situations. You can belong to more than one class for insurance, but benefits are limited to Coverage of the class with the higher amount based on your employing agency.

This applies if you are an Employee of more than one employer included under the Group Contract: For the insurance, your salary from both employers will be considered in calculating your benefit but will be limited to the maximum coverage of the employer in the class with the higher amount.

When You Become Insured

FOR EMPLOYEE INSURANCE

Your Employee Insurance under a Coverage will begin the first day on which:

- You are eligible for Employee Insurance; and
- You are in a Covered Class for that insurance; and
- Your insurance is not being delayed under the Delay of Effective Date section below; and
- That Coverage is part of the Group Contract.

At any time, the benefits for which you are insured are those for your class, unless otherwise stated.

SAMPLE

Delay of Effective Date

FOR EMPLOYEE INSURANCE

Your Employee Insurance under a Coverage will be delayed if you do not meet the Active Pay Status Requirement on the day your insurance would otherwise begin. Instead, it will begin on the first day you meet the Active Pay Status Requirement and the other requirements for the insurance. The same delay rule will apply to any change in your insurance that is subject to this section. If you do not meet the Active Pay Status Requirement on the day that change would take effect, it will take effect on the first day you meet that requirement.

SAMPLE

83500
BEL 1001

(91475)(1-2)

7

Employee Term Life Coverage

A. DEATH BENEFIT WHILE A COVERED PERSON.

If you die while a Covered Person, the amount of your Employee Term Life Insurance under this Coverage is payable when Prudential receives written proof of death.

B. DEATH BENEFIT DURING CONVERSION PERIOD.

A death benefit is payable under this Section B if you die:

(1) within 31 days after you cease to be a Covered Person; and

(2) while entitled (under Section C) to convert your Employee Term Life Insurance under this Coverage to an individual contract.

The amount of the benefit is equal to the amount of Employee Term Life Insurance under this Coverage you were entitled to convert. It is payable even if you did not apply for conversion. It is payable when Prudential receives written proof of death.

C. CONVERSION PRIVILEGE.

If you cease to be insured for all or part of the Employee Term Life Insurance of the Group Contract for one of the reasons stated below, you may convert all or part of your insurance under this Coverage, which then ends, to an individual life insurance contract. Evidence of insurability is not required. The reasons are:

(1) Your employment ends or you transfer out of a Covered Class.

(2) Your insurance is reduced due to age or a reduction in salary.

(3) All term life insurance of the Group Contract for your class ends by amendment or otherwise. But, on the date it ends, you must have been insured for five years for that insurance (or for that insurance and any Prudential rider or group contract replaced by that insurance).

Any such conversion is subject to the rest of this Section C.

Availability: You must apply for the individual contract and pay the first premium within 31 days after you cease to be insured for the Employee Term Life Insurance or 15 days from the date of the conversion notice, whichever is later.

SAMPLE

83500
LIF R 5015

(S-1)

8

Individual Contract Rules: The individual contract must conform to the following:

Amount: Not more than your Employee Term Life Insurance under this Coverage when your insurance ends. But, if it ends because all term life insurance of the Group Contract for your class ends, the total amount of individual insurance which you may get in place of all your life insurance then ending under the Group Contract will not exceed the lesser of the following:

(1) The total amount of all your life insurance then ending under the Group Contract reduced by the amount of group life insurance from any carrier for which you are or become eligible within the next 31 days.

(2) $10,000.

Form: Any form of a life insurance contract that:

(1) conforms to Title VII of the Civil Rights Act of 1964, as amended, having no distinction based on sex; and

(2) is one that Prudential usually issues at the age and amount applied for.

This does not include term insurance or a contract with disability or supplementary benefits.

Premium: Based on Prudential's rate as it applies to the form and amount, and to your class of risk and age at the time.

Effective Date: The end of the 31 day period during which you may apply for it.

Any death benefit provided under this section of Coverage is payable according to this section and the Beneficiary Rules.

SAMPLE

OPTION TO ACCELERATE PAYMENT OF DEATH BENEFITS.

Note:

(1) **If you elect this option, the amount of your Employee Term Life Insurance is reduced by any payment made under this option.**

(2) **Any payment made under this option may be taxable. You are advised to seek the help of a professional tax advisor for assistance with any questions that you may have.**

The following is added to the Employee Term Life Coverage provision:

Definitions

- Terminally Ill Employee: An employee whose life expectancy is 6 months or less.
- Terminal Illness Proceeds: The amount of Employee Term Life Insurance that you may elect to place under this option. The Terminal Illness Proceeds are equal to 50% of the amount in force on your life on the date Prudential receives the proof that you are a Terminally Ill Employee, but not more than $20,000.

Option: If you become a Terminally Ill Employee while insured under the Employee Term Life Insurance provision or while your death benefit protection is being extended under the Employee Term Life Coverage provision, you may elect to have the Terminal Illness Proceeds placed under this option subject to the conditions set forth below. To exercise this option, you should use a claim form and follow the instructions on the form. If you do not have a claim form, contact Prudential. When payment is made under this option, Prudential will send you a benefit payment notice. The notice will indicate: (1) the amount of your Terminal Illness Proceeds; and (2) the amount of your Employee Term Life Insurance, if any, that remains in effect.

Payment of Terminal Illness Proceeds: If you elect this option, Prudential will pay the Terminal Illness Proceeds in one sum when it receives proof that you are a Terminally Ill Employee. Or, you may elect to have them paid in six equal monthly installments. The first monthly payment will be due when Prudential receives proof that you are a Terminally Ill Employee. The other payments are due on the same day of each later month.

To Whom Payable: The benefits under this provision are payable to you.

Amount Due But Unpaid at Your Death: If you elect monthly installments and you die before all payments have been made, Prudential will pay your Beneficiary or Beneficiaries determined under the Beneficiary Rules for the total of the payments that remain under this option, plus whatever amount is payable under the balance of the Employee Term Life Coverage.

Conditions: Your right to be paid under this option is subject to these terms:

(1) You must choose this option in writing in a form that satisfies Prudential.

(2) You must furnish proof that satisfies Prudential that your life expectancy is 6 months or less, including certification by a Doctor.

(3) Your Employee Term Life Insurance must not be assigned.

83500
LIF T 5008

(S-1)(91475-L/AD)

10

(4) Terminal Illness Proceeds will be made available to you on a voluntary basis only. Therefore:

(a) If you are required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise, you are not eligible for this benefit.

(b) If you are required by a government agency to use this option in order to apply for, get or keep a government benefit or entitlement, you are not eligible for this benefit.

(5) You may elect this option only once.

Effect on Insurance: When you elect this option, the total amount of Employee Term Life Insurance otherwise payable on your death, including any amount under an extended death benefit, will be reduced by the Terminal Illness Proceeds. Also, any amount you could otherwise have converted to an individual contract will be reduced by the Terminal Illness Proceeds.

SAMPLE

83500
LIF T 5008

(S-1)(91475-L/AD)

Employee Work Related Accidental Death Coverage

This Coverage pays benefits for your accidental Loss that results from accidental Injury arising out of, or in the course of any work for compensation with the Employer.

Loss means loss of life.

A. BENEFITS.

Benefits for accidental Loss are payable only if all of these conditions are met:

(1) You sustain an accidental bodily Injury while a Covered Person.

(2) The Loss results directly from that Injury and from no other cause.

(3) The Loss results directly from accidental injury arising out of, or in the course of, any work for wages or profit with the Employer.

For the purposes of the Coverage:

(1) Exposure to the elements will be considered an accidental Injury.

(2) It will be presumed that you have suffered a Loss of life if your body has not been found within one year of disappearance, stranding, sinking or wrecking of any vehicle in which you were an occupant.

Not all such Losses are covered. See Losses Not Covered below.

B. LOSSES NOT COVERED

A Loss is not covered if it results from any of these:

(1) Suicide or attempted suicide, while sane or insane.

(2) Intentionally self-inflicted Injuries, or any attempt to inflict such Injuries.

(3) Sickness, whether the Loss results directly or indirectly from the Sickness.

(4) Medical or surgical treatment of Sickness, whether the Loss results directly or indirectly from the treatment.

(5) Any infection. But, this does not include:

(a) a pyogenic infection resulting from an accidental cut or wound; or

(b) a bacterial infection resulting from accidental ingestion of a contaminated substance.

(6) War, or any act of war. "War" means declared or undeclared war and includes resistance to armed aggression.

83500
ADD R 5003

(91475)

12

SAMPLE

(7) An accident that occurs while you are serving on full-time active duty for more than 30 days in any armed forces. But this does not include Reserve or National Guard active duty for training.

(8) Commission of or attempt to commit a felony.

(9) Being legally intoxicated or under the influence of any narcotic unless administered or consumed on the advice of a Doctor.

(10) Participation in these hazardous sports, except where required by your job duties: scuba diving; bungee jumping; skydiving; parachuting; hang gliding; or ballooning.

The Claim Rules and the "To Whom Payable" part of the Schedule of Benefits apply to the payment of the benefits.

SAMPLE

General Information

BENEFICIARY RULES

The rules in this section apply to insurance payable on account of your death, when the Coverage states that they do. But these rules are modified by any burial expenses rule in the Schedule of Benefits and, if there is an assignment, by the Limits on Assignments section.

"Beneficiary" means a person chosen, on a form approved by Prudential, to receive the insurance benefits.

You have the right to choose a Beneficiary.

If there is a Beneficiary for the insurance, it is payable to that Beneficiary. Any amount of insurance for which there is no Beneficiary at your death will be payable to the first of the following: Your (a) surviving spouse; (b) surviving child(ren) in equal shares; (c) surviving parents in equal shares; (d) surviving siblings in equal shares; (e) estate. This order will apply unless otherwise provided in the Assignment Limitations.

You may change the Beneficiary at any time without the consent of the present Beneficiary. The Beneficiary change form must be filed through Prudential. The change will take effect on the date the form is signed, but it will not apply to any amount paid by Prudential before it receives the form.

If there is more than one Beneficiary but the Beneficiary form does not specify their shares, they will share equally. If a Beneficiary dies before you, that Beneficiary's interest will end. It will be shared equally by any remaining Beneficiaries, unless the Beneficiary form states otherwise.

SAMPLE

LIMITS ON ASSIGNMENTS

You may assign your insurance under a Coverage. The following rules apply to assignments: (1) Insurance providing accidental death benefits may be assigned only as a gift assignment; (2) Insurance under any other Coverage may be assigned either as a gift assignment or as an assignment to a viatical settlement company. Any rights, benefits or privileges that you have as an Employee may be assigned. This includes any right you have to choose a Beneficiary or to convert to another contract of insurance. Prudential will not decide if an assignment does what it is intended to do. Prudential will not be held to know that one has been made unless it or a copy is filed with Prudential.

This paragraph applies only to insurance for which you have the right to choose a Beneficiary, when that right has been assigned. If an assigned amount of insurance becomes payable on account of your death and, at your death, there is no Beneficiary chosen by the assignee, it will be payable to:

(1) the assignee, if living; or

(2) the estate of the assignee, if the assignee is not living.

It will not be payable as stated in the Beneficiary Rules.

EFFECT OF GIFT ASSIGNMENT OF RIGHTS OF GROUP LIFE INSURANCE UNDER ANOTHER GROUP CONTRACT

This Section applies to all Coverages providing Employee death benefits.

If you are eligible for insurance under the Group Contract on the Group Contract's effective date you will have no rights, benefits or privileges under any Coverage under the Group Contract if, on the day before that date, all the following were true:

(1) You were insured for group life insurance under another group contract that covered Employees of the Employer.

(2) Your group life insurance under the other group contract ended.

(3) An irrevocable and absolute gift assignment made by you was in effect. It was made before the other contract ended. That assignment was of all your rights, benefits and privileges of the group life insurance under the other group contract. Those rights were owned by the assignee or the assignee's successor.

The owner of those rights of the group life insurance under the other group contract on the day before this Group Contract's effective date will be the owner of the rights, benefits, and privileges you would have had under a Coverage under the Group Contract. This includes, but is not limited to, any right of assignment you would have had under the Limits on Assignments section above. The term "assignee" as used in that section includes such an owner.

The term "group life insurance", as used above, means only group life insurance provided under a group contract in effect on the day before the date the Employer became included under the Group Contract.

SAMPLE

DEFINITIONS

Active Pay Status Requirement: A requirement that you be in an active pay status at the Employer's place of business, or at any other place that the Employer's business requires you to go.

Calendar Year: A year starting January 1.

Contributory Insurance, Non-contributory Insurance: Contributory Insurance is insurance for which the Contract Holder has the right to require your contributions. Non-contributory Insurance is insurance for which the Contract Holder does not have the right to require your contributions. Except for insurance continued due to your leave without pay without benefits, your coverage is Non-Contributory Insurance.

Coverage: A part of the Booklet consisting of:

(1) A benefit page labeled as a Coverage in its title.

(2) Any page or pages that continue the same kind of benefits.

(3) A Schedule of Benefits entry and other benefit pages or forms that by their terms apply to that kind of benefits.

Covered Person under a Coverage: An Employee who is insured for Employee Insurance under that Coverage

Doctor: A licensed practitioner of the healing arts acting within the scope of the license.

Employee: A person employed by the Employer, including elected officials. The term also applies to that person for any rights after insurance ends.

Employee Insurance: Insurance on the person of an Employee.

The Employer: Collectively, all employers included under the Group Contract.

Injury: Injury to the body of a Covered Person.

Prudential: The Prudential Insurance Company of America.

Sickness: Any disorder of the body or mind of a Covered Person, but not an Injury; pregnancy of a Covered Person, including abortion, miscarriage or childbirth.

Total Disability: You are Totally Disabled when:

(1) You are not working at any job for wage or profit; and

(2) Due to Sickness, Injury, or both, you are not able to perform for wage or profit the material and substantial duties of any job.

Total and Permanent Disability: You are Totally and Permanently Disabled when:

(1) Total Disability exists; and

(2) Your Total Disability is such that condition (2) of the "Total Disability definition above will be met for the rest of your lifetime.

You: An Employee.

83500
BAS 1015

(91475) (S-1)

SAMPLE

CLAIM RULES

Proof of Loss: Prudential must be given written proof of the loss for which claim is made under a Coverage. This proof must cover the occurrence, character and extent of that loss.

When Benefits are Paid: Benefits are paid when Prudential receives written proof of the loss. Prudential will not have to pay benefits more often than as stated in this Certificate.

Legal Action: No action at law or in equity shall be brought to recover on the Group Contract until 60 days after the written proof described above is furnished. No such action shall be brought more than three years after the end of the time within which proof of loss is required.

SAMPLE

When Your Insurance Ends

EMPLOYEE INSURANCE

Your Employee Insurance under a Coverage will end when the first of these occurs:

- Your membership in the Covered Classes for the insurance ends because your employment ends (see below) or for any other reason.
- The part of the Group Contract providing the insurance ends.

End of Employment: For insurance purposes, your employment will end when you are no longer a permanent Employee in an active pay status. But, under the terms of the Group Contract, the Contract Holder may consider you as still employed in the Covered Classes during certain types of unpaid absences from work.

Continuation of Coverage Due to Leave or Disability: For the purposes of this contract, active pay status will include those periods of leave during which the Contract Holder continues to make contributions on behalf of an affected employee. An Employee whose coverage would end because they are no longer in an active pay status (as defined above), but who continues to be an Employee within the rules established and so designated to Prudential by the Contract Holder, may continue their coverage under this program by paying the premiums. Failure to make the required premium payments by such an Employee will cause coverage to end.

An Employee approved for disability life insurance shall also be considered to be in an active pay status. If you are Totally and Permanently Disabled at the time premium payments by the Contract Holder would be discontinued, and you submit satisfactory medical proof that your disability started while you were insured, coverage will be extended at the expense of the Contract Holder for a period of one year from receipt of such proof. Coverage will continue for the duration of the disability if you later provide satisfactory medical proof of continued disability when requested by Prudential. The coverage amount extended will be the amount for which you were insured on the last date you were in an active pay status, with standard Amount Reductions Based on Age being applied at ages 70 and 75. This section will only apply if satisfactory medical proof is submitted to Prudential within twelve months of the last premium payment. Contact Prudential for the disability claim forms.

The Contract Holder decides which Employees will be Covered Persons and for how long. In doing this, the Contract Holder must not discriminate among persons in like situations.

If you go on leave without pay without benefits or terminate employment, Prudential will notify you of your options, if any, to continue your insurance.

83500
BTE-1004

(1-2)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Employee: The Employee whose signature appears on the Foreword in the front of the Booklet.

Certificate of Coverage

Prudential certifies that insurance is provided according to the Group Contract(s) for each Insured Employee. Your Booklet's Schedule of Benefits shows the Contract Holder and the Group Contract Number(s).

Insured Employee: You are eligible to become insured under the Group Contract if you are in the Covered Classes of the Booklet's Schedule of Benefits and meet the requirements in the Booklet's Who Is Eligible section. The When You Become Insured section of the Booklet states how and when you may become insured for each Coverage. Your insurance will end when the rules in the When Your Insurance Ends section so provides. Your Booklet and this Certificate of Coverage together form your Group Insurance Certificate.

Beneficiary for Employee Death Benefits: See the Booklet's Beneficiary Rules.

Coverages and Amounts: The available Coverages and the amounts of insurance are described in the Booklet.

If you are insured, your Booklet and this Certificate of Coverage form your Group Insurance Certificate. Together they replace any older booklets and certificates issued to you for the Coverages in the Booklet's Schedule of Benefits. All Benefits are subject in every way to the entire Group Contract which includes the Group Insurance Certificate.

The Prudential Insurance Company of America

SAMPLE

83500
BCT 1005

(1-16)

COP Census Report - Disables

AGE	GENDER	LIVES	VOLUME
23	F	1	$28,000
24	F	3	$66,000
27	M	1	$30,000
27	F	3	$77,000
28	F	3	$90,000
30	M	1	$24,000
30	F	2	$57,000
31	M	1	$30,000
31	F	1	$40,000
32	M	3	$106,000
32	F	2	$62,000
33	M	2	$58,000
33	F	1	$40,000
34	M	2	$61,000
34	F	2	$68,000
35	M	1	$50,000
35	F	4	$113,000
36	M	1	$50,000
36	F	3	$75,000
37	M	1	$27,000
38	M	2	$130,000
38	F	1	$29,000
39	M	3	$105,000
39	F	1	$30,000
40	M	7	$216,000
40	F	2	$59,000
41	M	3	$87,000
41	F	1	$23,000
42	M	4	$122,000
42	F	4	$115,000
43	M	9	$288,000
43	F	6	$194,000
44	M	8	$252,000
44	F	5	$132,000
45	M	6	$151,000
45	F	10	$265,000
46	M	3	$93,000
46	F	4	$127,000
47	M	12	$332,000
47	F	14	$395,000
48	M	17	$492,000
48	F	9	$238,000
49	M	5	$155,000
49	F	18	$506,000
50	M	13	$366,000
50	F	20	$623,000
51	M	12	$384,000
51	F	25	$722,000
52	M	23	$725,000
52	F	25	$637,000

53	M	26	$791,000
53	F	42	$1,193,000
54	M	25	$722,000
54	F	33	$948,000
55	M	40	$1,204,000
55	F	43	$1,176,000
56	M	48	$1,536,000
56	F	43	$1,163,000
57	M	61	$1,903,000
57	F	41	$1,239,000
58	M	45	$1,404,000
58	F	48	$1,341,000
59	M	67	$1,995,000
59	F	60	$1,781,000
60	M	54	$1,670,000
60	F	55	$1,571,000
61	M	66	$1,934,000
61	F	32	$890,000
62	M	46	$1,447,000
62	F	51	$1,504,000
63	M	74	$2,294,000
63	F	64	$1,646,000
64	M	63	$1,828,000
64	F	42	$1,178,000
65	M	72	$2,114,000
65	F	39	$1,005,000
66	M	52	$1,540,000
66	F	52	$1,446,000
67	M	58	$1,702,000
67	F	31	$880,000
68	M	52	$1,500,000
68	F	62	$1,609,000
69	M	45	$1,164,000
69	F	52	$1,456,000
70	M	60	$1,155,450
70	F	43	$721,250
71	M	47	$778,700
71	F	51	$854,450
72	M	27	$485,550
72	F	35	$529,750
73	M	51	$874,900
73	F	42	$595,400
74	M	44	$837,200
74	F	44	$655,200
75	M	39	$508,400
75	F	32	$381,450
76	M	34	$456,000
76	F	32	$350,000
77	M	39	$452,500
77	F	24	$230,000
78	M	30	$391,500
78	F	15	$169,000

79	M	21	$246,000
79	F	22	$223,000
80	M	15	$194,000
80	F	22	$218,000
81	M	12	$151,000
81	F	9	$91,000
82	M	6	$68,000
82	F	4	$37,000
83	M	4	$53,000
83	F	7	$77,000
84	M	3	$32,500
84	F	1	$8,500
85	M	1	$9,000
85	F	5	$62,500
86	F	2	$20,500
87	M	1	$13,000
88	F	1	$4,500
94	F	1	$15,000
TOTAL		2,820	$69,869,200

Commonwealth of Pennsylvania Group Life Insurance Claims

Fiscal Year	Claims	Volume
03-04	284	$10,968,160.00
04-05	242	$9,961,567.00
05-06	277	$11475,200.00

RFP—Voluntary Benefits

CN00023197

Addendum #3

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

January 26, 2007

Subject:	RFP – Voluntary Benefits
Bid Number:	CN00023197
Opening Date/Time:	February 13, 2007, 1:30 P.M.
Flyer:	Addendum #3

To All Bidders:

Clarifications:

1. Bid Opening is set for February 13, 2007, at 1:30 P.M.; as per Calendar of Events listed on Page iii of the official RFP document.

2. The document *COPA – Group Life Insurance Claims Count* which contains the claims count for the previous three (3) years is attached to this Addendum #3.

3. Updated information from Addendum #2, Question #3 is revised to read: **"For purposes of submitting this proposal only, the Offeror should assume that all eligible employees will participate. The proposal evaluation will be on this basis. If the volume of participating employees decreases substantially the Commonwealth will consider renegotiating the premium".** This response also applies to Question # 77 & # 150 of Addendum #2.

4. The RFP document has been updated as to the product request for Long Term Care. Specifications required are as follows:

> **Section II-10 – Add the following wording:**
> If proposing Long Term Care Insurance, please include a separate rate quotation for each Long Term Care plan proposed that reflects a $300,000 guaranteed maximum funding coverage level. This quotation is in addition to any other coverage levels that the Offeror wishes to propose.
>
> **Section IV-3, d, Plan Design Requirements** – Add the following wording:
> For Long Term Care Insurance, while no minimum plan design has been specified the Commonwealth requests that the Offeror include a separate plan design that provides long-term care insurance coverage in the following settings: 1) nursing facilities (NF) and 2) home care.

5. Offeror is to review Part II, Introductory paragraph, especially as it relates to ***cost information*** being contained only in the Cost Submittal.

Except as clarified and amended by this flyer, the terms, conditions, specifications, and instructions of the invitation to bid and any previous flyers, remain as originally written.

Very truly yours,

Syline M. Shingara

Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us

Average Disability Policies

03/04	2,886
04/05	2,886
05/06	2,871

Disability Premium Volume

03/04	$875,384,000
04/05	$881,178,000
05/06	$877,036,000

Disability Claims Volume

	Number of Claims	Volume Paid
03/04	92	$ 2,457,232.66
04/05	149	$ 3,961,650.00
05/06	112	$ 2,958,065.00

RFP—Voluntary Benefits

CN00023197

Addendum #4

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

February 6, 2007

Subject:	RFP – Voluntary Benefits
Bid Number:	CN00023197
Opening Date/Time:	**February 13, 2007, 1:30 P.M.**
Flyer:	Addendum #4

To All Bidders:

Clarifications:

1. Disadvantage Business Participation:

   Offerors submitting proposals for RFP-CN00023197 must provide separate sealed Disadvantage Business Certification submittals for each insurance product proposed.

2. Offerors submitting proposals will **not** be permitted to attend the bid opening on February 13, 2007.

Any questions concerning this bid direct to: Matthew M. Bembenick via email at mbembenick@state.pa.us.

Except as clarified and amended by this flyer, the terms, conditions, specifications, and instructions of the invitation to bid and any previous flyers, remain as originally written.

Very truly yours,

Syline M. Shingara

Syline M. Shingara
Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us

RFP—Voluntary Benefits

CN00023197

Addendum #5

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

February 8, 2007

Subject:	RFP – Voluntary Benefits
RFP Number:	CN00023197
Opening Date/Time:	**February 23, 2007, 1:30 P.M.**
Addendum:	Addendum #5

To All Offerors:

The Commonwealth of Pennsylvania has elected to extend the proposal due date for RFP—CN00023197, Voluntary Benefits from February 13, 2007 at 1:30 P.M. to **February 23, 2007, at 1:30 P.M.**

Offerors wishing a Microsoft Word version of the RFP, please contact Syline Shingara at sshingara@state.pa.us. Please note electronic versions of the RFP are subject to I-29 of the RFP

Sincerely,

Syline M. Shingara

Syline M. Shingara
Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us

RFP—Voluntary Benefits

CN00023197

Addendum #6

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

February 9, 2007

Subject:	RFP – Voluntary Benefits
RFP Number:	CN00023197
Opening Date/Time:	**February 23, 2007, 1:30 P.M.**
Addendum:	Addendum #6

To All Offerors:

The Commonwealth of Pennsylvania has elected to rescind Addendum #4 to RFP CN00023197 – Voluntary Benefits dated February 6, 2007.

Sincerely,

Syline M. Shingara

Syline M. Shingara
Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us

RFP—Voluntary Benefits

CN00023197

Addendum #7

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROCUREMENT
HARRISBURG

February 16, 2007

Subject:	RFP – Voluntary Benefits
RFP Number:	CN00023197
Opening Date/Time:	**February 23, 2007, 1:30 P.M.**
Addendum:	Addendum #7

To All Offerors:

Potential Offerors submitting proposals for RFP-CN00023197 – Voluntary Benefits are **not** invited to the proposal opening scheduled for Friday, February 23, 2007 at 1:30 PM.

If you have any questions, please feel free to contact me at telephone number (717) 346-3833.

Sincerely,

Syline M. Shingara

Syline M. Shingara
Commodity Specialist
Phone: (717) 346-3833
E-mail: sshingara@state.pa.us