BEST AND FINAL OFFER

FOR

GROUP AUTO AND HOME INSURANCE PROGRAM

FOR

EMPLOYEES

OF THE

COMMONWEALTH OF PENNSYLVANIA

Presented by

Aon Consulting

August 17, 2007

AON

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Introduction

Aon Consulting is pleased to respond to the Commonwealth of Pennsylvania's Request For Best and Final Offer for a Voluntary Group Auto and Home Insurance Program that will be offered to its employees.

Aon Consulting's role is that of an Offeror (broker). We provide the necessary resources and services to fulfill the requirements that the Commonwealth has set forth in the RFP. Aon selected and works closely with the Travelers Insurance Company to fulfill the objectives of the Commonwealth for a Group Auto and Home Insurance Program. We believe that offering this program will be attractive to many state employees as it will deliver high-value and premium savings to many employees.

The Aon Consulting office in Radnor, Pennsylvania currently has a consulting relationship with the Pennsylvania Employee Benefits Trust Fund (PEBTF), as well as a number of the unions that represent Commonwealth employees through the PEBTF. Our familiarity with the PEBTF and our widespread acceptance with their union leadership, uniquely position Aon to assist the Commonwealth in the design, delivery, administration, oversight and acceptance of the Group Auto and Home Insurance Program.

We are proud of the work we have done on behalf of the PEBTF. Today, the Fund is operating with, and projected to continue to produce, additions to its reserves for the life of the recently negotiated labor contracts. In his recent press conference on healthcare, Governor Rendell mentioned the PEBTF as an example of how these types of programs can help both employees and employers.

We are also pleased to tell you that Aon was recently selected by the readers of Business Insurance as the "Best Employee Benefit Consulting Firm" for 2006!

In terms of overall rankings, Aon is the:

- No. 1 pure placement global insurance (broker)
- No. 1 global reinsurance (broker)
- No. 1 global manager of captive insurance companies
- No. 1 U.S. wholesale brokerage and underwriting manager
- No. 1 Reinsurance Intermediary
- No. 2 U.S. employee benefits consultant
- No. 3 global employee benefits consultant
- No. 6 global benefits outsourcing provider

Aon Consulting thanks the Commonwealth of PA for the opportunity to respond to this Request For Best and Final Offer. We firmly believe that our unmatched talent, distinctive value and client focus position us ahead of our competitors in delivering the solutions that exactly meet your needs. We hope, as a result of this process, that you will entrust Aon to implement and manage the Group Auto and Home Insurance Program outlined in this proposal.

Section 1. Statement of Problem

State in succinct terms your understanding of the problem presented or the services required by this RFP.

The Commonwealth of Pennsylvania desires to make available a Group Auto and Home Insurance Program to its permanent full-time and permanent part-time employee (defined as those who work greater than 50% of regular full-time hours). The objective of the program is to offer auto and home, as well as other Personal Lines Insurance products, whereby employees have the option of securing one or more of the products offered and fund 100% of the cost through payroll deductions.

The number of employees eligible for the program total approximately 79,000 and all participate in the Commonwealth's Human Resources/Payroll system. The majority of the employees are covered under collective bargaining agreements, and the unions have agreed to participate in the program.

The Commonwealth of Pennsylvania will select only a Group Auto and Home Insurance Program to offer to its employees. The selection will be based on the Commonwealth's desire to provide a high-quality benefit administered in a cost effective manner, with excellent services to employees who enroll.

The Group Auto and Home Insurance Program can be communicated to all eligible employees through methods such as group meetings, emails, Intranet website link and home mailings. Employees who attend group meetings can be provided brochures, product descriptions or other print materials. All communication materials will be pre-approved by the Commonwealth for distribution.

The administrative requirements of the program will be provided through the establishment of efficient systems and procedures with the highest standards of accuracy and consistency. Administration includes providing customer services for employees enrolled in the program through in-bound, toll-free telephone calls to the customer service center; all record keeping; processing payroll deductions on a bi-weekly basis with an interface(s) directly to the Commonwealth; and processing of claims submitted by employees in a timely and efficient manner. These functions will be handled by the insurance carrier. Overseeing all of the activities is Aon Consulting.

The benefit being offered is fully paid for by employees who enroll in the program, and the Commonwealth will make no direct contribution to expenses incurred for communicating and administering the program.

Section 2. Management Summary

Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

Aon Consulting, through its Elective Benefits Practice, will provide and/or arrange all services necessary to the successful management of the Group Auto and Home Insurance Program for the Commonwealth of Pennsylvania and its employees. This Practice has been operating for over 35 years under stable management and principal staff, and has enjoyed steady growth, adding regularly to its client-service and technical resources. With Practice headquarters in New York City, services are available to all Aon Consulting offices in the United States in support of the voluntary benefits needs of their clients. This proposal is made on behalf of our colleagues in the Radnor, Pennsylvania office of Aon Consulting.

The Elective Benefits Practice is exclusively dedicated to the development and management of voluntary benefit programs, and it is privileged to include a wide range of corporate and government entities among its clients. We serve organizations of all sizes, providing a complete and current array of all high-value products available. We serve as an independent Insurance Broker and Consultant, advocating only for our clients and their employees, with no distribution obligations of any sort to any insurer or vendor.

As Program Manager for the Commonwealth of Pennsylvania's Group Auto and Home Insurance Program, we will engage Travelers Insurance Company's operating resources for the fulfillment of program functions. We are partnering with The Travelers (Hartford, CT) to provide their Group Auto and Home Insurance Program and Risk Management Solutions of America, Inc. (Chicago, IL). Risk Management Solutions of America, Inc., as MBE subcontractor for Aon Consulting, will help manage the program, including acting as intermediary and consultant. They maintain satellite offices in Philadelphia and Pittsburgh.

Aon Consulting is best positioned to offer a quality Group Auto and Home Insurance Program to the employees of the Commonwealth of Pennsylvania due to our extensive experience in selecting "Best in Class" products. Further, we coordinate all program implementation processes and manage ongoing program oversight and reporting.

Communications and enrollment methods vary by product and must conform to employer preferences. We are effective at all forms of benefits communications, including paper, electronic, call center, mail and Internet/Intranet. For on-site group meetings with employees, we can explain the voluntary benefits being offered and hand out descriptive literature to the employees who express interest. Mailings to employees at home, a customized website that includes a link for accessing product information (and enrollment for auto insurance) and a customer service center(s) reached by a toll-free telephone call will be the primary support for the product offering.

We will establish efficient systems and procedures with the highest standards of accuracy and consistency. Aon Consulting will coordinate the design and implementation of all record-keeping, reporting and payroll deduction processes performed by Travelers. The program administered by Travelers will have all policy and payroll deduction history available on-screen for their customer service representatives to rapidly assist employees who call (toll-free) for their service needs. We review all systems for employee services to assure the highest order of responsiveness to employee needs.

In summary, Aon Consulting and Travelers will provide the following capabilities and services to the Commonwealth and its employees:

- Offer "Best in Class" Group Auto and Home Insurance Program
- Utilize experienced professionals to develop and manage the program
- Coordinate the implementation process from setting timelines for tasks to arranging the payroll deduction interfaces
- Manage on-going program oversight and reporting
- Develop a communication strategy that conforms to the Commonwealth's requirements
- Establish efficient systems and procedures for record keeping, reporting and payroll deduction processes
- Manage and support the administrative services for the program

a) The following information must be provided by the Offeror in its proposal.

1) Organization

(a) Briefly describe the history of the Offeror's organization and identify any parent business ties. Identify the office(s) or division that would be used to service this program and its address.

Aon's roots date back over 100 years as one of the most venerable names in the insurance industry. Over the years, we have built an unrivaled domestic and global network and enhanced our ability to serve clients through organic growth, strategic acquisitions and the expansion and broadening of expertise. We have developed a comprehensive range of specialized skills and knowledge that we apply in creative, customized approaches to each client's business challenges. Today, Aon is a world leader in delivering integrated, innovative solutions in insurance and risk management, human capital consulting and management consulting services.

Throughout the 1980s and 1990s, strategic acquisitions and organic growth fueled Aon's expansion in the global insurance marketplace. Over the past twenty years, we have acquired some of the most well known players in the insurance and consulting industries. Many of our acquisitions have been notable players in their respective fields:

- Rath & Strong
- Radford Associates
- Frank B. Hall & Company

- Miller, Mason & Dickenson
- Alexander & Alexander
- Actuarial Sciences Associates

Aon Corporation is a global leader in risk management services, insurance and reinsurance, human resources and management consulting, and HR outsourcing services. Aon is a Fortune 200 company, with in excess of $10 billion in revenue for 2005. With over 47,000 employees worldwide, Aon has 550 offices in over 125 countries. Aon's common stock is listed on the New York, Chicago and London stock exchanges (Symbol: AOC). Aon maintains its headquarters in Chicago. Aon has never been sold or acquired.

Our team of Consultants has extensive expertise in providing consulting services to clients for all types of benefit plans including medical, prescription drugs, dental, disability, life, vision, spending accounts, EAPs, group legal, long term care, etc. Aon Consulting's Elective Benefit Practice performs vendor marketings, benefit plan design strategy, communications and enrollment strategy, renewal analysis/negotiations, and day-to-day general consulting services.

The Aon Consulting office at 199 Water Street, New York, NY, 10038 is the primary location for the Elective Benefits Practice, which will provide and/or arrange all services necessary to manage the program.

The Aon Consulting office in Radnor, Pennsylvania (located at 555 East Lancaster Avenue, Suite 300, Radnor, PA 19087) has a consulting relationship with the Commonwealth and many of the unions that represent Commonwealth employees through the Pennsylvania Employee Benefits Trust Fund (PEBTF). In addition, Aon has offices in Hershey and Pittsburgh, with over 100 benefit professionals throughout the Commonwealth. Our size, local knowledge and national experience position Aon to deliver unmatched market leverage, strategic consulting and operational excellence to the Commonwealth, union leadership and the employees who participate in the program.

In terms of overall rankings, Aon is the:

- No. 1 pure placement global insurance (broker)
- No. 1 global reinsurance (broker)
- No. 1 global manager of captive insurance companies
- No. 1 U.S. wholesale brokerage and underwriting manager
- No. 1 Reinsurance Intermediary
- No. 2 U.S. employee benefits consultant
- No. 3 global employee benefits consultant
- No. 6 global benefits outsourcing provider

Although Aon is a major leader in virtually every market it serves, size is not its primary goal. Aon aims to be the world's most responsive, client-focused insurance and consulting services company.

Some of our other recent accomplishments, whose attributes will benefit the Commonwealth, include being:

- Selected by readers of Business Insurance as the "Best Employee Benefit Consulting Firm" for 2006
- Ranked as the #3 global employee benefits consulting firm
- Ranked by HRO Today Magazine as one of the top end-to-end RPO providers
- An Award-Winning Communication Consulting Practice:
  - US: 19 APEX awards, Aegis Award for Video and Film, Copper Quill and Spectra Awards from the IABC
  - Canada: 2 Awards for Best Print Strategy from Benefits Canada
  - Australia: Stakeholder Marketing and Education Award, Employee Communication and Marketing Award from Association of Superannuation funds of Australia

(b) *Provide a copy of the Offeror's and/or Insurance Carrier(s) most recent independently audited financial statements and/or tax returns – include ratings by the following organizations.*

Aon's 2005 Annual Report was included in the Appendix Section of the original proposal submitted to the Commonwealth on February 23, 2007. The ratings for The Travelers are included in the Appendix Section of this Best and Final Offer.

(c) *As of July 1, 2006, state the number of employers and number of employees for whom the Offeror provides the services that the Commonwealth will require of the Offeror. Indicate how many years the Offeror has been providing these services. Indicate how many of these employers have operations in the Commonwealth. Indicate how many employees of these customers work in the Commonwealth.*

Aon Consulting's Elective Benefits Practice has in excess of 400 clients. These clients include employers and affinity groups (associations, credit unions, alumni) that offer Group Auto and Home Insurance Program to their employees and members. The total population that is eligible to participate in a Group Auto and Home Insurance Program developed by the Elective Benefits Practice is approximately 1 million.

The Elective Benefits Practice has been providing Group Auto and Home Insurance Program for over 35 years.

Many of our clients have multi-state operations, including Pennsylvania. We do not track employer or employee locations, but we estimate that approximately 5-10% of our clients and their employees/members are located in Pennsylvania.

(d) *Indicate the number of years the Offeror organization has been providing services in the Commonwealth of Pennsylvania.*

Aon Consulting has offices in Radnor, Hershey and Pittsburgh. These offices have been providing services to Pennsylvania clients for over 50 years.

Our familiarity with the PEBTF and our widespread acceptance with the union leadership, uniquely position Aon to assist the Commonwealth in the design, delivery, administration, oversight and acceptance of the voluntary benefits program.

Aon Consulting was awarded the PEBTF's consulting and actuarial services contract commencing July 1, 2004. Our initial objective was to identify new, meaningful ways to control costs in light of the large projected deficits and severe financial challenges it faced.

A strategic planning Trustees retreat was held in October 2004 to provide a forum to discuss any and all available cost savings scenarios for PEBTF. Agenda topics included budgets, financial projections, cost drivers, industry trends, disease management and alternative plan designs for consideration.

A Cost Management Task Force was formed to identify and study specific cost savings programs and their financial impact on the Fund. The Task Force, comprised of both union and management representatives, held regularly scheduled meetings to discuss each initiative and its impact on claims. Detailed descriptions of several possible cost

savings initiatives were developed and formally presented to, and unanimously approved by, the Board of Trustees in January 2005.

The Task Force continues to meet regularly to monitor these cost management initiatives. A second Trustees Retreat was held in October 2006. As a result, the Task Force will focus on quality measures, vendor management and member wellness issues for the upcoming year.

In late 2006, Aon Consulting developed and tested a multi-year rate projection tool for the Commonwealth and labor management that included the ability to revise trend, claims, revenue, employee cost share, buy-ups and expense assumptions to produce various plan and cost scenarios in preparation for collective bargaining. After ongoing revisions to the model, reflecting emerging claims and expense information, meetings with legal counsel and the bargaining committee, it was successfully used at the recent bargaining sessions in January 2007.

We are proud of the work we have done on behalf of the PEBTF. Today, the Fund is operating with, and projected to continue to produce, additions to its reserves for the life of the recently negotiated labor contracts. In his recent press conference on healthcare, Governor Rendell mentioned the PEBTF as an example of how these types of programs can help both employees and employers.

(e) Indicate any recent or anticipated changes in the Offeror's corporate structure, such as mergers, acquisition, new venture capital, stock issue, etc.

Aon Corporation has made the following changes in its corporate structure recently:

- January 2007, acquired Footman James, a broker for antique car insurance in the United Kingdom
- January 2007, Affinity Insurance Services, Inc. of Hatboro , PA (Aon subsidiary) acquired Wedsafe, Inc., a leading provider of wedding insurance
- December 2006, announced intent to acquire Valley Oaks Systems, a leader in claims management software

(f) Submit evidence of required liability insurance protection as indicated in Part IV-3.

Aon Corporation has its General Liability insurance with Continental Casualty Company and carries limits of $1 million per occurrence and $2 million aggregate. The carrier for Aon's Errors & Omissions policy is American International Specialty Lines Insurance Company with a per claim limit of $3 million. Copies of the Certificate of Insurance for both policies were included in the Appendix of the original proposal submitted to the Commonwealth on February 23, 2007.

(g) Describe the nature of each complaint concerning the Offeror's products or services that has been filed with a state regulatory agency in the past twelve (12) months that has resulted in an adverse decision. Describe the outcome of the decision and the actions taken to prevent future occurrences.

To our knowledge, Aon Consulting has not received any complaints filed with regulatory authorities in the past 12 months.

(h) *We require that all plan participant inquiries go directly to the Offeror for their resolution. Describe the Offeror's processes and controls in providing member services (by phone, letter, in person, and/or online). Include the function of:*

1. *Marketing;*
2. *Counseling of participants;*
3. *Enrollment;*
4. *Maintaining beneficiary forms;*
5. *Inquiries on benefits;*
6. *Handling administrative service issues;*
7. *Claim processing, including appeals;*
8. *Resolutions of payroll discrepancies; and*
9. *All other functions that will be provided by the Offeror.*

1. Marketing:

Aon Consulting and The Travelers will collaborate efforts to develop an effective marketing/initial enrollment campaign, which will include a variety of letters, postcards, posters, brochures, e-mail communications and newsletter articles. All communications will be developed in accordance with the Commonwealth's guidelines relating to the stated communication plan. All printed materials will be subject to review and approval by the Commonwealth. Risk Management Solutions of America, Inc., will also be actively assisting in the communications and enrollment effort in the western areas of Pennsylvania. This demonstrates meaningful participation from this organization and gives us additional representatives with local involvement in communicating the program to employees.

2. Counseling of participants:

Employees will have a variety of opportunities to receive personalized attention. The printed and electronic announcements would be followed by onsite group informational meetings where employees may ask questions in a group setting. Further information could be obtained by prospective participants by visiting the website or calling the call centers (staffed by Pennsylvania licensed representatives). Actual enrollments would be facilitated by telephone with the licensed representative via the call centers or on the website link. All group presentation materials will be available for review by the Commonwealth. Licensed representatives are fully trained and have years of experience in this field of work. They will give Commonwealth employees information to make an informed decision in a no pressure environment.

3. Enrollment:

Licensed representatives at the Call Centers are salaried employees of The Travelers. All enrollment and service personnel are thoroughly trained by The Travelers. Employees enroll in the Group Auto and Home Insurance Program by visiting the website or calling Travelers directly. The employee could receive a premium quote and purchase auto insurance through the website link. Products other than auto are quoted and purchased through a Travelers' professional counselor at the toll-free number.

4. Maintaining beneficiary forms:

There are no beneficiary forms for the Group Auto and Home Insurance Program.

5. Inquiries on benefits:

The call centers are staffed by full-time, salaried representatives that are appropriately licensed. All calls are responded to by the appropriate department/person that is best suited to facilitate the employee/participant's issue. All participant inquiries are logged into The Travelers client service software system.

6. Handling administrative service issues:

The employee can call the toll-free number to receive services. There will be a single, dedicated number to reach The Travelers.

7. Claim processing, including appeals:

Insureds with a claims matter on the Group Auto and Home Insurance Program would contact Travelers by a toll-free telephone call. Travelers will take the information over the telephone and respond appropriately to the claim, from taking the report to settlement.

8. Resolutions of payroll discrepancies:

The Travelers will interface directly with the Commonwealth and service all issues pertaining to payroll deductions. The Travelers will reconcile and resolve all payroll issues.

9. All other functions that will be provided by the Offeror:

Aon Consulting and The Travelers will provide all of the services required to offer the Group Auto and Home Insurance Program to employees of the Commonwealth.

(i) *Describe the Offeror's disaster recovery plans for the location that will serve the Commonwealth's employees.*

Aon has a comprehensive emergency preparedness and disaster recovery plan in place for all of its operations and offices throughout the United States. Senior management is responsible to develop the plan based on an assessment of risk factors that might interrupt business operations including equipment malfunctions, natural disasters and other emergencies. All of our records and files are backed-up off-site. Our system has been tested and implemented during Hurricane Katrina for our New Orleans' office and during 9/11/2001 for our World Trade Center facility. The Travelers

has its own extensive disaster recovery plans, which will ensure continued operations and recovering in the event that business activities are interrupted. As an example, Travelers backs-up computer data on tapes or disks and stores off-site.

2) Implementation

(a) *Provide an implementation time-line identifying each task and target date for an assumed May 1, 2007 effective date. The actual date of implementation will occur after execution of the contract and dates will be adjusted accordingly. Assume open enrollment may occur beginning July 1, 2007.*

Proposed Implementation Schedule (Assuming Enrollment begins January 1, 2008)

Commonwealth of Pennsylvania

Group Auto and Home Insurance Program

Task	Responsibility	Week Of
Notification of Proposal Acceptance	C of PA	9/26/07
Initial Implementation Meeting ▪ Identify contacts ▪ Discuss communications and enrollment strategy ▪ Discuss file layouts and data transmission method for payroll deduction and eligibility files ▪ Discuss administration services and reporting requirements ▪ Discuss products and eligibility ▪ Discuss contract terms	C of PA Aon Consulting & Travelers	10/2/07
Weekly Meeting ▪ Identify sites and schedule for group meeting ▪ Determine billing schedule and gather payroll information ▪ Confirm test schedule for data transfer ▪ Confirm layouts for data transfers and eligibility files ▪ Provide any policy or coverage information, sponsorship agreement ▪ Determine needs for logos, letterhead, sample signatures	C of PA Aon Consulting & Travelers	10/9/07

Weekly Meeting ▪ Provide eligibility file ▪ Finalize group meeting sites and schedule ▪ Identify contacts at each site ▪ Determine any training needs (product descriptions, etc.)	C of PA Aon Consulting & Travelers	10/16/07
Weekly Meeting ▪ Review draft communication materials (brochures, letters, email, etc.) ▪ Finalize reporting data and schedules ▪ Begin testing data transfers files ▪ Test eligibility file	C of PA Aon Consulting & Travelers	10/23/07
Weekly Meeting ▪ Provide logos, letterhead, signatures for communications ▪ Contract and agreement reviewed by attorneys	C of PA Aon Consulting & Travelers	10/30/07
Weekly Meeting ▪ Approval of communication materials ▪ Materials sent to print ▪ Update on testing files ▪ Provide draft letter announcement to contact at group meeting site ▪ Provide draft newsletter article	C of PA Aon Consulting & Travelers	11/7/07
Weekly Meeting ▪ Finalize newsletter article ▪ Status of communication materials ▪ Train enrollment and call centers representatives	C of PA Aon Consulting & Travelers	11/14/07

Weekly Meeting ▪ Discuss reports and format for program activity ▪ Present quality assurance measures for customer services ▪ Update on testing files	C of PA Aon Consulting & Travelers	11/21/07
Weekly Meeting ▪ Announce program using Intranet, posters, newsletter, home mailing ▪ Finalize contract and other agreements	C of PA Aon Consulting & Travelers	11/28/07
Weekly Meeting ▪ Review any outstanding issues ▪ Submit eligibility file	C of PA Aon Consulting & Travelers	12/4/07
Weekly Meeting ▪ Program Kick-off	C of PA Aon Consulting & Travelers	1/2/08

(b) *Provide a marketing strategy for the initial notification to participants of the new program and recruitment of participants.*

The Commonwealth of Pennsylvania would review and approve all communications that are sent to employees for the program offered by Aon Consulting and The Travelers. The initial announcement to employees could be a home mailing to include an announcement letter, brochure highlighting products offered and instructions for participation. If a newsletter is available, we could include an article announcing the program. New hires would be provided a "new hire package" when they become employed that describes the program and informs them how to get quotes and apply for coverage.

The marketing strategy we propose consists of the following:

Web services – A customized informational web site will be developed to support the informational needs of the employee population. This site may be linked to the Commonwealth's web-site for easy employee access.

E-mail notifications – If the Commonwealth has the ability to support periodic e-mail notifications, we will work with the Commonwealth's IT staff to help support the marketing/communication effort.

Scheduling of group meetings – If group meetings are desired, we will prepare a suggested rollout schedule based on size and location of the sites for group meetings. The schedule will be approved/modified by the Commonwealth. Aon Consulting and The Travelers will contact managers at each group meeting site to develop an onsite schedule that is acceptable to the location management personnel.

Call Centers will open – Based on the initial kick-off date and when onsite meetings will commence.

Home mailings – Travelers will mail a package of materials to the home of all eligible employees. The package can consist of an introduction letter and a brochure describing the program with instructions on how to apply for coverage. Home mailings are the preferred method to communicate the program and Travelers would like to do 2 or 3 home mailings per year.

Posters – Travelers would provide posters that highlight the program, which the Commonwealth could place throughout its system.

(c) *Provide samples of typical communication materials that the Offeror may provide under this program.*

See Appendix Section

(d) *Provide details regarding media to communicate the plan to employees.*

Please see question 2b.

(e) *Explain how the Offeror will transmit electronic interface files to begin, change, and stop payroll deductions. Indicate that the Offeror agrees to provide the data elements in the order and format required by the Commonwealth to update the HR/Payroll system. Include software, data elements for the file. See Part IV for the minimum required data elements and transmission format.*

Aon Consulting's partner, The Travelers, would perform the administrative functions associated with the program. Travelers can provide a file of deductions to be uploaded to payroll on a bi-weekly basis (either full file or a change only file). Payments to the Travelers are expected bi-weekly. Travelers has flexible interface systems that will accommodate the Commonwealth standard file format for eligibility files and bill/remit files. See Appendix Section for a description of the standard specifications for data transfer files.

3) Administration

(a) *The benefits provided under this contract are voluntary and enrollment is contingent upon the Offeror providing benefits at a competitive rate and communicating the value of such benefits to employees. As such, the Commonwealth will not agree to minimum participation requirements for any benefits provided under this RFP.*

There are no participation requirements for the Group Auto and Home Insurance Program offered by The Travelers.

(b) *Provide the implementation date of the most recent substantive changes to the Offeror's administrative processes/procedures for managing benefits/claims. If a change is contemplated between the date of the submittal and the end of the contract period, provide a brief description of the changes and the anticipated implementation dates.*

No recent changes have been made and none are contemplated at this time. Travelers employs accurate and responsive administration procedures for managing all aspects of the program they offer.

(c) *Provide a marketing strategy for new hires in the ongoing administration of this contract.*

Please see question 2b. New hires are eligible to participate in the Auto and Home program at anytime.

(d) *Provide a marketing strategy for annual open enrollments.*

Please see question 2b. There is no fixed or limited enrollment period for the Group Auto and Home Insurance Program. Employees can participate in the program at any time during the year.

(e) *Provide details regarding the various types of media that will be used to communicate with employees in the ongoing administration of this contract.*

The primary media for communications will be through written and printed communications sent in various ways. This may include internal, inter-departmental distribution, US Mail, e-mail, newsletters, website updates, Internet, Intranet and inclusion in other Commonwealth benefit communications.

(f) *Describe how the Offeror will communicate all plan and premium changes to the insured. Describe how this will be communicated to the Office of Administration and how much notice will be provided.*

The insured will be notified of premium changes through the mail. Insureds who participate in the Auto and Home program receive policies prior to the policy expiration date. The renewal policy will include any pricing change. Travelers will report premium changes to the Office of Administration as part of the normal transfer of data files for payroll deductions.

(g) *Part IV requires the Offeror provide a single website specific to the Commonwealth plan of benefits. Indicate whether the Offeror provides on-line enrollment. If not, explain why on-line enrollment is not provided. The Offeror's response should address any legal or administrative concerns with online enrollment. If the online enrollment functionality impacts the proposed premiums, the Offeror must include this in the separate Cost*

Submittal. No information regarding cost proposals should be included in the Offeror's response. If there is an impact on the proposed premiums, the Offeror must include this in the separate Cost Submittal.

The Group Auto and Home Insurance Program will have a website link where employees can get information and a premium quote. Auto insurance can be enrolled online. Other Personal Lines products are enrolled through a toll-free call to Travelers.

(h) *Part IV requires the Offeror provide a single toll-free customer service number. Describe how many customer service representatives will be handling phone calls solely for Commonwealth employees. Describe the hours of the Offeror's customer service department. Describe how the Offeror handles evening and weekend calls. Describe any special facilities available for the hearing impaired or for those where English is a second language.*

Travelers has customer service centers where employees can call for inquiries or to apply for coverage. Travelers has a single toll-free number which connects to enrollment counselors, service representatives and claims specialists. Claims may be reported 24 hours; Travelers has 2,500 claims representatives. Policy service representatives (400 in Glen Falls, NY and Spokane, WA) are available 8am to 11pm Monday to Friday and 8:45am to 5pm on Saturday. Licensed enrollment representatives (100) are available 8:30am to 8pm Monday to Friday and they are located in Knoxville, TN.

(i) *Describe quality assurance parameters the Offeror has in place.*

Travelers deals directly with employees and they maintain high quality standards in their call center operations. Telephone counselors for Travelers are evaluated on 8 calls per month that are reviewed by management. Service quality is constantly measured by:

- Call monitoring for speed of answer, politeness, professionalism
- Written customer satisfaction surveys
- Verbal surveys while customers on the phone
- Monitoring for call abandon rate
- Internal standards for policy issue time, accuracy and claim payment
- Written surveys for customers with claims

(j) *Indicate if the Offeror uses silent call monitoring for its customer service representatives, and at what frequency. Describe the steps that are taken if representatives provide erroneous information or act in an inappropriate manner.*

Please see previous answer. If a customer service representative provides wrong information or acts in an inappropriate way, and it is brought to the attention or discovered by management through quality assurance measures, the client is contacted to correct or apologize for the matter.

(k) *Describe how member questions and issues will be addressed through the Offeror and the procedures and guidelines that will be used to escalate the problem to the next level of supervision/management; describe the level at which the Commonwealth will be notified.*

All complaints and concerns are immediately escalated to a supervisory level. Aon Consulting will be involved in resolving any complaints or problems that are referred by The Travelers or by the Commonwealth. Travelers will notify Aon Consulting of any serious issues that require our intervention on behalf of employees.

(l) *Describe the manner in which subscriber eligibility, enrollment, and premium payment records are maintained. If this information varies by insurance plan, the Offeror should include any and all variances in their proposal.*

Biweekly eligibility file updates provided by the Commonwealth allow Travelers to know who is eligible to participate. Eligibility records are entered into a client database for future reference and customer service. Premium payment records would be maintained by Travelers. Travelers assumes responsibility for all record keeping and reconciliation of premium payments.

(m) *State the Offeror understands of how the self-bill process will work for employees who are on Leave Without Pay or who terminate employment. The response also should address who should be contacted regarding billing issues.*

Employees on leave would make payments directly to Travelers. The initial notification of a termination would be done with the remittance files that list the premium payments made by the participating employees. When an employee is no longer having a deduction, Travelers would convert the payment method to direct bill and send a bill to the employee's home. When an employee returns to work, the deductions can be resumed.

(n) *Explain the procedures for processing a claim through the Offeror. If the claim process varies by insurance plan, the Offeror should include the procedures for each insurance plan. Indicate who approves the request for benefit eligibility.*

Claims are filed with and adjudicated by Travelers. Personal Lines Insurance claims, such as auto and home, are reported directly to Travelers by toll-free telephone call. Travelers will service all aspects of the claim from the initial reporting to adjustment and settlement. They have 37 regional claim facilities around the country including one in Reading, PA.

(o) *Describe the Offeror's internal and external audits and controls. Explain how there systems ensure accurate billing and coverage based on eligibility data provided by the Commonwealth.*

Aon Consulting will not be involved in billing or collecting premiums. Travelers bills and collects payments for their products. Travelers has extensive, time-tested systems in-place to reconcile payments made by employees through payroll deduction.

The process includes controls to make sure only eligible employees from the eligibility file are being enrolled. Post enrollment data is checked and balanced prior to generating deduction information to the Commonwealth. Insurance carriers are heavily regulated and their audit controls are mandated by state regulatory agencies.

(p) *Provide samples of reports to be generated, without charge, clearly indicating any variances from the specifications in the RFP. Indicate the proposed frequency of the reports.*

Aon Consulting through The Travelers will provide quarterly reports to the Commonwealth. Deduction notification files containing employee name, social security number and deduction amount are sent in a secure manner to the Commonwealth in the format required for the payroll deduction system. Deductions are taken and remitted back, processed against the amount requested and an exceptions report is generated. Exceptions are researched and corrective action taken. Reports will be provided to the Commonwealth on a quarterly basis that show claims and participation information. Customized reports are available based on the needs of the Commonwealth. Reports are provided in aggregate numbers and would not include the names of employees as there is a privacy issue.

(q) *Indicate the Offeror's willingness to provide flexibility for future changes to procedures, report formats, etc. as requested by the Commonwealth. Describe how this flexibility (or lack thereof) is consistent with the Offeror's administrative systems.*

Travelers has relationships with many hundred of employers who offer their Auto and Home Insurance Program. They are flexible and can accommodate virtually any reasonable request.

(r) *Describe how all contacts with employees (e.g., phone call, letter, e-mail) and the related action by the Offeror and Insurance Carrier are tracked by the Offeror. In addition to the reports required, describe reports the Offeror will produce for the Commonwealth detailing these contacts and related action. Indicate the frequency of these additional reports.*

All calls, emails, letters and any other communications from employees to Travelers are entered and date stamped into Travelers' client services database. Additionally, recorded calls may also be attached to these files. The Commonwealth would need to indicate what types of reports and what specific information they are requesting. Since the plan to be offered does not fall under ERISA and have certain privacy concerns, we would want to be compliant in our reporting. Generally, reports for the Commonwealth would indicate aggregate numbers and would not identify specific employees.

(s) *Describe how records are maintained, backed-up stored, and retrieved. Include any provisions for recovery from disaster. Explain how records are secured and how confidentiality of information is protected.*

All records are maintained electronically with appropriate back up procedures. Aon Consulting and Travelers have a disaster recovery plan based on an assessment of potential risk factors that could interrupt business operations. Generally, the plan includes: identify essential equipment and personnel for immediate recovery;

measures to mitigate the effects of the disaster; routing plans for call center; immediate application of back up systems; and constant review by senior management.

Section 3. Work Plan

Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours and corresponding Full-Time Equivalents (FTEs) allocated to each task.

Aon Consulting and Travelers will provide the Commonwealth of Pennsylvania with the following services regarding the Group Auto and Home Insurance Program for employees:

- Propose a quality program from an experienced carrier that meets the ratings criteria established by the Commonwealth.
- Offer the program to all Commonwealth employees who are full-time or permanent part-time working greater than 50% of regular full-time hours and actively at work on the effective date of coverage.
- Administer the program with minimal involvement from the Office of Administration by providing customer service facilities that employees may call toll-free for inquiries. The customer service facility will enroll employees, answer questions, assist with claims and process deductions.

- Communicate the program by distributing materials to all eligible employees to inform employees about the program being offered. Travelers will develop a customized web-site for employees to access for product information and enrollment.
- Enroll employees by taking their applications over the telephone or through the web-site.

If selected by the Commonwealth to offer Group Auto and Home Insurance Program to employees, Aon Consulting and The Travelers will provide:

- A project plan timeline will be developed that lists all tasks, completion dates and the responsible party(ies).
- A communications plan will be designed to notify eligible employees about the program and how to apply. The communications plan will consist of home mailings, emails, poster, Internet and Intranet, website links, post cards and newsletter articles. All materials will be pre-approved by the Commonwealth.
- Group meetings might be held at state facilities to inform employees about the program. The meetings will be scheduled and approved by the Commonwealth. Employees may enroll for any of the products offered by telephone, and for auto insurance online.

a) For each individual voluntary benefit product proposed, the following information must be provided.

Group Automobile and Homeowners Insurance Program

a)	**Recommended insurance carrier/provider**: The Travelers Companies, Inc. (Travelers)
b)	**Insurance product being proposed**: Group Automobile and Homeowners Insurance Program offers individual personal insurance products including auto, home, renters, condo owners, umbrella liability, boats, valuable items, fire, flood and excess flood.
c)	**Significance of product for employees and their dependents**: Virtually every employee needs auto and home insurance, either to satisfy a loan, a state requirement or simply to protect their valued possessions. This program offers savings through special pricing not available outside the plan, additional discounts for the convenience of payroll deductions with no service charges and extended business hours beyond those of the typical insurance agency. Pennsylvania is Travelers #1 state for growth and, consequently, the rates are very competitive. Travelers is a highly regarded, well known, financially stable and trusted brand in the insurance business. Travelers has many high profile clients in Pennsylvania with over 1 million eligibles, including employees of PNC Bank, Alcoa, CIGNA, Pennsylvania Power & Light, Rite Aid, and Lancaster General Hospital. Travelers has approximately 1,000 employees in Pennsylvania servicing its clients. Travelers offers competitive Auto and Homeowners rates in Pennsylvania. Based on a Market Analysis conducted by Travelers their rates compare very favorably with the other market leaders in Pennsylvania. The analysis compares 5 rating examples in each location and the average rates are as follows:

	Travelers	State Farm	Allstate	Erie
Automobile				
Harrisburg (17101)	**$ 453**	$ 617	$ 511	$ 482
Scranton (18503)	**447**	643	540	582
Pittsburgh (15122)	**474**	569	562	579
Reading (19601)	**564**	687	651	568
Philadelphia (19102)	**900**	1,226	1,547	1,232
Average	**577**	748	762	689
Difference	--	+30%	+32%	+19%
Homeowners				
Harrisburg (17101)	$ 398	$ 619	$ 437	**$ 293**
Scranton (18503)	464	686	508	**379**
Pittsburgh (15122)	421	651	449	**379**
Reading (19601)	**332**	678	433	335
Philadelphia (19102)	995	1,234	**602**	886
Average	522	774	486	**454**
Difference	+15%	+70%	+7%	--

* Travelers recently reduced their Homeowners rates an average of 1.7% in Pennsylvania. The reduction is not included in the above rates.

d) **Detailed explanation of benefit program and level of benefits provided to members:**

Travelers will offer employees a full array of Personal Lines Insurance products with special discounts for auto policies and the convenience of having premiums paid through payroll deduction. Additionally, employees will receive pricing credits for security devices, multi-policies, safe-driving, new home, driver training, etc.

Facts about Travelers in Pennsylvania:

- Pennsylvania is Travelers 2nd largest state with 231,388 auto policies and 296,638 home policies.
- Conversions of quotes to policies (close ratio) of 40% for auto and 40% for home.
- Market share #6 for auto, #5 for home.
- 150 pre-approved auto repair shops.
- Recent rate changes: -3.0% for auto in 12/06 and -1.7% for homeowners in 2007.
- Introduced new auto rating plan in 1/06, which produced over 20% new policies during 2006. Quantum Auto Program offers highly sophisticated, multivariate approach to underwriting and pricing. Customers receive Travelers' best possible price based on their risk factors.
- Dedicated enrollment and service centers for group programs (multi-lingual).
- 2,500 Claims Department employees nationally dedicated to personal auto and home clients.

Available discounts include:

- 5% group discount for auto
- 2% discount for payroll deduction for auto
- 10% credit for hybrid cars
- 5% credit for defensive driver courses
- Up to 15% credit for anti-theft devices
- 25% new home credit
- 20% loss free credit
- 2% smoke detectors credit

e)	**Typical participation of product being proposed:** Participation would be approximately 8% of eligible employees after the first year and 20% after three years. Participation is dependent on the competitiveness of the rates and communications support to raise employee awareness about the program.
f)	**Describe the portability feature of the product being proposed:** All policies in the program are portable. When the employee retires or terminates employment the policy will be converted to direct bill and the employee will receive a bill at home.
g)	**Provide a sample policy and insurance certificates for the insurance product being proposed:** See Appendix for sample auto and home policies.
h)	**Provide samples of enrollment and claim forms for the insurance product being proposed:** Enrollment is done on the phone or on-line for auto insurance. Claims are reported by a toll-free call to Travelers. There are no forms to complete.
i)	**Percentage of applications submitted that were approved and denied in the most recent 12-month period:** Approximately 90% of auto applicants and 89% of homeowner applicants are accepted. Employees will be individually underwritten and acceptance is subject to the Travelers' underwriting guidelines. The primary reasons for an auto applicant not being accepted are excessive accidents and/or violations and license suspension. The primary reasons for homeowner applicants not being accepted are claim history and lack of fire protection.
j)	**Indicate that the carrier guarantees coverage for the employee, spouse, and dependents upon initial enrollment. Describe all requirements and limitations other than during open enrollment. If there are any cost differences, provide cost information on the cost submittal.** Coverage is not guaranteed and each applicant is individually underwritten based on his or her own risk characteristics. There is no fixed enrollment period and no minimum participation requirement. Travelers offers special pricing that is not available outside the plan.

k)	**Describe any age limitations on enrollment:** There are no age restrictions.
l)	**Explain medical underwriting process used to determine insurability.** No applicable to auto and home insurance (or any Personal Lines insurance product).
m)	**Provide Offeror's HIPAA Compliance Policy for all insurance solutions as proposed.** N/A
n)	**Indicate whether plan includes any pre-existing conditions limitation; if so describe.** N/A
o)	**Provide the standard list of exclusions for the product being proposed.** Personal Lines Insurance policies have standard policy exclusions that are filed and approved in Pennsylvania. Please see the sample policies in the Appendix Section for the standard list of exclusions.
p)	**Is there an appeals process for underwriting denials; if yes, describe.** The carrier is obligated to notify the applicant why coverage was denied. The applicant could correct any misinformation that was the basis of the denial.
q)	**Describe the waiting period in detail. Indicate how days are counted. Indicate if days must be consecutive.** There is no formal waiting period for coverage to start. Normally, an applicant will indicate when the policy is to become effective.
r)	**Describe the premium waiver provision.** N/A
s)	**Describe the Coordination of Benefits feature.** N/A

t)	**Supply an Explanation of Benefits and sample EOB Message.** N/A
u)	**Provide a recommendation on which family members will be eligible to participate in the proposed benefit program.** Dependents of the employee may apply for coverage.
v)	**Describe requirements for participants who, during the open enrollment, want to increase their coverage levels.** Employees may participate at any time during the year. If a policy change is needed, the employee contacts Travelers' customer service to make a policy change.
w)	**Explain the procedures for processing a claim. Describe the Offeror's turnaround time from receipt of a claim. List the physical location of each office involved in the claims process.** Employees simply call Travelers toll-free Claim Hot Line 24-hours a day, 365 days a year to report claims to a "live" Travelers representative. Although many claim representatives work out of their homes in order to be more responsive to customers, Travelers has 37 regional claim facilities around the country with locations convenient to major population centers, including Reading, Pennsylvania. Travelers has 2,500 employees dedicated to personal auto and home claims (multi-lingual).

Section 4. Prior Experience

In order to be considered, the Offeror must provide documentation that it has experience with clients whose structure, size, and geographical nature is comparable to the Commonwealth of Pennsylvania. In particular, the Offeror must discuss experience in administering employee-pay-all accounts that are similar in size to this group, including the experience of any insurance carrier, if the Offeror is not an insurance carrier. Such experience should be demonstrated both at the firm level and at the team level, i.e., as it relates to the firms as a whole and collectively to those individuals to be assigned to the Commonwealth program.

Experience should demonstrate each firm's capability to provide the requested services. Where subcontractors, joint ventures, etc., are being proposed, provide the related work experience for the other firms and for all individuals of the other firms assigned to this project. Related work experience must be adequately described and should note the name of the client for which the services were provided, the period during which such services were rendered, and a brief description of those services as they relate to the services requested in this RFP.

Offerors must provide the Office of Administration with a list of clients that are similar in size, geographic distribution, and number of benefits offered, with references. At a minimum, references for three (3) clients must be provided for each insurance program. References should be those client personnel who can provide an opinion as to the quality, timeliness and acceptability of service performed. The reference information must include the name of the client and

the name, title, address and telephone number of the responsible official of the client who may be contacted for reference purposes. If possible, reference should include governmental and private employers.

Aon Consulting offers voluntary benefits to approximately 400 clients and over 5 million eligible employees/members, including the County of Cook (Illinois) and the League of IBM Credit Unions. Many of our clients are private employers ranging in size from 500 to 20,000 employees.

The references for Aon are as follows:

PEBTF Board of Trustees

David Fillman, Chairman
AFSCME Council 13
4031 Executive Park Drive
Harrisburg, PA 17111-1599
Ph: 717-564-9312
D.Fillman@afscme13.org

William Schantzenbach
PEBTF
150 South 43rd Street
Suite 1
Harrisburg, PA 17111-5700
Ph: 717-565-7304

Fax: 717-561-1756
wschantz@pebtf.org

The County of Chester (PA)
Carroll W. Sheetz, Jr.
34 West Gay Street
P.O. BOX 2748
West Chester, PA 19380
Telephone: (610) 344-6280
Email: csheetz@chesco.org

Coastal Federal Credit Union
Contact: Mr. Larry Wilson
President
1000 St. Albans Drive
Raleigh, NC 27609
Telephone: (919) 420-8250
Email: lwilson@coastalfcu.org

Travelers has hundreds of clients, both governmental and private sector. The references for Travelers are as follows:

Suzanne Donnelly
Corporate Benefits
GlaxoSmithKline
suzanne.2.donnelly@gsk.com
215-751-6217

Suzanne Gavis
Insurance VP
BB&T
sgavis@bbandt.com
919-716-9769

Liz Cary
Corporate Benefits
Aetna Inc.
carye11@aetna.com
860-273-8415

As a courtesy to Travelers' clients, Travelers has agreed to provide them advance notice of who will call and the approximate time of the call. Please notify Aon Consulting of your intention to contact these references and we will make the arrangements.

Section 5. Personnel

Include the number, and names where practicable, of the Account Manager, executive and professional staff who will be engaged in the work. Provide the following information for each of these employees assigned to this engagement.

- *Related experience in the administration of group insurance benefits and the nature of the work performed in such administration.*
- *Education, including continuing education, and experience in the administration of group insurance benefits.*
- *Specific duties to be performed by the employees.*
- *Physical location of the principal office that the employee works from in the administration of group insurance benefits.*
- *Professional licenses and memberships.*

The Offeror must agree that key personnel, once designated as assigned by the Offeror to the services covered by this RFP and the contract, must perform as designated in the absence of termination from the firm or other unavoidable circumstance. In the event assigned key personnel must be replaced, replacements are subject to approval by the project Manager, and should have comparable levels of responsibility and substantially equivalent experience and skills. By submitting its proposal, the Offeror indicates its acceptance of this condition.

We anticipate that 24 members of the professional staffs of Aon Consulting, The Farmington Company, Risk Management Solutions of America, Inc., Purchasing Power and Travelers Insurance Company will participate in servicing the Voluntary Benefits Program for the Commonwealth of Pennsylvania. Each of these organizations has substantial resources to involve other personnel should the need arise.

John J. Sweeney, Jr., Client Relationship Manager for Aon Consulting

Jack's role as Client Relationship Manager will be to assure that the Commonwealth of Pennsylvania has access to all of the necessary and appropriate resources within Aon. He will provide senior level strategic consulting, as necessary, and will maintain overall accountability for client satisfaction. If, in the future, the Commonwealth's need for Aon's services expands beyond the scope of this RFP, Jack will be responsible for assembling the appropriate team, who can best deliver those services.

Mr. Sweeney is an Assistant Vice President in Aon's Business Development practice, based in Radnor, PA. He also serves as the business development leader for Aon Consulting in the central and eastern Pennsylvania/Delaware/South Jersey tri-state region. His primary functions include fostering client relationships, new business development, and senior level consulting.

Mr. Sweeney has over 19 years of experience in assisting clients. Since joining Aon in 2002 from another professional services firm, he has worked with numerous large employers such as Sunbury Textile Mills, Dorma Group North America, Harsco Corporation, The County of Chester (PA), and Taylor Nelson Sofres. His most recent assignments include new business development for all of Aon Consulting's services, as well as developing new business opportunities in conjunction with Aon Risk Services.

Mr. Sweeney is a graduate of St. Joseph's Preparatory School and holds a BS in Business Administration, with a concentration in Finance from Villanova University. He serves on the Human Resources Committee at Philabundance. He is a member of the PenJerDel Employee Benefits Association (PEBA), and he is an active member of the Union League of Philadelphia.

Garrett R. Sullivan, CLU; Senior Vice President for Aon Consulting

Garry Sullivan is Aon Consulting's National Elective Benefits Practice Leader and will serve as the Account Manager for the voluntary programs offered to Commonwealth of Pennsylvania employees. His office is located at 199 Water Street in New York City.

Mr. Sullivan has been with Aon Consulting since 1967, serving in various marketing and management capacities. His entire career has been devoted to the development and management of voluntary insurance distribution programs in group environments. He is currently responsible for the management of Aon Consulting's successful multi-year

voluntary benefits program for the employees of Cook County, Illinois and has, over the years, created and maintained many voluntary programs for employee and affinity groups ranging from a few hundred to one million or more individuals.

Mr. Sullivan is a Past-President (1992-1993) of the Professional Insurance Marketing Association (PIMA) and a long-standing member of the Risk and Insurance Managers Society and the New York Chapter of Chartered Life Underwriters. He is also a Director-Elect of the Mass Marketing Insurance Institute, the principal Insurance Industry organization for Voluntary Benefits. Educated at the University of Bridgeport and the father of five children, Mr. Sullivan resides in Sands Point, New York.

Michael J. Casey, Senior Vice President for Aon Consulting

Michael J. Casey is a Senior Vice President, Office Marketing Leader and the local Health & Benefits Practice leader in the Philadelphia office of Aon Consulting. He will act as executive liaison with the Commonwealth of Pennsylvania.

Mr. Casey has more than 35 years experience and an extensive background in benefit plan design, health care cost containment, alternative delivery systems, and retirement arrangements.

Prior to joining Aon Consulting in 1997, Mr. Casey was a consultant and manager of the Philadelphia office of a major benefits consulting firm. His clients have included the PA Employees Benefit Trust Fund (PEBTF), Temple University and numerous hospitals and organizations in the health care industry.

Mr. Casey is a 1971 graduate of the University of Delaware with a Bachelor of Science degree in Business Administration. He earned an MBA degree in Financial Management from Temple University and is a member of the Charter Class (1980) of Certified Employee Benefits Specialists (CEBS).

Mr. Casey has taught courses in employee benefits at the University of Pennsylvania, Penn State University (Great Valley), George Washington University; he has also taught financial management and labor relations at Wilmington College in Wilmington, Delaware. He is the author of "ERISA - Its Exclusions and Limitations," (Employee Benefits Journal, Winter 1977); "Flexible Benefits for Multiemployer Funds," (International Foundation Benefits Conference, November, 1991); and "Managed Care - Evaluating Costs/Quality, and How to Buy," (International Foundation Benefits Conference, November, 1994).

Robert M. Moriarty, CLU; Assistant Vice President for Aon Consulting

Robert Moriarty is a member of Aon Consulting's National Elective Benefits Practice and will serve as Project Manager for the voluntary benefits program offered to the Commonwealth of Pennsylvania. His office is located at 199 Water Street in New York City.

Mr. Moriarty began his insurance career in 1970 and has been with Aon Consulting since 1995. His responsibilities in the Elective Benefits Practice focus on account management in the Northeast Region and national management of those clients offering Voluntary Auto/Homeowners programs. Mr. Moriarty has extensive experience with all traditional Life, Accident, Health, Property and Casualty products, as well as newer products such as Legal Services, Identity Theft and Fraud Protection, Travel Assistance and others. He has developed numerous insurance distribution programs for employee and affinity groups of all sizes.

Mr. Moriarty holds licenses for both Life/Health and Property/Casualty and is a member of the New York Chapter of Chartered Life Underwriters. He was educated at Pace University's School of Business for both undergraduate and graduate study.

Mr. Moriarty is the father of three children and resides with his family in Old Bridge, New Jersey.

Bob Gross, Vice President for Aon Consulting

Mr. Gross serves as a Vice President and senior Health and Group Benefits consultant in the Philadelphia office of Aon Consulting.

Bob has over 15 years of experience in employee benefits and human resources consulting. Bob served as a Group Underwriter for two major insurance companies prior to his consulting career. As a senior consultant and account manager at Aon, he works with clients on benefits strategy formulation, benchmarking exercises, benefit plan redesign and pricing, renewal negotiations, and day-to-day account management. Bob also serves as a resource in the areas of Employee Assistance Programs and Behavioral Health. He has provided underwriting and design strategy consulting services to clients such as the Pennsylvania Employees Benefit Trust Fund (PEBTF), Schindler Elevator Corporation, DORMA Group North America, Sierra Pacific Resources and L'Oréal USA. In addition to his experience at Aon Consulting, Bob began his consulting career at Mercer Human Resource Consulting, and served as a senior project manager at Hewitt Associates.

Bob received his B.S. in Mathematics from Villanova University and an M.S. in Human Resource Development from Villanova University. Bob is a member of the PennJerDel Employee Benefits and Compensation Association (PEBA), and is a member of PEBA's Expert Knowledge committee.

Emmanuel Havredakis, Consultant for Aon Consulting

Emmanuel Havredakis is a member of Aon Consulting's National Elective Benefits Practice since 2005. His office is located at 199 Water Street in New York City.

Mr. Havredakis began his insurance career in 1995. His responsibilities in the Elective Benefits Practice focus on submitting RFP's to carriers on behalf of Aon clients, and comparing quotes from carriers to recommend the "best in class" program to Aon clients.

Mr. Havredakis holds a life and health license. He was educated at Baruch College, City University of New York.

Bennie Jones, President of Risk Management Solutions of America, Inc.

Mr. Jones is a member of Solutions of America, Inc., holds a B.A. in Business Administration. Mr. Jones has twenty-seven years of experience administering insurance programs. During his career with major insurance carriers he has held positions as Senior Claims Adjustor, Supervisor, and Division Manager. Upon leaving Corporate America in 1989, he co-founded Risk Management Solutions of America, Inc and in 1998 became the sole shareholder. Since its inception he has served as president of the organization. Under his guidance RMSOA has experienced consistent growth and now services clients in twenty six states with offices in Chicago, Philadelphia, Atlanta and Indianapolis.

Mark Mastrianni, CPCU, Vice President for Travelers

Mark is Vice President of National Distribution, the Travelers division responsible for the growth and profitability of our large affinity group programs. Mark has over 20 years insurance experience with Aetna and Travelers in the pricing, actuarial and management areas and is based in our home office in Hartford, CT.

Marga Llompart-Coley, Second Vice President for Travelers

Marga is Second Vice President in our National Distribution area and heads our team of marketing and account management specialist coordinates the millions of mailings we do annually to our group program clients. She has 23 years insurance marketing experience with Aetna and Travelers and is based in our home office in Hartford, CT.

Phil Keyon, Vice President for Travelers

Phil is Vice President of our customer service center operations and has over 24 years of call center management experience with Travelers. He is based in Hartford and has a team of 650 employees call center employees in Glens Falls, NY, Knoxville, TN and Spokane, WA. They provide quoting, counseling and customer service for customers in our group programs.

Wayne Tryon, CPC, CLU, Sales Director for Travelers

Wayne is the Sales Director and is responsible for new business development, RFP's, client proposals, program presentations and contracts. He is based in Hartford and has over 30 years experience in underwriting, marketing and sales with Aetna and Travelers.

Account Manager for Travelers

Travelers has 12 Account Managers that average 14 years experience in insurance program management and are located in various locations in order to be readily accessible to their assigned clients. This person would be the key liaison for coordinating all employee communications, payroll deduction and day-to-day program management. An Account Manager will be named upon the selection of Travelers as the Commonwealth of Pennsylvania's program provider.

Section 6. Training

If appropriate, indicate recommended training of Commonwealth of Pennsylvania personnel. Include the personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

Commonwealth personnel will not be involved in the promotion, enrollment or administration of the Group Auto and Home Insurance Program.

Commonwealth of Pennsylvania's personnel in the Human Resources unit should have a general knowledge of the program that is being offered to employees. No specific training is required, although Human Resources should have the contact information for the program to direct any employee who wishes to inquire. Payroll personnel would not need to be trained, but would certainly need to be involved in the premium billing and collection process. Commonwealth IT personnel need to be involved to link the program's website to the Commonwealth's Intranet site.

Section 7. Financial Capability

Describe your company's financial stability and economic capability to perform the contract requirements. Financial documents such as audited financial statements or recent tax returns will be acceptable to the Commonwealth.

Included in the Appendix of the original proposal dated February 23, 2007 is a copy of Aon Corporation's 2005 Annual report.

Section 8. Objections and Additions to Standard Contract Terms and Conditions

The Offeror will identify which, if any, of the terms and conditions (contained in Appendix A and/or the terms of Part IV, Section IV-4 of the RFP) it would like to negotiate and what additional term and conditions the Offeror would like to add to the standard contract terms and conditions. The Offeror's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Issuing Office may consider late objections and requests for additions if to do so, in the Issuing Office's sole discretion, would be in the best interest of the Commonwealth. The Issuing Office may, in its sole discretion, accept or reject any requested changes to the standard contract terms and conditions. The Offeror shall not request changes to the other provisions of the RFP, nor shall the Offeror request to completely substitute its own terms and conditions for Appendix A. All terms and conditions must appear in one integrated contract. The Issuing Office will not accept references to the Offeror's, or any other, online guides or online terms and conditions contained in any proposal.

Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in Appendix A and the terms of section IV-4 of the RFP. The Issuing Office will reject any proposal that is conditioned on the negotiation of terms and conditions other than those set out in Appendix A and the terms of section IV-4 of the RFP.

In the Standard Contract Terms and Conditions for services are certain sections that do not seem to apply to the services we will be providing to the Commonwealth. Those sections are:

Section 4. Environmental Provisions: This section seems irrelevant to the services being performed.

Section 5. Post-Consumer Recycled Content: Aon Consulting and Travelers will be communicating with employees using proper business materials which may or may not meet this provision.

Section 6. Compensation/Expenses: Aon Consulting is compensated by The Travelers based on the premiums that employees pay to purchase the products offered. We do not receive any compensation from the Commonwealth.

Section 7. Invoices: No invoice will be issued to the Commonwealth. Group billing reports will be submitted so that the Commonwealth can process payroll deductions for employees who participate in the program.

Section 8. Payment: The Commonwealth is not paying for any services provided; merely, remitting payments made by participating employees who are having those payments deducted from their paychecks.

Section 9. Taxes: The Commonwealth will not be purchasing a product. The employees who participate in the program will pay the premiums.

Section 10. Warranty: It is unclear what the warranty refers to in regards to the services being provided.

Section 11. Patent, Copyright, and Trademark Indemnity: It is unclear what this section applies to in regards to the services being provided.

Section 12. Ownership Rights: The Communication materials produced by Aon Consulting and Travelers, unless customized uniquely for the Commonwealth, remain the property of the entity that produced it. Inappropriate use could increase potential exposure.

Section 13. Assignment of Antitrust Claims: Unsure how this applies to the services being provided.

Section 14. Hold Harmless Provision: It should be expanded to include a Hold Harmless provision in the event that the Commonwealth causes a claim against Aon Consulting and The Travelers.

Section 15. Audit Provisions: Confidentiality protections should be included.

Section 16. Default: There should be a cure period included and default rights for Aon.

Section 19. Contract Controversies: This provision provides us with no right to sue, but the Commonwealth's rights are unrestricted.

Section 20. Assignability and Subcontracting: Aon Consulting has a partner that will provide services under this program.

Section21. Non-Discrimination/Sexual Harassment Clause: Aon Consulting and The Travelers could have an issue with item e, which requires that we "furnish all necessary employment documents…etc."

Section 22. Contract Integrity Provisions: Confidential information definition should include information independently developed, obtained from third parties previously known and required to be disclosed by law or subpoena. Audit must include confidentiality protections.

Section 23. Contract Responsibility Provisions: This section needs to be clarified.

Section 24. American With Disabilities Act: This section needs to be clarified as the scope is unclear.

Section 25. Hazardous Substances: Worker and Community Right to Know Act is unknown to us. We would need to review.

Section 26. Covenant Against Contingent Fees: Aon does not accept contingent fees.

Section 28. Integration: This section does not account for any Letter of Intent between Aon and Disadvantaged Business subcontractors.

Section 29. Change Order: This section needs to be amended as the Commonwealth can issue change orders without our concurrence.

Aon Consulting and The Travelers have issues with the proposed criteria and standards listed on pages 34 through 37 of the Request For Proposal. We do not have an issue with the Category or Criteria listed. However, we would like the Commonwealth to reconsider the Standard, Compliance and Damage Assessed for non-compliance. We would like to negotiate these terms with the Commonwealth.

There could be situations that affect performance and therefore, conformance to the Agreement Standards, which should be recognized. They are:

- Power outages and system failures
- Phone provider line failures
- Natural disasters
- Pandemic
- Act of war
- Holidays
- Severe weather conditions

While Aon Consulting and The Travelers has disaster recovery plans in place, which will restore services in the event of disruption, the Agreement Standards need to account for the possibility.

Section 9. Disadvantaged Business Submittal

The Disadvantaged Business Submittal is provided in a separate section of this proposal.

Section 10. Cost Submittal

The Cost Submittal for the Group Auto and Home Insurance Program is provided in a separate section of the proposal.

Section 11. Domestic Workforce Utilization Certification

Each proposal will be scored for its commitment to use domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those Offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States. Those who propose to perform a portion of the direct labor outside of the United States will receive a correspondingly smaller score for this criterion. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Cost Submittal. The certification will be included as a contractual obligation when the contract is executed.

The Certification is included with the Cost Submittal in the original proposal submitted on February 23, 2007.