

STATE OF LOUISIANA CONTRACT FOR ACTUARIAL SERVICES

CFMS# 734263

Be it known, that this contract is between the Office of Risk Management, Division of Administration, Office of the Governor, State of Louisiana, (hereinafter sometimes referred to simply as "State") and Towers Watson Delaware Inc. trading business as Towers Watson, authorized to do and doing business in the State of Louisiana, 901 North Glebe Rd, Arlington, VA 22203 (hereinafter sometimes simply referred to as "Contractor"), and represented by John Butcher, does hereby enter into a contract under the following terms and conditions.

Scope of Services

Contractor hereby agrees to furnish the following services: Incorporated herein and made a part of this contract by reference are the attached Scope of Services and the attached Goal/Outcome/Performance Measures/Monitoring Plan.

Payment Terms

In consideration of the services required by this contract, State hereby agrees to pay Contractor a maximum fee of \$70,000.00 (SEVENTY THOUSAND DOLLARS AND NO/100). Contractor's billing rates are as follows: Expected Average Hourly Rates based on Typical Project Staffing and % of Time by Level -Rates effective 2/1/2015

Staff	Level	Anticipated % of Time	Rates
John Butcher	Senior Consultant II	10%	\$505.00
Peer Reviewer	Senior Consultant II	5%	\$505.00
Saleh Lalani	Senior Analyst II	67%	\$295.00
Tech Review	Senior Analyst II or Lower	18%	\$295.00
			Weighted Average: \$326.50

Level	Rates
Director	\$568.00
Senior Consultant II	\$505.00
Senior Consultant I	\$459.00
Consultant II	\$410.00
Consultant I	\$350.00
Senior Analyst II	\$295.00
Senior Analyst I	\$264.00
Analyst	\$236.00

The hourly rates include labor, overhead, account management, expenses, and any other costs related to providing the service. Travel time is not reimbursable

The parties agree that travel expenses shall be reimbursed in accordance with Division of Administration Policy and Procedure Memorandum 49, the general travel regulations for the State of Louisiana.

Payment will be made only on approval of the State Risk Statistical Specialist or his designee, which approval will not be unreasonably withheld.

If progress and/or completion to the reasonable satisfaction of the agency is obtained, payments are scheduled as follows: The parties agree that Contractor will submit a monthly invoice to the State based on the Contractor's billing rates and reimbursement of expenses procedure above. Contractor agrees to individually specify rates of professional staff and title, with brief summary of services included on all invoices.

The State will remit sums due within thirty (30) days from receipt of the invoice. The State makes every effort to pay all valid or undisputed invoices in a timely manner. There may be times when invoices are disputed or clarification of charges are needed before payment can be made.

Errors and Omissions

Coverage in the performance of this contract, Contractor agrees to maintain Errors & Omissions coverage with limits of liability of \$1,000,000.00 per claim/annual aggregate for the term of this contract, with proof of coverage required. The insurance coverage shall be placed with a responsible company.

Taxes

Contractor hereby agrees that the responsibility for payment of taxes from the funds thus received under this Contract and/or legislative appropriation shall be contractor's obligation and identified under Federal tax identification number 53-0181291.

Termination for Cause

The State may terminate this Contract for cause based upon the failure of the Contractor to comply with the terms and/or conditions of the contract, provided that the State shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have corrected such failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms and conditions of this contract, provided that the Contractor shall give the State written notice specifying the State's failure and a reasonable opportunity for the State to cure the defect.

Termination for Convenience

The State may terminate the contract at any time by giving thirty (30) days written notice to the Contractor. The Contractor shall be entitled to payment for services and expenses; to the extent work has been performed satisfactorily in accordance with this Contract.

Remedies for Default

Any claim or controversy arising out of this contract shall be resolved by the provisions of LSA-R.S. 39:1524-1526.

Ownership

All original records, reports, documents and other material delivered or transmitted to Contractor by State shall remain the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract. The services Contractor performs, together with the work product Contractor delivers to State, are provided for the State's internal use for the management of its business operations and cannot be referenced or distributed to any other party without Contractor's prior written consent, except as required by the Louisiana Public Records Act, R.S. 44:1-44 ("Act"). The work product provided by Contractor may contain trade secret and proprietary information of Contractor which are exempted from disclosure under the Act. State will own the copies of the work product delivered to State and have the right to use, reproduce and adapt it for its business purposes within State's organization, once State's obligations under this Agreement have been met. State will retain ownership of any information specific to its employees or business operations contained in Contractor's work product. Contractor will retain all intellectual property rights (including patents, trade secrets and copyrights) in Contractor's work product, including derivative works of it, and may use it for any purpose. The Contractor will have the right to retain an archival copy of the information that the State provides in connection with this Agreement for work product documentation purposes. The provisions of this paragraph shall survive the expiration or termination of this contract.

Confidentiality

All financial, statistical, personal, technical and other data and information relating to the State's operations which are designated confidential by the State and made available to the Contractor in order to carry out this contract, or which becomes available to the Contractor in carrying out this contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. Contractor shall not be required to keep confidential any data or information, which is or becomes publicly available, is already rightfully in the Contractor's possession, is independently developed by the Contractor outside the scope of the contract, is rightfully obtained from third parties, or is required by law. The State agrees to take reasonable precautions to ensure that it does not disclose to any third party any information that Contractor identifies as confidential about its business and employees (which shall include Contractor's intellectual property and those items that a reasonable person would consider confidential), unless the

State first obtains the Contractor's consent. Contractor has been advised that confidentiality is subject to the Louisiana Public Records Act R.S. 44:1-44. In the event of an information request, the State will provide notice to Contractor and a reasonable opportunity for Contractor to object to the release of such information unless such information is already exempted from disclosure under the Act in which case the State will not disclose it. The State, in consultation with the Contractor, will make the final determination of what information will be disclosed.

Limitation of Liability

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under this agreement.

Contractor shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the State from suits, actions, damages and costs of every name and description relating to personal injury and damage to real or personal tangible property caused by Contractor, its agents, employees, partners or subcontractors, without limitation; provided, however, that the Contractor shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of the State.

For all other claims against the Contractor where liability is not otherwise set forth in the contract as being "without limitation", and regardless of the basis on which the claim is made, Contractor's liability for direct damages shall be two (2) times the charges for services rendered by the Contractor/Consultant under the contract on an annual basis.

In no event shall Contractor, its affiliates, employees, actuaries, agents, and brokers, be liable to the State for any incidental, special, punitive, or consequential damages of any kind (including without limitation, loss of income, loss of profits, or other pecuniary loss); or for any losses or expenses resulting from any inaccuracy in or omission from any information or data supplied to Contractor in connection with the services provided under this contract. The provisions of this paragraph shall survive the expiration or termination of this contract.

Client Information

So that Contractor can perform its work in a timely manner it will need the State to provide it with instruction, materials, information and access to the State's personnel as Contractor reasonably requests it. Any delay or failure to provide materials, information or access to the State's personnel may result in a revision to any agreed timetable and/or, if Contractor needs to do additional work as a result, in additional fees being charged. Contractor does not take responsibility for verifying the accuracy or completeness of information supplied to it by the State or the State's representatives or for detecting any fraud.

Non-assignability

No contractor shall assign any interest in this contract by assignment, transfer, or novation, without prior written consent of the State. This provision shall not be construed to prohibit the Contractor from assigning his bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the State.

Right to Audit

Contractor grants to the Office of the Legislative Auditor, Inspector General's Office, the Federal Government, and any other duly authorized agencies of the State where appropriate the right to inspect and review all books and records pertaining to services rendered under this contract. Contractor shall comply with federal and/or state laws authorizing any audit of Contractor's operation as a whole, or of specific program activities.

Any examination of the Contractor's books and records will be conducted in a manner reasonably designed to protect the confidentiality of Contractor's trade secrets and proprietary information.

Term of contract

This contract shall begin on February 1st, 2015 and terminate on January 31st, 2016.

Fiscal Funding

The continuation of this contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the Legislature. If the Legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Entire Agreement

This contract issued thereto by the Department, the Contractor, and any exhibits specifically incorporated herein by reference, constitute the entire agreement between the parties with respect to the subject matter.

Amendments in Writing

Any alteration, variation, modification, or waiver of provisions of this contract shall be valid only when they have been reduced to writing and duly signed. No amendment shall be valid until it has been executed by all parties and approved by the Director of the Office of Contractual Review, Division of Administration.

Non-Discrimination

The Contractor agrees to abide by the requirements of the following as applicable: Title VI of the Civil Rights Act of 1964 and Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, Federal Executive Order 11246 as amended, the Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990. Contractor agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sexual orientation, sex, national origin, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this contract.

Independent Contractor

Contractor will provide services under this contract as an independent contractor. None of the terms and conditions set forth in the contract will be interpreted to create any agency, master-servant, employment or any other relationship between State and Contractor or any of Contractor's employees. Contractor will determine the time, place and manner in which the services are performed. Contractor does not accept any fiduciary or trust responsibilities in connection with the performance of the services.

Subcontractors

Contractor shall not contract with any other party for furnishing any of the work and professional services herein contracted for without the express written approval of the State. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to the State for any breach in the performance of the Contractor's duties. The Contractor shall be the single point of contact for all subcontract work.

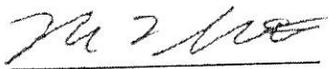
Governing Law

The laws of the State of Louisiana shall govern the terms of the contract and disputes arising thereof shall be resolved in accordance with the laws of the State of Louisiana. Venue of any action brought with regard to this contract shall be in the Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana.

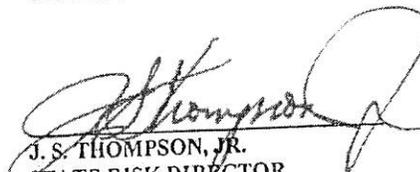
Severability

If any term or condition of this contract, or the application thereof is held invalid, such invalidity shall not affect other terms, conditions or applications which can be given effect without the invalid term, condition or application; to this end the terms and conditions of this contract are declared severable.

TOWERS WATSON DELAWARE INC.
(trading business as Towers Watson)

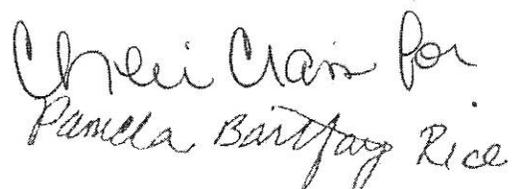

RUSS SUTTER

OFFICE OF RISK MANAGEMENT


J. S. THOMPSON, JR.
STATE RISK DIRECTOR

APPROVED
Office of the Governor
Office of Contractual Review

MAR 11 2015


Cheri Clark for
Pamela Bartfay Rice

SCOPE OF SERVICES:

Contractor agrees to provide the following services:

- 1 Estimate unpaid losses and loss adjustment expenses (LAE) as of 6/30 of each fiscal year;
- 2 Project prospective losses and LAE for the prospective five fiscal years including providing assistance to the Office of Risk Management in allocating prospective ULAE to the various coverages;
- 3 Provide a statement of actuarial opinion regarding the State's 6/30 booked reserves each fiscal year;
- 4 Provide monthly payment and reporting factors for the prospective fiscal year; and
- 5 Provide other ad hoc actuarial services (e.g., review the State's cost allocation system for self-insured property/casualty coverages).

The following coverages are included in our analysis:

- Worker's Compensation
 - 1) Statutory Benefits
 - 2) Maritime
- General Liability, including Personal Injury and Advertising Liability
- Automobile Liability
- Automobile Physical Damage
- Property
- Boiler and Machinery
- Bond
- Crime
- Aviation
- Marine
- Road Hazards
- Medical Malpractice

TIMING

The timing of the services shall be as follows:

- Actuarial Report, containing 6/30 liability estimate and projected prospective losses and LAE: July 31st assuming, all data is provided by the close of business on July 7th
- Statement of Actuarial Opinion: By the end of third week of August, assuming the State's booked liability information is available in mid-August.
- Monthly Payment and Reporting Factors: August 31st

**ACTUARIAL CONTRACT
GOAL/OUTCOME/PERFORMANCE MEASURES/MONITORING PLAN**

GOAL/PURPOSE:

To provide professional review, analysis, and evaluation of premium development, self-insurance retention levels, loss and adjustment expense reserves including incurred by not report reserves and unallocated loss adjustment expense reserves, claims payment patterns and history, and to provide professional recommendations as appropriate for the self-insurance program of the State relative to the various lines of insurance coverage.

OUTCOME ONE:

A reserve analysis based upon data available through June 30th of each year submitted to the State on or before July 31st of each year, assuming all data is provided by the close of business on July 7th. The analysis will show the estimated unpaid losses and loss adjustment expenses (LAE) as of 6/30 of each fiscal year. The report will also contain projected losses and LAE for the prospective five fiscal years. The analysis report will also provide trend factors used by ORM to develop annual statewide premiums, as well as assistance in allocating perspective ULAE to various coverages.

PERFORMANCE INDICATOR:

Submission of the completed reserve review due by July 31st of each year.

MONITORING PLAN:

State Risk Statistical Specialist will review reserve analysis for adherence to requirements, completeness, and reasonableness.

OUTCOME TWO:

Actuary will provide and deliver a letter of certification to be known as the Statement of Actuarial Opinion addressing the adequacy of reserves of the self-insured lines of coverage enumerated above, all in accordance with generally accepted principles of actuarial standards and subject to the provision that the State submit the necessary data and information in a timely manner.

PERFORMANCE INDICATOR:

Submission by Contractor of said Statement of Actuarial Opinion to the State on or before August 25th of each year, assuming the State's booked liability is available in mid-August.

MONITORING PLAN:

State Risk Statistical Specialist will review documentation submitted for adherence to requirements, completeness, reasonableness and timeliness.

OUTCOME THREE:

The Contractor will provide the Office of Risk Management with tables for Payment and Reported Development Factors to be utilized by the Underwriting Unit of the Office of Risk Management for monthly actuarial IBNR calculations. The delivery of these factors, Initial Expected Losses by line of coverage and any other necessary supporting documentation must take place by August 31st of each year.

PERFORMANCE INDICATOR:

Submission of the trend factors and reserve discount factors by August 31st.

MONITORING PLAN:

State Risk Statistical Specialist will review documentation submitted for adherence to requirements, completeness, reasonableness and timeliness.