Agenda Item #2
RFS # 317.86-00019
FA # 06-16434
Edison # 2034

Finance and Administration
Benefits Administration

VENDOR:
UNUM Provident Life and Accident Insurance Company

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00019	2034	FA-06-16434- 00	4

Contractor Legal Entity Name	Edison Vendor ID
Provident Life Insurance Company	91583

Amendment Purpose & Effect(s)

Extend the contract to provide coverage under the optional universal life insurance plan until there are no longer any individuals covered under the plan.

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** **Indefinite (Perpetual)**

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A)**:** **N/A**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006			$11,500,000.00		$11,500,000.00
2007			$2,000,000.00		$2,000,000.00
2008			$2,000,000.00		$2,000,000.00
2009			$2,000,000.00		$2,000,000.00
2010			$2,050,000.00		$2,050,000.00
2011			$2,000,000.00		$2,000,000.00
2012			$2,000,000.00		$2,000,000.00
2013			$10,000,000.00		$10,000,000.00
TOTAL:			$33,550,000.00		$33,550,000.00

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

OCR USE

Speed Chart (optional)	Account Code (optional)
IA-00000098	79005000

AMENDMENT FOUR
TO FA-06-16434-00

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life and Accident Insurance Company, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The text of Contract Section A.1.14 is deleted in its entirety and replaced with the following:

   A.1.14 Provide information on annual enrollment period options in calendar years 2012, 2013, and 2014 to current participants at their home address.

2. The text of Contract Section A.1.16 is deleted in its entirety.

   A.1.16 TEXT DELETED

3. The text of Contract Section A.1.20 is deleted in its entirety and replaced with the following:

   A.1.20 Maintain a service office to process claims and assist with inquiries, correspondence, unusual claim situations or problems, and related matters.

4. The text of Contract Section A.1.23 is deleted in its entirety and replaced with the following:

   A.1.23 Attend administrative meetings scheduled at the discretion of the state to discuss operational issues, customer service concerns, plan financial experience, and annual enrollment period activities.

5. The text of Contract Section A.1.24 is deleted in its entirety and replaced with the following:

   A.1.24 For the 2012, 2013 and 2014 Annual Enrollment Transfer Periods the Contractor agrees to provide notification to employee plan participants that indicate the type of coverage increases available, premium amounts and policy terms and conditions. Such notification shall be provided to the qualified employees' home address.

6. The text of Contract Section A.2.1 is deleted in its entirety and replaced with the following:

   A.2.1 The Contractor shall maintain, in its computer system, in-force enrollment records of all Universal Life Insurance plan insured members.

7. The text of Contract Section A.3.1 is deleted in its entirety and replaced with the following:

   A.3.1 The Contractor shall support employee payroll deductions and direct payments made to the Contractor. Employees will make premium payments for themselves and their dependent(s) through payroll deductions. The Contractor is responsible for collecting premiums for retirees and former employees exercising a portability option under the group master policy.

8. The text of Contract Section A.3.2 is deleted in its entirety.

   A.3.2 TEXT DELETED

9. The text of Contract Section A.3.3 is deleted in its entirety.

   A.3.3 TEXT DELETED

10. The text of Contract Section A.3.5 is deleted in its entirety.

A.3.5 TEXT DELETED

11. The text of Contract Section A.3.7 is deleted in its entirety.

A.3.7 TEXT DELETED

12. The text of Contract Section A.3.8 is deleted in its entirety.

A.3.8 TEXT DELETED

13. The text of Contract Section A.4.1 is deleted in its entirety and replaced with the following:

A.4.1 Make payroll deduction of the premium, as elected by the participating employees, and remit those funds to the Contractor within forty five (45) days of receipt by the State of the monthly billing file from the Contractor.

14. The text of Contract Section A.4.4 is deleted in its entirety and replaced with the following:

A.4.4 Provide, on a weekly basis, a full eligibility population file, until February 1, 2013.

15. The text of Contract Section A.4.5 is deleted in its entirety and replaced with the following:

A.4.5 Provide, on a monthly basis, the premiums collected file.

16. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

B.1 Contract Term. This contract shall be effective for the period commencing on September 1, 2005 and ending when there are no longer any individuals with insurance coverage under the optional universal life insurance plan. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

17. The text of Contract Section B.2 is deleted in its entirety and replaced with the following:

B.2 Term Extension. The State reserves the right to have this contract remain effective until the last enrolled member covered under the plan referenced in Section A.1.1, is either deceased and all benefits have been paid, or voluntarily withdraws from the plan. The Universal Life policy established by this contract in Section A.1.1 shall be perpetual unless terminated in accordance with this Contract.

18. The text of Contract Section C.1 is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. From September 1, 2005 to December 31, 2012, in no event shall the maximum liability of the State under this Contract exceed Twenty-three million, five hundred fifty thousand Dollars ($23,550,000.00). Beginning January 1, 2013, the maximum liability will be increased to Thirty-three million, five hundred fifty thousand dollars ($33,550,000.00) with additional funding being added via amendment until the termination of this contract, the total maximum liability of the State shall not exceed the compensation due the Contractor based on the service rates in Section C.3 for enrolled plan participants. The rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the

Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

19. The text of Contract Section C.3 is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates, the Administrative Fees, the Cost of Insurance rates and the other financial charges listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1).

These rates shall be in effect for the initial three year contract term (September 1, 2005 – June 30, 2008) and for the remainder of the term of the contract and any extensions thereof:

C.3.1 Monthly Premium Rates per $1000 of Coverage: Life only charges

Issue Age	Premium Rate/$1000 (Employees & Spouses)		Issue Age	Premium Rate/$1000 (Employees & Spouses)		Issue Age	Premium Rate/$1000 (Employees & Spouses)
15	$0.19		36	$0.58		56	$2.43
16	0.20		37	0.62		57	2.53
17	0.21		38	0.66		58	2.64
18	0.22		39	0.70		59	2.74
19	0.23		40	0.76		60	2.83
20	0.24		41	0.81		61	2.97
21	0.25		42	0.86		62	3.12
22	0.26		43	0.93		63	3.28
23	0.27		44	1.00		64	3.44
24	0.29		45	1.07		65	3.61
25	0.30		46	1.16		66	3.80
26	0.32		47	1.25		67	3.99
27	0.34		48	1.36		68	4.19
28	0.35		49	1.48		69	4.41
29	0.37		50	1.61		70	4.64
30	0.40		51	1.76		71	4.88
31	0.42		52	1.93		72	5.14
32	0.44		53	2.13		73	5.42
33	0.47		54	2.36		74	5.71
34	0.51		55	2.31		75	6.03
35	0.54						

The above rates may not be increased. The above rates may be decreased by the Contractor upon notification to the State.

C.3.1.1. Monthly Premium Rates per $1000 of Coverage: Waiver of Premium only charges

Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)		Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)		Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)

15	$0.01		36	$0.02		56	$0.21
16	0.01		37	0.02		57	0.24
17	0.01		38	0.02		58	0.27
18	0.01		39	0.02		59	0.30
19	0.01		40	0.03		60	0.00
20	0.01		41	0.03		61	0.00
21	0.01		42	0.03		62	0.00
22	0.01		43	0.03		63	0.00
23	0.01		44	0.04		64	0.00
24	0.01		45	0.04		65	0.00
25	0.01		46	0.05		66	0.00
26	0.01		47	0.05		67	0.00
27	0.01		48	0.06		68	0.00
28	0.01		49	0.07		69	0.00
29	0.01		50	0.08		70	0.00
30	0.01		51	0.09		71	0.00
31	0.01		52	0.11		72	0.00
32	0.01		53	0.13		73	0.00
33	0.01		54	0.15		74	0.00
34	0.02		55	0.17		75	0.00
35	0.02						

The above rates may not be increased. The above rates may be decreased by the Contractor upon notification to the State.

C.3.2. Monthly Cost of Insurance Rates/$1000 of Coverage

Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)
15	$.04356	42	$.13033	69	$1.61533
16	.05313	43	.14415	70	1.77241
17	.05808	44	.15938	71	1.94491
18	.06198	45	.17638	72	2.13566
19	.06517	46	.19479	73	2.34849
20	.06765	47	.21427	74	2.58796
21	.06871	48	.23552	75	2.85794
22	.06871	49	.25819	76	3.16088
23	.06800	50	.28298	77	3.49994
24	.06694	51	.30990	78	3.87651
25	.06552	52	.34000	79	4.28955
26	.06375	53	.37294	80	4.74010
27	.06198	54	.40871	81	5.22572
28	.06127	55	.44838	82	5.74674
29	.06056	56	.49194	83	6.30914
30	.06021	57	.53975	84	6.92063
31	.06092	58	.59288	85	7.58051
32	.06198	59	.65167	86	8.28948
33	.06410	60	.71613	87	9.04683
34	.06729	61	.78660	88	9.85010
35	.07119	62	.86240	89	10.69091
36	.07579	63	.94421	90	11.56607
37	.08146	64	1.03346	91	12.47489
38	.08854	65	1.11990	92	13.41806
39	.09669	66	1.22648	93	14.39491

40	.10625	67	1.34394	94	15.40611
41	.11794	68	1.47297		

The currently charged Cost of Insurance Rates (based on 1980-CSO-B Mortality Table), will not change unless:

- The Contractor will be authorized to implement an actuarially justified increase in the then existing cost of insurance rates if the net death benefits paid for three successive calendar years exceeds 125% of the aggregate cost of insurance premiums collected during the same successive periods. The 125% threshold must be crossed in each of the successive, individual calendar years for an increase in the cost of insurance rates to be authorized. If the threshold test is met for two successive calendar years, the Contractor will provide notice to the State by April 1 following the end of the second calendar year. If during the third successive calendar year the threshold is met, the Contractor is authorized to increase the cost of insurance rates to be effective no earlier than the following April 1 and no later than the following July 1.

- Should such an increase of the cost of insurance rates as described above be authorized, and implemented, as a result of adverse experience, the Contractor will implement an actuarially justified decrease in the then existing cost of insurance rates if the net death benefits paid for three successive calendar years is less than 75% of the aggregate cost of insurance premium collected during the same successive periods. The 75% threshold must be crossed in each of the successive, individual calendar years for a decrease in the cost of insurance rates to be required. If the threshold test is met for two successive calendar years, the Contractor will provide notice to the State by April 1 following the end of the second calendar year. If during the third successive calendar year the threshold is met, the Contractor will reduce the cost of insurance rates to be effective no earlier than the following April 1 and no later than the following July 1.

The three year period to evaluate net death benefits compared to the aggregate amounts generated by the current cost of insurance rates are not to be a rolling three years, but would reset after a modification to the then current cost of insurance rates. Calendar year 2013 experience results will be the first year of the initial three successive calendar year period for comparison of results as described above.

C.3.3 Administrative Fee

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

- $1.00 per Certificate per month if premium paid annually or by payroll deduction
- $1.00 per Certificate per premium deduction collection, if paid by any other method

The Administrative Fee cannot be increased. This fee may be reduced by the Contractor upon notification to the State.

C.3.4. Percent of Premium Loads

The Contractor shall maintain the following percent of Premium Loads throughout the term of the contract:

Year One	0%	Year Five	0%
Year Two	0%	Year Six	0%
Year Three	0%	Year Seven	0%
Year Four	0%	Year Eight through end of contract	0%

This fee cannot be increased.

C.3.5. Asset Based Charges

The Contractor shall maintain the following Asset Based Charges, expressed as percent of Cash Values, throughout the term of the contract:

Year One	0%	Year Five	0%
Year Two	0%	Year Six	0%
Year Three	0%	Year Seven	0%
Year Four	0%	Year Eight through end of contract	0%

This fee cannot be increased.

C.3.6 Surrender Charges

The Contractor's Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One	40%	Year Five	20%
Year Two	40%		
Year Three	40%		
Year Four	40%		

The Surrender Charges cannot be increased. These charges may be reduced by the Contractor upon notification to the State.

C.3.7. Interest Crediting Rates

The monthly interest crediting rate, beginning September 1, 2005 and ending June 30, 2008 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of Five percent (5%) for year one of the contract; five percent (5%) for year two of the contract; and five percent (5%) for year three of the contract (Absolute Minimum); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus ten basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

The monthly interest crediting rate, beginning July 1, 2008 and ending December 31, 2012 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of five percent (5%); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus fifty (50) basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

The monthly interest crediting rate, beginning January 1, 2013 and ending December 31, 2013 shall be equal to one twelfth (1/12) of:

- a minimum effective interest crediting rate of five percent (5%)

The monthly interest crediting rate, beginning January 1, 2014 until the expiration of the contract shall be equal to one twelfth (1/12) of the rate determined by using the following calculations:

- The Contractor will begin assessing the interest rate crediting change annually based on reported GAAP book portfolio yields of the Contractor US VB backing asset (net defaults and expenses) minus ninety-five (95) basis points as of September 30th (of

2013 for the first assessment) of the prior year. Any interest rate change will be effective on January 1st (of 2014 for the first assessment) of the current year. The monthly interest crediting rate will be changed to the portfolio yield rate (net defaults and expenses) minus ninety-five (95) basis points if the calculated spread is +/- 10 basis points of the current interest crediting rate. No changes will be implemented if the calculated spread remained within +/- 10 basis points of the current interest crediting rate. For any changes, the Contractor will round interest crediting rates to the nearest 10 basis point increment.

- The monthly interest crediting rate shall be no lower than the amount specified below for a specific calendar year

  Calendar Year Interest Rate Floor
  2013 4.50%
  2014 4.25%
  2015 4.00%
  2016 3.75%
  2017 and thereafter 3.50%

C.3.8 Certificate Loan Interest Rate

The Contractor agrees to the following annual Loan Interest Rates, for each of the six calendar years during the term of the contract – September 1, 2005 through December 31, 2012.

2005	7.5%
2006	7.5%
2007	7.5%
2008	7.5%
2009	7.5%
2010	7.5%
2011	7.5%
2012	7.5%
2013 until the end of the contract	7.5%

The Certificate Loan Interest Rate cannot be increased. This rate may be reduced by the Contractor upon notification to the State.

C.3.9 Monthly Premium Rates for Dependent Children

$0.25 for $2,500 in coverage
$0.50 for $5,000 in coverage

The "Monthly Premium Rates for Dependent Children" cannot be increased during the duration of this contract. The rates may be reduced by the Contractor upon notification to the State.

20. The text of Contract Section C.4 is deleted in its entirety and replaced with the following:

C.4. Purchase Order in lieu of Invoicing. The State will generate a monthly purchase order and initiate payment of the purchase order, based upon payroll deduction information provided by the State, utilizing the rates listed above.

21. The text of Contract Section C.7 is deleted in its entirety and replaced with the following:

C.7. Payment of Purchase Order. A payment by the State shall not prejudice the State's right to object to or question any payment, purchase order, or matter in relation thereto. A

payment by the State shall not be construed as acceptance of any part of the work or service provided.

22. The text of Contract Section C.8 is deleted in its entirety and replaced with the following:

C.8. Payment Reductions. The Contractor's payment shall be subject to reduction for amounts included in any purchase order or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

23. The text of Contract Section C.10 is deleted in its entirety and replaced with the following:

C.10. Prerequisite Documentation. The Contractor shall not be paid by the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).

b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

24. The text of Contract Section D.3 is deleted in its entirety and replaced with the following:

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

25. The text of Contract Section E.2 is deleted in its entirety and replaced with the following:

E.2 Beginning January 1, 2013 the maximum issue amount of insurance under the Optional Universal Life Insurance Program for an employee shall be five (5) times annual base salary, rounded to the next highest $5,000 increment up to a maximum of $300,000. The guarantee issue amount of insurance under the Optional Universal Life Insurance plan for an employee shall be three (3) times annual base salary, rounded to the next highest $5,000 increment. Employees may select coverage in $1000 increments with a minimum issue amount of $5000 for each employee.

26. The text of Contract Section E.4.1 is deleted in its entirety and replaced with the following:

E.4.1 Employees initially employed on and after June 1, 2005 through December 31, 2012 may enroll within a full calendar month of the first day of work on a guaranteed issue and maximum issue basis. Coverage shall become effective on the first day of the month following three full months of employment. The newly hired employee may apply for employee only coverage, employee plus spouse coverage, or spouse only coverage. The spouse may be required to answer health questions for underwriting approval by the Contractor. A child term rider to an employee or spouse certificate may be added for existing eligible children at the same time the employee or spouse applies for coverage.

Employees hired on or after January 1, 2013 may not enroll in the state optional universal life insurance plan.

A spouse newly acquired on or before December 31, 2012 may apply for coverage. Spouse coverage may not be added on or after January 1, 2013.

An existing enrolled employee or spouse may add a child term rider when acquiring a first eligible child, without health questions, if enrolled within 30 days of the acquisition. Coverage under any existing child term rider will automatically include any subsequently acquired eligible children without application or notice to the Contractor.

Applications for coverage must be received by the Contractor no later than January 30, 2013. Applications with health questions which cannot be completed and certificates issued by the Contractor's underwriting staff in order to have an effective date on or before April 1, 2013 will be returned to the applicant with a Notice of Adverse Underwriting.

27. The text of Contract Section E.4.2 is deleted in its entirety and replaced with the following:

E.4.2 During the State's Annual Enrollment/Transfer Period (generally between October 1 and November 1) in calendar years 2012, 2013, and 2014; current participants may qualify to increase amounts of coverage by demonstrating insurability through the response to health questions. An increase in coverage shall become effective the first of January, February or March of the following year. Current participants may also elect during any of the State's Annual Enrollment/Transfer Periods to decrease the face amount effective January of the following year; however, the decrease cannot reduce the face amount to less than the minimum of $5,000. The Contractor may decline a request to change coverage if the Contractor determines the change will cause the coverage to fail to qualify as life insurance under applicable tax law, as the Contractor interprets the law. An existing enrolled employee or spouse, who does not currently have child term coverage, may not apply for child coverage for existing eligible children during the State's Annual Enrollment /Transfer Period during the fall of 2012 or any subsequent Annual Enrollment/Transfer Period.

28. The text of Contract Section E.4.3 is deleted in its entirety and replaced with the following:

E.4.3 During the State's Annual Enrollment/Transfer Period (generally between October 1 and November 1) in calendar years 2012, 2013, and 2014; current employee participants may increase the face amount of their coverage by up to $5,000 if that action will not exceed the guarantee issue amount or the maximum coverage amount for the Optional Universal Life insurance. The increase in the face amount of coverage shall become effective on January 1 of the following year.

29. The text of Contract Section E.8 is deleted in its entirety and replaced with the following:

E.8 The Contractor shall continue to administer the provisions of the State's Permaplan product until there are no longer any employees participating in Permaplan. The Contractor and the State shall permit participants in the State sponsored Permaplan coverage to roll over into the State optional universal life insurance plan through December 31, 2012. Permaplan participants on or after January 1, 2013 who desire to convert from Permaplan and enroll in another life insurance product will be offered a product other than the State optional universal life insurance plan that is currently marketed by the Contractor. In the event of a participant rollover, the Contractor shall credit (amount) years of participation toward the surrender charges.

30. The text of Contract Section E.10 is deleted in its entirety and replaced with the following:

E.10 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Sylvia D. Chunn, Procurements and Contracting Manager
Benefits Administration
312 Rosa L. Parks Ave.
26th Floor, WRS Tennessee Tower
Nashville, TN 37243
E-mail Address: Sylvia.chunn@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Stephanie Smith
Assistant Vice President Voluntary Benefits Customer Acquisition
Unum
1 Fountain Square
Chattanooga, TN 37402
E-mail Address: stephaniesmith@unum.com
Telephone: 423.294.8371
Fax: 423.294.1301

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective January 1, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY:

SIGNATURE **DATE**

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

MARK A. EMKES, CHAIRMAN **DATE**

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman
Senators
Douglas Henry, Reginald Tate
Brian Kelsey, Ken Yager
Eric Stewart
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Curtis Johnson, Vice-Chairman
Representatives
Tommie Brown, David Shepard
Jim Coley, Tony Shipley
Charles Curtiss, Curry Todd
Johnny Shaw, Mark White
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

MEMORANDUM

TO: Jessica Robertson, Chief Procurement Officer
Department of General Services

FROM: Senator Bill Ketron, Chairman BK
Representative Curtis Johnson, Vice-Chairman CJ

DATE: September 18, 2012

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 9/17/12)

RFS# 317.86-0019 (Edison # 2034)
Department: Finance and Administration
Division: Benefits Administration
Vendor: UNUM Provident Life and Accident Insurance Company
Summary: The vendor is responsible for underwriting and administering the State Optional Universal Life Insurance Plan. The proposed amendment closes the Plan to new employees hired after January 1, 2013; extends the current contract indefinitely until there are no longer any enrollees; provides outreach during the annual enrollment transfer periods through 2014; and removes the vendor's ability to terminate the contract for convenience.
Current maximum liability: $23,550,000
Proposed maximum liability: $23,550,000

After review, the Fiscal Review Committee voted to recommend approval of the contract.

cc: Laurie Lee, Executive Director

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Mark A. Emkes
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Lucian Geise, Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: **September 5, 2012**

RE: Amendment Number 4 to Provident Life Insurance Company Optional Universal Life Insurance Contract No. FA0616434

This memo is to request an effective date of October 1, 2012 for amendment # 4 to the contract with Provident Life Insurance Company (Provident). This amendment extends the contract term our current Vendor, and closes the Optional Universal Life Insurance product to new employees effective January 1, 2013. Amendment # 4 to the Provident Optional Universal Life Insurance contract would extend the term from December 31, 2012 indefinitely until there are no longer any enrolled participants in the plan, provide for Contractor outreach during AETP in years 2012, 2013, and 2014, and also remove the Contractor's ability to terminate this contract for convenience. This amendment will allow current plan participants to use/continue their benefit and not lose the value already accrued in the plan.

As detailed in the Non-Competitive Amendment request accompanying this correspondence Benefits Administration is seeking a non-competitive contract amendment with Provident to close the product to new members and retain Provident to continue insuring the members enrolled in the state's optional universal life insurance plan until there are no members remaining in the plan. We are requesting this approach for the following reasons: (1) Closing the plan completely severely disadvantages members due to the conversion terms of the existing group master policy, (2) Past history and current research with the Tennessee Department of Commerce and Insurance and our own market research indicates that this type of product is not a contemporary offering in the market; therefore we are unlikely to generate interest in a competitive procurement to manage the existing portfolio, and (3) Provident would not entertain a new contract or contract extension that permits new enrollment in the product but would be willing to continue managing the current portfolio until there are no longer any members enrolled in the plan.

A copy of prior amendments, the original contract, and all requested supplemental information is included for your review. Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Sylvia Chunn	*Contact Phone:	615-253-8358
*Original Contract Number:	FA-06-16434	*Original RFS Number:	31786-00019
Edison Contract Number: (*if applicable*)	2034	Edison RFS Number: (*if applicable*)	
*Original Contract Begin Date:	September 1, 2005	*Current End Date:	December 31, 2012

Current Request Amendment Number: (*if applicable*)	Four (4)
Proposed Amendment Effective Date: (*if applicable*)	October 1, 2012
*Department Submitting:	Finance & Administration
*Division:	Benefits Administration
*Date Submitted:	September 6, 2012
*Submitted Within Sixty (60) days:	No
If not, explain:	This amendment effective date is needed to allow the Contractor to perform necessary activities during the State's AETP (Annual Enrollment Transfer Period) which generally occurs between October 1 and November 1.
*Contract Vendor Name:	Provident Life Insurance Company
*Current Maximum Liability:	$23,550,000.00

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY:2006	FY:2007	FY:2008	FY:2009	FY: 2010	FY:2011
$11,500,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
FY: 2012					
$2,000,000					

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY:2006	FY:2007	FY:2008	FY:2009	FY: 2010	FY:2011
$2,369,863.44	$3,203,193.97	$3,253,057.63	$3,203,261.16	$3,141,019.99	$3,037,602.67
FY: 2012	FY: 2013				
$2,873,530.96	$459,497.10				

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	**Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from employer and employee**

Supplemental Documentation Required for Fiscal Review Committee

	premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims and administrative expenses, etc.), and can only be utilized for that purpose.
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	**Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local Government insurance committees have the authority to enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in allotment code 317.86 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).**
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	**FY's 2007-2012 expenditures exceeded the allocation. Funding to pay these expenditures was provided from funding availability rolled forward from FY 2006.**

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		$23,550,000.00	*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment 3 – December 1, 2011	Addition of Prohibition of Illegal Immigrant and Voluntary Buyout Program language.
Amendment 2 – July 1, 2010	Extended the term through December 31, 2012.
Amendment 1 – July 1, 2008	Extended the term through June 30, 2010.

Method of Original Award: (*if applicable*)	RFP
*What were the projected costs of the service for the entire term of the contract prior to contract award?	The number of individuals who would select these plans made the projected costs difficult to project.

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

UNUM Provident ~ Universal Life

STARS Contract # FA0616434

Edison Contract # 2034

Fiscal Year	Expenditures
FY 2006	2,369,863.44
FY 2007	3,203,193.97
FY 2008	3,253,057.63
FY 2009	3,203,261.16
FY 2010	3,141,019.99
FY 2011	3,037,602.67
FY 2012	2,873,530.96
YTD FY 2013	459,497.10
Total	21,541,026.92

FY 2009:	
STARS	1,614,813.54
Edison	1,588,447.62
Total	3,203,261.16

Vendor Report for Fiscal Review monthly expenditures

Report Filter:
{Reference Document} ({Reference Number}) = "FA0616434"

Vendor Name	Vendor Number	Effective Year	Effective Month	Metrics	Total Expenditures	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	SEPTEMBER 2005		256,595.91	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	OCTOBER 2005		255,951.02	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	DECEMBER 2005		256,597.15	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	JANUARY 2006		262,929.47	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	FEBRUARY 2006		267,214.16	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	MARCH 2006		268,621.61	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	APRIL 2006		267,976.17	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	MAY 2006		267,605.22	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2006	JUNE 2006		266,372.73	2,369,863.44
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	JULY 2006		265,674.60	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	AUGUST 2006		264,255.42	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	SEPTEMBER 2006		262,279.62	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	OCTOBER 2006		261,105.23	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	NOVEMBER 2006		262,894.90	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	DECEMBER 2006		263,169.96	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	JANUARY 2007		267,225.26	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	FEBRUARY 2007		271,443.46	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	MARCH 2007		272,071.28	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	APRIL 2007		271,292.61	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	MAY 2007		271,092.75	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2007	JUNE 2007		270,688.88	3,203,193.97
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	JULY 2007		269,180.13	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	AUGUST 2007		265,716.17	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	SEPTEMBER 2007		264,833.69	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	OCTOBER 2007		263,950.48	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	NOVEMBER 2007		263,435.68	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	DECEMBER 2007		265,546.22	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	JANUARY 2008		272,540.36	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	FEBRUARY 2008		277,778.58	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	MARCH 2008		278,290.78	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	APRIL 2008		278,000.02	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	MAY 2008		277,007.05	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2008	JUNE 2008		276,778.47	3,253,057.63
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2009	JULY 2008		275,537.67	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2009	AUGUST 2008		273,887.98	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2009	SEPTEMBER 2008		272,909.77	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2009	OCTOBER 2008		264,316.36	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2009	NOVEMBER 2008		264,393.83	
PROVIDENT LIFE & ACCIDENT INS CO	V620331200	2009	DECEMBER 2008		263,767.93	1,614,813.54

FY 2009

Payments agains	5									
Unit	Sum Amount	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	262747.300	000000000	0000091583	Provident L	DFA	000000012	00000425	Ulif0609	6/17/2009	2009
31786	262810.550	000000000	0000091583	Provident L	DFA	000000007	00000137	ULIF 0409	4/15/2009	2009
31786	264263.080	000000000	0000091583	Provident L	DFA	000000010	00000300	ULIF0509	5/26/2009	2009
31786	265127.900	000000000	0000091583	Provident L	DFA	000000003	00000043	ULIF0209	2/24/2009	2009
31786	265997.390	000000000	0000091583	Provident L	DFA	000000005	00000073	ULIF 0309	3/16/2009	2009

Total FY 2009 1320946.220

FY 2010

Payments agains	12									
Unit	Sum Amount	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	257452.910	000000000	0000091583	Provident L	DFA	000000020	00000764	ULIF1009	10/27/2009	2010
31786	257716.380	000000000	0000091583	Provident L	DFA	000000019	00000695	ULIF 0909	9/28/2009	2010
31786	258999.230	000000000	0000091583	Provident L	DFA	000000023	00000810	Ulif 1109	11/18/2009	2010
31786	259796.580	000000000	0000091583	Provident L	DFA	000000027	00000877	Ulif 1209	12/11/2009	2010
31786	260285.550	000000000	0000091583	Provident L	DFA	000000016	00000563	ULIF 0809	8/17/2009	2010
31786	262763.500	000000000	0000091583	Provident L	DFA	000000029	00000953	Ulif 0110	1/26/2010	2010
31786	263189.870	000000000	0000091583	Provident L	DFA	000000034	00001170	Ulif 0410	4/12/2010	2010
31786	263195.120	000000000	0000091583	Provident L	DFA	000000038	00001482	Ulif 0610	6/11/2010	2010
31786	263688.190	000000000	0000091583	Provident L	DFA	000000036	00001286	Ulif 0510	5/17/2010	2010
31786	264396.870	000000000	0000091583	Provident L	DFA	000000014	00000498	ULIF0709	7/16/2009	2010
31786	264481.190	000000000	0000091583	Provident L	DFA	000000032	00001062	Ulif 0310	3/11/2010	2010
31786	265054.600	000000000	0000091583	Provident L	DFA	000000030	00000978	Ulif 0210	2/11/2010	2010

Total FY 2010 3141019.990

FY 2011

Payments agains	12									
Unit	Sum Amount	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	247086.930	000000000	0000091583	Provident L	DFA	000000054	00002159	Ulif 1210	12/23/2010	2011
31786	249829.350	000000000	0000091583	Provident L	DFA	000000051	00002114	Ulif 1110	11/9/2010	2011
31786	251273.350	000000000	0000091583	Provident L	DFA	000000049	00002092	Ulif 1010	10/20/2010	2011

31786	252191.220	000000000	0000091583	Provident L	DFA	000000065	00002459	ULIF 0611	6/16/2011	2011
31786	252305.720	000000000	0000091583	Provident L	DFA	000000047	00002042	Ulif 0910	9/16/2010	2011
31786	252879.320	000000000	0000091583	Provident L	DFA	000000058	00002243	Ulif 0211	2/11/2011	2011
31786	253128.190	000000000	0000091583	Provident L	DFA	000000055	00002184	Ulif 0111	1/18/2011	2011
31786	253633.450	000000000	0000091583	Provident L	DFA	000000062	00002403	ULIF 0511	5/10/2011	2011
31786	254180.930	000000000	0000091583	Provident L	DFA	000000061	00002385	ULIF 0411	4/27/2011	2011
31786	254828.520	000000000	0000091583	Provident L	DFA	000000060	00002297	ULIF0311	3/18/2011	2011
31786	255909.270	000000000	0000091583	Provident L	DFA	000000043	00001953	Ulif 0810	8/23/2010	2011
31786	260356.420	000000000	0000091583	Provident L	DFA	000000042	00001872	Ulif 0710	7/26/2010	2011

Total FY 2011 3037602.670

Payments againg	12									
Unit	Sum Amount	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	229833.460	000000000	0000091583	Provident L	DFA	000000074	00002781	Ulif 1111	11/14/2011	2012
31786	234126.500	000000000	0000091583	Provident L	DFA	000000086	00003042	ULIF 0612	6/15/2012	2012
31786	236290.370	000000000	0000091583	Provident L	DFA	000000085	00002996	ULIF 0512	5/10/2012	2012
31786	236811.310	000000000	0000091583	Provident L	DFA	000000083	00002961	ULIF0412	4/16/2012	2012
31786	238043.000	000000000	0000091583	Provident L	DFA	000000073	00002699	Ulif 1011	10/17/2011	2012
31786	238061.950	000000000	0000091583	Provident L	DFA	000000081	00002924	Ulif0312	3/14/2012	2012
31786	239254.590	000000000	0000091583	Provident L	DFA	000000079	00002893	Ulif 0212	2/14/2012	2012
31786	240237.500	000000000	0000091583	Provident L	DFA	000000077	00002850	ULIF 0112	1/12/2012	2012
31786	241807.720	000000000	0000091583	Provident L	DFA	000000071	00002661	ULife 0911	9/30/2011	2012
31786	242472.400	000000000	0000091583	Provident L	DFA	000000076	00002825	Ulif 1211	12/19/2011	2012
31786	246182.480	000000000	0000091583	Provident L	DFA	000000068	00002540	ULIF 0811	8/11/2011	2012
31786	250409.680	000000000	0000091583	Provident L	DFA	000000066	00002504	Ulif 0711	7/14/2011	2012

Total FY 2012 2873530.960

FY 2013

Payments againg	2									
Unit	Sum Amount	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	227832.420	000000000	0000091583	Provident L	DFA	000000090	00003252	ULIF 0812	8/13/2012	2013
31786	231664.680	000000000	0000091583	Provident L	DFA	000000088	00003160	TERM 071:	7/13/2012	2013

Total FY 2013 459497.100

Payments Not On Contract

Unit	Sum Amount	Edison Co	Vendor ID	Vendor Na	PO_ID	D.VOUCH	Year
31786	267501.400		000009158	Provident L	000000000	00000011	2009

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.
Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED
COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	**31786-00019**
1. Procuring Agency	**Finance and Administration, Division of Benefits Administration**
2. Contractor	**Provident Life Insurance Company**
3. Contract #	**FA-06-16434**
4. Proposed Amendment #	**4**
5. Edison ID #	**2034**
6. Contract Begin Date	**September 1, 2005**
7. Current Contract End Date *– with ALL options to extend exercised*	**December 31, 2012**
8. Proposed Contract End Date *– with ALL options to extend exercised*	**Indefinite (Perpetual)**
9. Current Maximum Contract Cost *– with ALL options to extend exercised*	**$ 23,550,000.00**
10. Proposed Maximum Contract Cost *– with ALL options to extend exercised*	**$ TBD (based on employee payroll deduction)**
11. Office for Information Resources Endorsement *– information technology service (N/A to THDA)*	☒ **Not Applicable** ☐ **Attached**
12. eHealth Initiative Support *– health-related professional, pharmaceutical, laboratory, or imaging*	☒ **Not Applicable** ☐ **Attached**
13. Human Resources Support *– state employee training service*	☒ **Not Applicable** ☐ **Attached**

14. Explanation Need for the Proposed Amendment

The State will no longer offer the Optional Universal Life Insurance Plan to employees beginning in 2013; however the State will allow current plan participants to continue on the plan. Closing out the plan and not allowing current participants to stay in the plan would negatively affect all plan members. In order for the current participants to continue on the plan the State must continue the relationship with the Contractor until the last participant enrolled in the plan has either terminated coverage or used their benefit.

Request Tracking #	31786-00019

15. Name & Address of the Contractor's Principal Owner(s)
– NOT required for a TN state education institution

Provident Life Insurance Company
1 Fountain Square Chattanooga, TN 37402

16. Evidence Contractor's Experience & Length Of Experience Providing the Service

Provident Life Insurance Company has been both the Optional Universal Life and Optional Term Life vendor for the Department of Finance and Administration, Division of Benefits Administration since January 1, 2000 selected by two separate competitive procurements.

17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives

Benefits Administration released an RFP for these services on February 15, 2005, Provident Life Insurance Company was the only proposal received in response to this RFP. There are only two other insurance companies, Massachusetts Mutual Life Insurance Company and Transamerica Life Insurance Company, that have group UL policies on file with the Department of Commerce and Insurance, neither of which responded to the State's RFP.

18. Justification *– specifically explain why non-competitive negotiation is in the best interest of the state*

The optional universal life insurance plan was made available to state employees in the mid-1980's. Provident Life Insurance Company has held the contract on the plan the entire time, except for the first three years. There has not been any competition generated during the state's prior re-procurement efforts. The current contract with Unum expires on December 31, 2012, and does not contain an extension clause.

Benefits Administration is closing the Optional Universal Life Insurance Plan to new enrollments as of January 1, 2013, for the following reasons: (1) Past procurements for this product have yielded no competition since the original RFP was issued in the mid 1980's, (2) Employees now have other tax advantage avenues to invest funds, such as deferred compensation and IRAs, that did not exist when this product was established, and (3) the optional term life insurance plan is available to employees seeking a life insurance product.

There were 13,008 universal life certificate holders and 1,966 child term riders as of March 31, 2012. The 13,008 certificate holders include 6,159 former employees and spouses who are on a direct-bill basis with Unum. The premiums for the 6,849 active employees and spouses are collected via state payroll deduction.

Benefits Administration is seeking a non-competitive contract amendment with Provident Life Insurance Company that would close the product to new members but retain Provident to continue insuring the members enrolled in the state's optional universal life insurance plan until there are no members remaining in the plan. We are requesting this approach for the following reasons: (1) Closing the plan completely severely disadvantages members due to the conversion terms of the existing group master policy, (2) Past history and current research with the Tennessee Department of Commerce and Insurance and our own market research indicates that this type of product is not a contemporary offering in the market; therefore we are unlikely to generate interest in a competitive procurement to manage the existing portfolio, and (3) Provident would not entertain a new contract or contract extension that permits NEW enrollment in the product but would be willing to continue managing the current portfolio until there are no longer any members enrolled in the plan.

Request Tracking #	31786-00019
Agency Head Signature and Date – *MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances*	

Rule Exception Request

Route completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED
COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	**31786-00019**
1. Contract #	**FA-06-16434-04**
2. Service Caption	**Optional Universal Life Insurance**
3. Contractor	**Provident Life Insurance Company**
4. Contract Period *(with ALL options to extend exercised)*	**88 months**
5. Contract Maximum Liability *(with ALL options to extend exercised)*	**$ 23,550,000.00**

6. Rule

(for which the exception is requested)

- ☐ **0620–3–3–.03(2)(a)** OR **0620–3–3–.05** requiring compliance with relevant model guidelines (only if required by oversight authorities)
- ☐ **0620–3–3–.05(5)** requiring the prescribed Nondiscrimination contract provision
- ☒ **0620–3–3–.07(5)** prohibiting a contract term greater than five (5) years
- ☐ **0620–3–3–.07(8)** prohibiting a contract with a former state employee in within six (6) months of termination
- ☐ **0620–3–3–.07(22)** requiring contractor travel reimbursement in accordance with state travel regulations
- ☐ **OTHER** *(cite the relevant rule below)*

7. Explanation of Rule Exception Requested

The State is seeking to extend the term of this contract indefinitely until there are no longer any individuals with insurance coverage under the optional universal life insurance plan.

Request Tracking #	**31786-00019**
8. Justification	**The State will no longer offer the Optional Universal Life Insurance Plan to employees beginning in 2013; however the State will allow current plan participants to continue on the plan. Closing out the plan and not allowing current participants to stay in the plan would negatively affect all plan members. In order for the current participants to continue on the plan the State must continue the relationship with the Contractor until the last participant enrolled in the plan has either terminated coverage or used their benefit.** **Please see requested language attached.**
Agency Head Signature and Date *(contracting agency head or authorized signatory)*	

All Deviations from regular model language are highlighted in yellow in this section.

Requested Revisions:

B.1 Contract Term. This contract shall be effective for the period commencing on September 1, 2005 and ending when there are no longer any individuals with insurance coverage under the optional universal life insurance plan. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2 Term Extension. The State reserves the right to have this contract remain effective until the last enrolled member covered under the plan referenced in Section A.1.1, is either deceased and all benefits have been paid, or voluntarily withdraws from the plan. The Universal Life policy established by this contract in Section A.1.1 shall be perpetual unless terminated in accordance with this Contract.

Rule Exception Request

Route completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED
COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	**31786-00019**
1. Contract #	**FA-06-16434-04**
2. Service Caption	**Optional Universal Life Insurance**
3. Contractor	**Provident Life Insurance Company**
4. Contract Period *(with ALL options to extend exercised)*	**88 months**
5. Contract Maximum Liability *(with ALL options to extend exercised)*	**$ 23,550,000.00**
6. Rule *(for which the exception is requested)*	☒ **0620–3–3–.03(2)(a)** OR **0620–3–3–.05** requiring compliance with relevant model guidelines (only if required by oversight authorities) ☐ **0620–3–3–.05(5)** requiring the prescribed Nondiscrimination contract provision ☐ **0620–3–3–.07(5)** prohibiting a contract term greater than five (5) years ☐ **0620–3–3–.07(8)** prohibiting a contract with a former state employee in within six (6) months of termination ☐ **0620–3–3–.07(22)** requiring contractor travel reimbursement in accordance with state travel regulations ☐ **OTHER** *(cite the relevant rule below)*
7. Explanation of Rule Exception Requested	**The Division of Benefits Administration seeks to change the model language for Section C (Payment Terms) in this amendment.**

Request Tracking #	**31786-00019**
8. Justification	**The maximum liability language has been revised to reflect the manner in which the Contractor is paid instead of the aggregate amount of the payments beginning January 1, 2013, due to this amount being impossible to predict based on the requested term.** **Invoicing language has been modified to reflect that the Contractor will not invoice the State for services provided under this contract, billing thru purchase order will be generated in the Edison system taken from Edison enrollment and payroll deduction.** **Please see the requested language revision attached.**
Agency Head Signature and Date *(contracting agency head or authorized signatory)*	

All Deviations from regular model language are highlighted in yellow in this section.

Requested Revisions:

C.1 Maximum Liability. From September 1, 2005 to December 31, 2012, in no event shall the maximum liability of the State under this Contract exceed Twenty-three million, five hundred fifty thousand Dollars ($23,550,000.00). **Beginning January 1, 2013 until the termination of this contract, the maximum liability of the State shall not exceed the compensation due the Contractor based on the service rates in Section C.3 for enrolled plan participants.** The rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.4. **Purchase Order in lieu of Invoicing. The State will generate a monthly purchase order and initiate payment of the purchase order, based upon payroll deduction information provided by the State, utilizing the rates listed above.**

C.7 Payment of **Purchase Order**. A payment by the State shall not prejudice the State's right to object to or question any payment, **purchase order**, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided.

C.8. **Payment** Reductions. The Contractor's **payment** shall be subject to reduction for amounts included in any purchase order or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00019	2034	FA-06-16434- 00	4

Contractor Legal Entity Name	Edison Vendor ID
Provident Life Insurance Company	91583

Amendment Purpose & Effect(s)

Extend the contract to provide coverage under the optional universal life insurance plan until there are no longer any individuals covered under the plan.

Amendment Changes Contract End Date: ☒ YES ☐ NO **End Date:** **Indefinite (Perpetual)**

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A)**:** **N/A**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006			$11,500,000.00		$11,500,000.00
2007			$2,000,000.00		$2,000,000.00
2008			$2,000,000.00		$2,000,000.00
2009			$2,000,000.00		$2,000,000.00
2010			$2,050,000.00		$2,050,000.00
2011			$2,000,000.00		$2,000,000.00
2012			$2,000,000.00		$2,000,000.00
TOTAL:			$23,550,000.00		$23,550,000.00

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Speed Chart (optional)	Account Code (optional)
IA-00000098	79005000

OCR USE

AMENDMENT FOUR
TO FA-06-16434-00

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life and Accident Insurance Company, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The text of Contract Section A.1.14 is deleted in its entirety and replaced with the following:

   A.1.14 Provide information on annual enrollment period options in calendar years 2012, 2013, and 2014 to current participants at their home address.

2. The text of Contract Section A.1.16 is deleted in its entirety.

   A.1.16 TEXT DELETED

3. The text of Contract Section A.1.20 is deleted in its entirety and replaced with the following:

   A.1.20 Maintain a service office to process claims and assist with inquiries, correspondence, unusual claim situations or problems, and related matters.

4. The text of Contract Section A.1.23 is deleted in its entirety and replaced with the following:

   A.1.23 Attend administrative meetings scheduled at the discretion of the state to discuss operational issues, customer service concerns, plan financial experience, and annual enrollment period activities.

5. The text of Contract Section A.1.24 is deleted in its entirety and replaced with the following:

   A.1.24 For the 2012, 2013 and 2014 Annual Enrollment Transfer Periods the Contractor agrees to provide notification to employee plan participants that indicate the type of coverage increases available, premium amounts and policy terms and conditions. Such notification shall be provided to the qualified employees' home address.

6. The text of Contract Section A.2.1 is deleted in its entirety and replaced with the following:

   A.2.1 The Contractor shall maintain, in its computer system, in-force enrollment records of all Universal Life Insurance plan insured members.

7. The text of Contract Section A.3.1 is deleted in its entirety and replaced with the following:

   A.3.1 The Contractor shall support employee payroll deductions and direct payments made to the Contractor. Employees will make premium payments for themselves and their dependent(s) through payroll deductions. The Contractor is responsible for collecting premiums for retirees and former employees exercising a portability option under the group master policy.

8. The text of Contract Section A.3.2 is deleted in its entirety.

   A.3.2 TEXT DELETED

9. The text of Contract Section A.3.3 is deleted in its entirety.

   A.3.3 TEXT DELETED

10. The text of Contract Section A.3.5 is deleted in its entirety.

A.3.5 TEXT DELETED

11. The text of Contract Section A.3.7 is deleted in its entirety.

A.3.7 TEXT DELETED

12. The text of Contract Section A.3.8 is deleted in its entirety.

A.3.8 TEXT DELETED

13. The text of Contract Section A.4.1 is deleted in its entirety and replaced with the following:

A.4.1 Make payroll deduction of the premium, as elected by the participating employees, and remit those funds to the Contractor within forty five (45) days of receipt by the State of the monthly billing file from the Contractor.

14. The text of Contract Section A.4.4 is deleted in its entirety and replaced with the following:

A.4.4 Provide, on a weekly basis, a full eligibility population file, until February 1, 2013.

15. The text of Contract Section A.4.5 is deleted in its entirety and replaced with the following:

A.4.5 Provide, on a monthly basis, the premiums collected file.

16. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

B.1 Contract Term. This contract shall be effective for the period commencing on September 1, 2005 and ending when there are no longer any individuals with insurance coverage under the optional universal life insurance plan. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

17. The text of Contract Section B.2 is deleted in its entirety and replaced with the following:

B.2 Term Extension. The State reserves the right to have this contract remain effective until the last enrolled member covered under the plan referenced in Section A.1.1, is either deceased and all benefits have been paid, or voluntarily withdraws from the plan. The Universal Life policy established by this contract in Section A.1.1 shall be perpetual unless terminated in accordance with this Contract.

18. The text of Contract Section C.1 is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. From September 1, 2005 to December 31, 2012, in no event shall the maximum liability of the State under this Contract exceed Twenty-three million, five hundred fifty thousand Dollars ($23,550,000.00). Beginning January 1, 2013 until the termination of this contract, the maximum liability of the State shall not exceed the compensation due the Contractor based on the service rates in Section C.3 for enrolled plan participants. The rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not

guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

19. The text of Contract Section C.3 is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates, the Administrative Fees, the Cost of Insurance rates and the other financial charges listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1).

These rates shall be in effect for the initial three year contract term (September 1, 2005 – June 30, 2008) and for the remainder of the term of the contract and any extensions thereof:

C.3.1 Monthly Premium Rates per $1000 of Coverage: Life only charges

Issue Age	Premium Rate/$1000 (Employees & Spouses)		Issue Age	Premium Rate/$1000 (Employees & Spouses)		Issue Age	Premium Rate/$1000 (Employees & Spouses)
15	$0.19		36	$0.58		56	$2.43
16	0.20		37	0.62		57	2.53
17	0.21		38	0.66		58	2.64
18	0.22		39	0.70		59	2.74
19	0.23		40	0.76		60	2.83
20	0.24		41	0.81		61	2.97
21	0.25		42	0.86		62	3.12
22	0.26		43	0.93		63	3.28
23	0.27		44	1.00		64	3.44
24	0.29		45	1.07		65	3.61
25	0.30		46	1.16		66	3.80
26	0.32		47	1.25		67	3.99
27	0.34		48	1.36		68	4.19
28	0.35		49	1.48		69	4.41
29	0.37		50	1.61		70	4.64
30	0.40		51	1.76		71	4.88
31	0.42		52	1.93		72	5.14
32	0.44		53	2.13		73	5.42
33	0.47		54	2.36		74	5.71
34	0.51		55	2.31		75	6.03
35	0.54						

The above rates may not be increased. The above rates may be decreased by the Contractor upon notification to the State.

C.3.1.1. Monthly Premium Rates per $1000 of Coverage: Waiver of Premium only charges

Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)		Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)		Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)
15	$0.01		36	$0.02		56	$0.21

16	0.01		37	0.02		57	0.24
17	0.01		38	0.02		58	0.27
18	0.01		39	0.02		59	0.30
19	0.01		40	0.03		60	0.00
20	0.01		41	0.03		61	0.00
21	0.01		42	0.03		62	0.00
22	0.01		43	0.03		63	0.00
23	0.01		44	0.04		64	0.00
24	0.01		45	0.04		65	0.00
25	0.01		46	0.05		66	0.00
26	0.01		47	0.05		67	0.00
27	0.01		48	0.06		68	0.00
28	0.01		49	0.07		69	0.00
29	0.01		50	0.08		70	0.00
30	0.01		51	0.09		71	0.00
31	0.01		52	0.11		72	0.00
32	0.01		53	0.13		73	0.00
33	0.01		54	0.15		74	0.00
34	0.02		55	0.17		75	0.00
35	0.02						

The above rates may not be increased. The above rates may be decreased by the Contractor upon notification to the State.

C.3.2. Monthly Cost of Insurance Rates/$1000 of Coverage

Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)
15	$.04356	42	$.13033	69	$1.61533
16	.05313	43	.14415	70	1.77241
17	.05808	44	.15938	71	1.94491
18	.06198	45	.17638	72	2.13566
19	.06517	46	.19479	73	2.34849
20	.06765	47	.21427	74	2.58796
21	.06871	48	.23552	75	2.85794
22	.06871	49	.25819	76	3.16088
23	.06800	50	.28298	77	3.49994
24	.06694	51	.30990	78	3.87651
25	.06552	52	.34000	79	4.28955
26	.06375	53	.37294	80	4.74010
27	.06198	54	.40871	81	5.22572
28	.06127	55	.44838	82	5.74674
29	.06056	56	.49194	83	6.30914
30	.06021	57	.53975	84	6.92063
31	.06092	58	.59288	85	7.58051
32	.06198	59	.65167	86	8.28948
33	.06410	60	.71613	87	9.04683
34	.06729	61	.78660	88	9.85010
35	.07119	62	.86240	89	10.69091
36	.07579	63	.94421	90	11.56607
37	.08146	64	1.03346	91	12.47489
38	.08854	65	1.11990	92	13.41806
39	.09669	66	1.22648	93	14.39491
40	.10625	67	1.34394	94	15.40611

41	.11794	68	1.47297

The currently charged Cost of Insurance Rates (based on 1980-CSO-B Mortality Table), will not change unless:

- The Contractor will be authorized to implement an actuarially justified increase in the then existing cost of insurance rates if the net death benefits paid for three successive calendar years exceeds 125% of the aggregate cost of insurance premiums collected during the same successive periods. The 125% threshold must be crossed in each of the successive, individual calendar years for an increase in the cost of insurance rates to be authorized. If the threshold test is met for two successive calendar years, the Contractor will provide notice to the State by April 1 following the end of the second calendar year. If during the third successive calendar year the threshold is met, the Contractor is authorized to increase the cost of insurance rates to be effective no earlier than the following April 1 and no later than the following July 1.

- Should such an increase of the cost of insurance rates as described above be authorized, and implemented, as a result of adverse experience, the Contractor will implement an actuarially justified decrease in the then existing cost of insurance rates if the net death benefits paid for three successive calendar years is less than 75% of the aggregate cost of insurance premium collected during the same successive periods. The 75% threshold must be crossed in each of the successive, individual calendar years for a decrease in the cost of insurance rates to be required. If the threshold test is met for two successive calendar years, the Contractor will provide notice to the State by April 1 following the end of the second calendar year. If during the third successive calendar year the threshold is met, the Contractor will reduce the cost of insurance rates to be effective no earlier than the following April 1 and no later than the following July 1.

The three year period to evaluate net death benefits compared to the aggregate amounts generated by the current cost of insurance rates are not to be a rolling three years, but would reset after a modification to the then current cost of insurance rates. Calendar year 2013 experience results will be the first year of the initial three successive calendar year period for comparison of results as described above.

C.3.3 Administrative Fee

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

- $1.00 per Certificate per month if premium paid annually or by payroll deduction
- $1.00 per Certificate per premium deduction collection, if paid by any other method

The Administrative Fee cannot be increased. This fee may be reduced by the Contractor upon notification to the State.

C.3.4. Percent of Premium Loads

The Contractor shall maintain the following percent of Premium Loads throughout the term of the contract:

Year One	0%
Year Two	0%
Year Three	0%
Year Four	0%
Year Five	0%
Year Six	0%
Year Seven	0%
Year Eight through end of contract	0%

This fee cannot be increased.

C.3.5. Asset Based Charges

The Contractor shall maintain the following Asset Based Charges, expressed as percent of Cash Values, throughout the term of the contract:

Year One	0%	Year Five	0%
Year Two	0%	Year Six	0%
Year Three	0%	Year Seven	0%
Year Four	0%	Year Eight through end of contract	0%

This fee cannot be increased.

C.3.6 Surrender Charges

The Contractor's Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One	40%	Year Five	20%
Year Two	40%		
Year Three	40%		
Year Four	40%		

The Surrender Charges cannot be increased. These charges may be reduced by the Contractor upon notification to the State.

C.3.7. Interest Crediting Rates

The monthly interest crediting rate, beginning September 1, 2005 and ending June 30, 2008 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of Five percent (5%) for year one of the contract; five percent (5%) for year two of the contract; and five percent (5%) for year three of the contract (Absolute Minimum); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus ten basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

The monthly interest crediting rate, beginning July 1, 2008 and ending December 31, 2012 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of five percent (5%); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus fifty (50) basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

The monthly interest crediting rate, beginning January 1, 2013 and ending December 31, 2013 shall be equal to one twelfth (1/12) of:

- a minimum effective interest crediting rate of five percent (5%)

The monthly interest crediting rate, beginning January 1, 2014 until the expiration of the contract shall be equal to one twelfth (1/12) of the rate determined by using the following calculations:

- The Contractor will begin assessing the interest rate crediting change annually based on reported GAAP book portfolio yields of the Contractor US VB backing asset (net defaults and expenses) minus ninety-five (95) basis points as of September 30th (of 2013 for the first assessment) of the prior year. Any interest rate change will be

effective on January 1st (of 2014 for the first assessment) of the current year. The monthly interest crediting rate will be changed to the portfolio yield rate (net defaults and expenses) minus ninety-five (95) basis points if the calculated spread is +/- 10 basis points of the current interest crediting rate. No changes will be implemented if the calculated spread remained within +/- 10 basis points of the current interest crediting rate. For any changes, the Contractor will round interest crediting rates to the nearest 10 basis point increment.

- The monthly interest crediting rate shall be no lower than the amount specified below for a specific calendar year

  Calendar Year Interest Rate Floor
  2013 4.50%
  2014 4.25%
  2015 4.00%
  2016 3.75%
  2017 and thereafter 3.50%

C.3.8 Certificate Loan Interest Rate

The Contractor agrees to the following annual Loan Interest Rates, for each of the six calendar years during the term of the contract – September 1, 2005 through December 31, 2012.

2005	7.5%
2006	7.5%
2007	7.5%
2008	7.5%
2009	7.5%
2010	7.5%
2011	7.5%
2012	7.5%
2013 until the end of the contract	7.5%

The Certificate Loan Interest Rate cannot be increased. This rate may be reduced by the Contractor upon notification to the State.

C.3.9 Monthly Premium Rates for Dependent Children

$0.25 for $2,500 in coverage
$0.50 for $5,000 in coverage

The "Monthly Premium Rates for Dependent Children" cannot be increased during the duration of this contract. The rates may be reduced by the Contractor upon notification to the State.

20. The text of Contract Section C.4 is deleted in its entirety and replaced with the following:

C.4. Purchase Order in lieu of Invoicing. The State will generate a monthly purchase order and initiate payment of the purchase order, based upon payroll deduction information provided by the State, utilizing the rates listed above.

21. The text of Contract Section C.7 is deleted in its entirety and replaced with the following:

C.7. Payment of Purchase Order. A payment by the State shall not prejudice the State's right to object to or question any payment, purchase order, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided.

22. The text of Contract Section C.8 is deleted in its entirety and replaced with the following:

C.8. Payment Reductions. The Contractor's payment shall be subject to reduction for amounts included in any purchase order or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

23. The text of Contract Section C.10 is deleted in its entirety and replaced with the following:

C.10. Prerequisite Documentation. The Contractor shall not be paid by the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).

b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

24. The text of Contract Section D.3 is deleted in its entirety and replaced with the following:

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

25. The text of Contract Section E.2 is deleted in its entirety and replaced with the following:

E.2 Beginning January 1, 2013 the maximum issue amount of insurance under the Optional Universal Life Insurance Program for an employee shall be five (5) times annual base salary, rounded to the next highest $5,000 increment up to a maximum of $300,000. The guarantee issue amount of insurance under the Optional Universal Life Insurance plan for an employee shall be three (3) times annual base salary, rounded to the next highest $5,000 increment. Employees may select coverage in $1000 increments with a minimum issue amount of $5000 for each employee.

26. The text of Contract Section E.4.1 is deleted in its entirety and replaced with the following:

E.4.1 Employees initially employed on and after June 1, 2005 through December 31, 2012 may enroll within a full calendar month of the first day of work on a guaranteed issue and maximum issue basis. Coverage shall become effective on the first day of the month following three full months of employment. The newly hired employee may apply for employee only coverage, employee plus spouse coverage, or spouse only coverage. The spouse may be required to answer health questions for underwriting approval by the Contractor. A child term rider to an employee or spouse certificate may be added for existing eligible children at the same time the employee or spouse applies for coverage.

Employees hired on or after January 1, 2013 may not enroll in the state optional universal life insurance plan.

A spouse newly acquired on or before December 31, 2012 may apply for coverage. Spouse coverage may not be added on or after January 1, 2013.

An existing enrolled employee or spouse may add a child term rider when acquiring a first eligible child, without health questions, if enrolled within 30 days of the acquisition. Coverage under any existing child term rider will automatically include any subsequently acquired eligible children without application or notice to the Contractor.

Applications for coverage must be received by the Contractor no later than January 30, 2013. Applications with health questions which cannot be completed and certificates issued by the Contractor's underwriting staff in order to have an effective date on or before April 1, 2013 will be returned to the applicant with a Notice of Adverse Underwriting.

27. The text of Contract Section E.4.2 is deleted in its entirety and replaced with the following:

E.4.2 During the State's Annual Enrollment/Transfer Period (generally between October 1 and November 1) in calendar years 2012, 2013, and 2014; current participants may qualify to increase amounts of coverage by demonstrating insurability through the response to health questions. An increase in coverage shall become effective the first of January, February or March of the following year. Current participants may also elect during any of the State's Annual Enrollment/Transfer Periods to decrease the face amount effective January of the following year; however, the decrease cannot reduce the face amount to less than the minimum of $5,000. The Contractor may decline a request to change coverage if the Contractor determines the change will cause the coverage to fail to qualify as life insurance under applicable tax law, as the Contractor interprets the law. An existing enrolled employee or spouse, who does not currently have child term coverage, may not apply for child coverage for existing eligible children during the State's Annual Enrollment /Transfer Period during the fall of 2012 or any subsequent Annual Enrollment/Transfer Period.

28. The text of Contract Section E.4.3 is deleted in its entirety and replaced with the following:

E.4.3 During the State's Annual Enrollment/Transfer Period (generally between October 1 and November 1) in calendar years 2012, 2013, and 2014; current employee participants may increase the face amount of their coverage by up to $5,000 if that action will not exceed the guarantee issue amount or the maximum coverage amount for the Optional Universal Life insurance. The increase in the face amount of coverage shall become effective on January 1 of the following year.

29. The text of Contract Section E.8 is deleted in its entirety and replaced with the following:

E.8 The Contractor shall continue to administer the provisions of the State's Permaplan product until there are no longer any employees participating in Permaplan. The Contractor and the State shall permit participants in the State sponsored Permaplan coverage to roll over into the State optional universal life insurance plan through December 31, 2012. Permaplan participants on or after January 1, 2013 who desire to convert from Permaplan and enroll in another life insurance product will be offered a product other than the State optional universal life insurance plan that is currently marketed by the Contractor. In the event of a participant rollover, the Contractor shall credit (amount) years of participation toward the surrender charges.

30. The text of Contract Section E.10 is deleted in its entirety and replaced with the following:

E.10 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Sylvia D. Chunn, Procurements and Contracting Manager
Benefits Administration
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26th Floor, WRS Tennessee Tower
Nashville, TN 37243
E-mail Address: Sylvia.chunn@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Stephanie Smith
Assistant Vice President Voluntary Benefits Customer Acquisition
Unum
1 Fountain Square
Chattanooga, TN 37402
E-mail Address: stephaniesmith@unum.com
Telephone: 423.294.8371
Fax: 423.294.1301

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective November 7, 2012. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY:

SIGNATURE **DATE**

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

MARK A. EMKES, CHAIRMAN **DATE**

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00019	2034	FA-06-16434-00	3

Contractor Legal Entity Name	Edison Vendor ID
Provident Life Insurance Company	91583

Amendment Purpose & Effect(s)

Add the prohibition of illegal immigrant language and the Voluntary Buyout Program previously approved by Fiscal Review Committee for inclusion in Amendment # 2 but inadvertently omitted from that contract amendment for the optional universal life insurance services.

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** December 31, 2012

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **N/A**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006			$11,500,000.00		$11,500,000.00
2007			$2,000,000.00		$2,000,000.00
2008			$2,000,000.00		$2,000,000.00
2009			$2,000,000.00		$2,000,000.00
2010			$2,050,000.00		$2,050,000.00
2011			$2,000,000.00		$2,000,000.00
2012			$2,000,000.00		$2,000,000.00
TOTAL:			$23,550,000.00		$23,550,000.00

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Maureen Abbey

OCR USE

FA0616434-03

Speed Chart (optional)	Account Code (optional)
IA-00000098	79005000

CM

AMENDMENT THREE
TO FA-06-16434-00

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life and Accident Insurance Company, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The following is added as Contract section D.20.

D.20. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment B, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of *Tennessee Code Annotated*, Section 12-4-124, *et seq.* for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.

e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

2. The following is added as Contract section E.17.

E.17. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.

b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the VBP Contracting Restriction Waiver Request format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

3. Contract Attachment B attached hereto is added as a new attachment.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective December 1, 2011. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY:

	11/22/11
SIGNATURE	**DATE**
PRINTED NAME AND TITLE OF SIGNATORY (above)	

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

Mark A. Emkes

MARK A. EMKES, CHAIRMAN DATE

ATTACHMENT B

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	Edison Contract Number 2034
CONTRACTOR LEGAL ENTITY NAME:	Provident Life Insurance Company
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	62-0331200

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

Sharon Johnson

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor

Sharon Johnson Director, HR Response Team

PRINTED NAME AND TITLE OF SIGNATORY

11/22/11

DATE OF ATTESTATION

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman
Senators
Douglas Henry — Reginald Tate
Doug Jackson — Ken Yager
Brian Kelsey
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives
Harry Brooks — Donna Rowland
Curtis Johnson — Tony Shipley
Steve McManus — Curry Todd
Mary Pruitt — Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee BK
Charles Curtiss, Vice-Chairman, Fiscal Review Committee CC

DATE: June 2, 2010

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 6/2/10)

RFS# 317.86-029
Department: Finance & Administration/Benefits Administration
Contractor: UNUM Provident Life & Accident Insurance Company
Summary: The vendor is responsible for underwriting and administering the State Optional Universal Life Insurance Plan. The proposed amendment extends the current contract for an additional two years and six months through December 31, 2012, and increases the maximum liability by $6,050,000.
Maximum liability: $17,500,000
Maximum liability w/amendment: $23,550,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Laurie Lee, Executive Director
Mr. Robert Barlow, Director, Office of Contracts Review

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: James White, Executive Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: May 19, 2010

RE: Amendments # 2 to Provident Life and Accident Insurance Company Contracts for Edison ID # 2034 and 2035

This is a request for a start date of July 1, 2010 for the amendments to these two contracts. These two amendments extend the term to December 31, 2012 for both the Optional Universal Life Insurance and Optional Term Life Insurance products and correspondingly additional funding is included for the extension years. An exception request for a contract term in excess of five years has been submitted and approved by Finance and Administration.

These amendments are not provided with the requested sixty day advance. Benefits Administration has worked with the vendor for both of these products to ensure favorable rates and is satisfied that the term extension is in the best interest of the State at this time.

Thank you for your consideration of this request.

RECEIVED
MAY 19 2010
FISCAL REVIEW

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358
*Original Contract Number:	FA-06-16434-00	*Original RFS Number:	317.86-029-06
Edison Contract Number: *(if applicable)*	Edison ID # 2034	Edison RFS Number: *(if applicable)*	31786-00019
*Original Contract Begin Date:	September 1, 2005	*Current End Date:	August 31, 2010

Current Request Amendment Number: *(if applicable)*	#2
Proposed Amendment Effective Date: *(if applicable)*	July 1, 2010
*Department Submitting:	Finance & Administration
*Division:	Benefits Administration
*Date Submitted:	May 19, 2010
*Submitted Within Sixty (60) days:	No
If not, explain:	Benefits Administration has been working with the vendor for fees upon the Comptroller's agreement to the additional term extension.
*Contract Vendor Name:	Provident Life Insurance Company
*Current Maximum Liability:	$17,500,000.00

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: **2006**	FY: **2007**	FY: **2008**	FY: **2009**	FY: **2010**	FY: **2011**	FY: **2012**
$11,500,000	$2,000,000	$2,000,000	$2,000,000	$2,050,000	$2,000,000	$2,000,000

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: **2006**	FY: **2007**	FY: **2008**	FY: **2009**	FY: 2010	FY: 2011
$2,369,863.44	$3,203,193.97	$3,253,057.63	$3,203,261.16	$2,350,946.81	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	**Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims and**

Supplemental Documentation Required for Fiscal Review Committee

	administrative expenses, etc.), and can only be utilized for that purpose.
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	**Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local Government insurance committees have the authority to enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in allotment code 317.86 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).**
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	**FY 2007, 2008 and 2009 expenditures exceeded the allocation. Funding to pay these expenditures was provided from funding availability rolled forward from FY 2006.**

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		$17,500,000.00	*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: *(if applicable)*	Brief Description of Actions in Previous Amendments or Revisions: *(if applicable)*
June 2008 – Amendment # 1	Extends the term through June 30, 2010.
Method of Original Award: *(if applicable)*	RFP
*What were the projected costs of the service for the entire term of the contract prior to contract award?	The number of individuals who would select these plans made the projected costs difficult to project.

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

UNUM Provident ~ Universal Life

STARS Contract # FA0616434

Edison Contract # 2034

Fiscal Year	Expenditures
FY 2006	2,369,863.44
FY 2007	3,203,193.97
FY 2008	3,253,057.63
FY 2009	3,203,261.16
YTD FY 2010	2,614,136.68
Total	12,273,649.44

FY 2009:	
STARS	1,614,813.54
Edison	1,588,447.62
Total	3,203,261.16

Projection for Remainder of CY 2010

$1,325,000.00

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED
Commissioner of Finance & Administration

1) RFS #	31786 - 00019
2) Procuring Agency :	Department of Finance and Administration
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Optional Universal Life Insurance, extends term to the full five years
4) Contractor :	Provident Life Insurance Company
5) Contract #	FA-06-16434-00 Edison ID # 2034
6) Contract Start Date :	September 1, 2005
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	June 30, 2010
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	$17,500,000.00
PROPOSED AMENDMENT INFORMATON	
9) Amendment #	# 2
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	July 1, 2010
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2012
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	$23,550,000.00

13) Approval Criteria : (select one)	☒ use of Non-Competitive Negotiation is in the best interest of the state
	☐ only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

Extends the current contract through December 31, 2012 to allow time for the procurement of these services.

15) Explanation of Need for the Proposed Amendment :

The current contract will complete the five year term through this extension and during this time a procurement will be conducted to secure these services going forward.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

Provident Life Insurance Company, One Fountain Square, Chattanooga TN. 37402

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Benefits Administration did not seek an alternative at this time. Benefits Administration considers the term extension appropriate, prudent and in the best interest of the Optional Universal Life Insurance plan participants during the procurement period.

21) Justification for the Proposed Non-Competitive Amendment :

The contract is being extended for the full five years anticipated in the original document.

AGENCY HEAD SIGNATURE & DATE :
(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE 5/4/10

RULE EXCEPTION REQUEST

APPROVED
COMMISSIONER OF FINANCE & ADMINISTRATION

1	**REQUEST RFS #**	31786-00019
2	**CONTRACT #**	FA-06-16434-00
3	**SERVICE**	Optional Universal Life Insurance, extends term
4	**CONTRACTOR**	Provident Life Insurance Company
5	**CONTRACT BEGIN DATE**	September 1, 2005
6	**CONTRACT END DATE** (with ALL options to extend exercised)	December 31, 2012
7	**CONTRACT MAXIMUM LIABILITY** (with ALL options to extend exercised)	$23,550,000.00

8 **SUBJECT RULE**

- [x] **0620-3-3-.07(5)** – prohibiting a contract term greater than five (5) years
- [ ] **0620-3-3-.07(8)** – prohibiting a contract with a former state employee in within six (6) months of termination
- [ ] **0620-3-3-.07(22)** – requiring that contractor travel expense reimbursement/compensation shall be subject to the prevailing state Comprehensive Travel Regulations (this request MUST also attach documentation of F&A Budget support of the request)
- [ ] **0620-3-3-.05(5)** – requiring a contract set forth the prescribed Nondiscrimination provision
- [ ] **OTHER** – SECTION AND SUBSECTION NUMBER FOR F&A RULE GOVERNING PERSONAL, PROFESSIONAL, AND CONSULTING SERVICE CONTRACTS FOR WHICH AN EXCEPTION IS REQUESTED

9 **EXCEPTION REQUESTED**

B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

10 **JUSTIFICATION**

Extends the contract term for two years six months and during this time a procurement will be conducted to secure these services going forward.

1 **REQUEST RFS #**	31786-00019

AGENCY HEAD SIGNATURE & DATE (procuring agency head or authorized signatory)

M.D. Foster Rs 2

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00019	2034	FA-06-16434-00	2

Contractor	Contractor Federal Employer Identification or Social Security #
Provident Life Insurance Company	☐ C- or ☒ V- 62-0331200

Amendment Purpose/ Effects

Extend the current term date through December 31, 2012 to allow time for the procurement for these optional universal life insurance services.

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s)
September 1, 2005	December 31, 2012	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006			$11,500,000.00		$11,500,000.00
2007			$2,000,000.00		$2,000,000.00
2008			$2,000,000.00		$2,000,000.00
2009			$2,000,000.00		$2,000,000.00
2010			$2,050,000.00		$2,050,000.00
2011			$2,000,000.00		$2,000,000.00
2012			$2,000,000.00		$2,000,000.00
TOTAL:			$23,550,000.00		$23,550,000.00

American Recovery and Reinvestment Act (ARRA) Funding – ☐ **YES** ☒ **NO**

— COMPLETE FOR AMENDMENTS —

END DATE AMENDED? ☒ YES ☐ NO

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	$11,500,000.00	
2007	$2,000,000.00	
2008	$2,000,000.00	
2009	$2,000,000.00	
2010		$2,050,000.00
2011		$2,000,000.00
2012		$2,000,000.00
TOTAL:	$17,500,000.00	$6,050,000.00

Agency Contact & Telephone #

Marlene Alvarez- Manager of Procurement & Contracting
Tennessee Department of Finance & Administration, Benefits Administration
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243

615.253.8358

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Speed Code	Account Code
IA-00000098	79005000

— OCR USE —	**Procurement Process Summary** (non-competitive, FA- or ED-type only)
F&A Secured Document # FA0616434-02	

AMENDMENT TWO
TO FA-06-16434-00

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life and Accident Insurance Company, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

   B.1. Contract Term. This Contract shall be effective for the period commencing on September 1, 2006 and ending on December 31, 2012. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section B.2. is deleted in its entirety ~~and replaced with the following:~~

   ~~B.2.~~ Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

   R.C. 7/1/10

   MD 7/1/10

3. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

   C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Twenty-three Million Five Hundred Fifty Thousand Dollars ($23,550,000.00). The rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

   The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

4. The text of Contract Sections C.3. and C.4 are deleted in their entirety and replaced with the following:

   C.3. Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates and Administrative Fees listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1). These rates shall be in effect for the initial three year contract term (September 1, 2006 – June 30, 2008) and for the remainder of the term of the contract December 31, 2012:

   C.3.1 Monthly Premium Rates per $1000 of Coverage: Life only charges

Issue	Premium	Issue	Premium	Issue	Premium

Age	Rate/$1000 (Employees & Spouses)	Age	Rate/$1000 (Employees & Spouses)	Age	Rate/$1000 (Employees & Spouses)
15	$0.19	36	$0.58	56	$2.43
16	0.20	37	0.62	57	2.53
17	0.21	38	0.66	58	2.64
18	0.22	39	0.70	59	2.74
19	0.23	40	0.76	60	2.83
20	0.24	41	0.81	61	2.97
21	0.25	42	0.86	62	3.12
22	0.26	43	0.93	63	3.28
23	0.27	44	1.00	64	3.44
24	0.29	45	1.07	65	3.61
25	0.30	46	1.16	66	3.80
26	0.32	47	1.25	67	3.99
27	0.34	48	1.36	68	4.19
28	0.35	49	1.48	69	4.41
29	0.37	50	1.61	70	4.64
30	0.40	51	1.76	71	4.88
31	0.42	52	1.93	72	5.14
32	0.44	53	2.13	73	5.42
33	0.47	54	2.36	74	5.71
34	0.51	55	2.31	75	6.03
35	0.54				

C.3.1.1. Monthly Premium Rates per $1000 of Coverage: Waiver of Premium only charges

Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)
15	$0.01	36	$0.02	56	$0.21
16	0.01	37	0.02	57	0.24
17	0.01	38	0.02	58	0.27
18	0.01	39	0.02	59	0.30
19	0.01	40	0.03	60	0.00
20	0.01	41	0.03	61	0.00
21	0.01	42	0.03	62	0.00
22	0.01	43	0.03	63	0.00
23	0.01	44	0.04	64	0.00
24	0.01	45	0.04	65	0.00
25	0.01	46	0.05	66	0.00
26	0.01	47	0.05	67	0.00
27	0.01	48	0.06	68	0.00
28	0.01	49	0.07	69	0.00
29	0.01	50	0.08	70	0.00
30	0.01	51	0.09	71	0.00
31	0.01	52	0.11	72	0.00
32	0.01	53	0.13	73	0.00
33	0.01	54	0.15	74	0.00
34	0.02	55	0.17	75	0.00
35	0.02				

C.3.2. Monthly Cost of Insurance Rates/$1000 of Coverage

Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)
15	$.04356	42	$.13033	69	$1.61533
16	.05313	43	.14415	70	1.77241
17	.05808	44	.15938	71	1.94491
18	.06198	45	.17638	72	2.13566
19	.06517	46	.19479	73	2.34849
20	.06765	47	.21427	74	2.58796
21	.06871	48	.23552	75	2.85794
22	.06871	49	.25819	76	3.16088
23	.06800	50	.28298	77	3.49994
24	.06694	51	.30990	78	3.87651
25	.06552	52	.34000	79	4.28955
26	.06375	53	.37294	80	4.74010
27	.06198	54	.40871	81	5.22572
28	.06127	55	.44838	82	5.74674
29	.06056	56	.49194	83	6.30914
30	.06021	57	.53975	84	6.92063
31	.06092	58	.59288	85	7.58051
32	.06198	59	.65167	86	8.28948
33	.06410	60	.71613	87	9.04683
34	.06729	61	.78660	88	9.85010
35	.07119	62	.86240	89	10.69091
36	.07579	63	.94421	90	11.56607
37	.08146	64	1.03346	91	12.47489
38	.08854	65	1.11990	92	13.41806
39	.09669	66	1.22648	93	14.39491
40	.10625	67	1.34394	94	15.40611
41	.11794	68	1.47297		

C.3.3 Administrative Fee

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

- $1.00 per month employee coverage
- $1.00 per month spouse coverage

C.3.4. Percent of Premium Loads

The Contractor shall maintain the following percent of Premium Loads throughout the term of the contract:

Year One	0%
Year Two	0%
Year Three	0%
Year Four	0%

Year Five	0%
Year Six	0%
Year Seven	0%

C.3.5. Asset Based Charges

The Contractor shall maintain the following Asset Based Charges, expressed as percent of Cash Values, throughout the term of the contract:

Year One	0%
Year Two	0%
Year Three	0%
Year Four	0%

Year Five	0%
Year Six	0%
Year Seven	0%

C.3.6 Surrender Charges

The Contractor's Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One	40%
Year Two	40%
Year Three	40%
Year Four	40%
Year Five	20%

C.3.7. Interest Crediting Rates

The monthly interest crediting rate, beginning September 1, 2005 and ending June 30, 2008 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of Five percent (5%) for year one of the contract; five percent (5%) for year two of the contract; and five percent (5%) for year three of the contract (Absolute Minimum); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus ten basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

The monthly interest crediting rate, beginning July 1, 2008 and ending December 31, 2012 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of five percent (5%); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus fifty (50) basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

C.3.8 Certificate Loan Interest Rate

The Contractor agrees to the following annual Loan Interest Rates, for each of the six calendar years during the term of the contract – September 1, 2005 through December 31, 2012.

2005	7.5%
2006	7.5%
2007	7.5%
2008	7.5%
2009	7.5%
2010	7.5%
2011	7.5%
2012	7.5%

C.4 Payments to the Contractor shall be based upon payroll-deduction information provided by the Contractor and payment of premium by former employees who are paying premium directly to the Contractor. The payroll deduction information shall be provided in a form and medium acceptable to the State and, at a minimum, shall include employees' identification numbers, the type(s) and amount(s) of coverage, and the deduction amounts.

5. The text of Contract Section E.10. is deleted in its entirety and replaced with the following:

E.10. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile

transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracts
Benefits Administration
312 Eighth Ave. North
26th Floor, WRS Tennessee Tower
Nashville, TN 37243
E-mail Address: Marlene.Alvarez@state.tn.us
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Mr. Ryan Chamberlain
Provident Life and Accident Insurance Company
One Fountain Square
Chattanooga, TN 37402
E-mail Address: RChamberlain@unum.com
Telephone: 423.294.5187
Fax: 423.209.4683

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

The revisions set forth herein shall be effective July 1, 2010. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY:

6/4/10

CONTRACTOR SIGNATURE **DATE**

Ryan Chamberlain Director Voluntary Benefits Life Pricing

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

M.D. Goetz Jr. 6-9-10

M. D. GOETZ, JR., CHAIRMAN MOA **DATE**

GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives
Curt Cobb
Curtiss Johnson
Gerald McCormick
Mary Pruitt
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley

Sen. Douglas Henry, Vice-Chairman
Senators
Doug Jackson
Bill Ketron
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*
Reginald Tate
Jamie Woodson

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

cc
BK

DATE: May 1, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meetings 4/21 & 4/28)

RFS# 317.86-029
Department: Finance and Administration/Benefits Administration
Contractor: UNUM (formerly Provident Life & Accident Insurance)
Summary: Vendor is currently responsible for underwriting and administering the State Optional Universal Life Insurance Plan. The amendment extends the current contract an additional two years, through June 30, 2010. The maximum liability remains the same.
Maximum liability: $17,500,000
Maximum liability with amendment: $17,500,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Laurie Lee, Executive Director
Mr. Robert Barlow, Director, Office of Contracts Review

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APR 15 2008
FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-3590 or (800) 253-9981
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Laurie Lee

Date: April 15, 2008

RE: Amendments for Unum Optional Term and Optional Universal Life Insurance

Please find attached a Non-Competitive Amendment request to extend the terms for both of these contracts signed by Commissioner Goetz. The original term extension language was included in both of these documents. The extensions reflect negotiated terms that are in the State's best interests. The amendments are both slated to take effect July 1, 2008.

The base contracts are included as are drafts of the amendments created to address the revised negotiated insurance premium rates and term extensions. For the optional universal life insurance the premium rates are maintained from the prior year and for the optional term life insurance the rates are reduced by 9% from the prior year.

Thank you for your consideration of this request.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.	
1) **RFS #**	317.86-028
2) **State Agency Name :**	Department of Finance and Administration
EXISTING CONTRACT INFORMATON	
3) **Service Caption :**	Optional Term Life Insurance Plan, extends term
4) **Contractor :**	Unum
5) **Contract #**	FA-06-16522-00
6) **Contract Start Date :**	September 1, 2005
7) **Current Contract End Date IF all Options to Extend the Contract are Exercised :**	June 30, 2008
8) **Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :**	$30,000,000
PROPOSED AMENDMENT INFORMATON	
9) **Proposed Amendment #**	One
10) **Proposed Amendment Effective Date :** (attached explanation required if date is < 60 days after F&A receipt)	July 1, 2008
11) **Proposed Contract End Date IF all Options to Extend the Contract are Exercised :**	June 30, 2010
12) **Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :**	$37,000,000
13) **Approval Criteria :** (select one)	☒ **use of Non-Competitive Negotiation is in the best interest of the state**
	☐ **only one uniquely qualified service provider able to provide the service**

14) Description of the Proposed Amendment Effects & Any Additional Service :

Extends the contract term for two years, and reduces optional term life insurance premium rates by nine percent (9%) from the prior year for the period July 1, 2008 through June 30, 2009, and reduces the premium rates by an additional one percent (1%) for the second contract extension period July 1, 2009 through June 30, 2010. Adds additional responsibilities regarding data interface with the Edison Project.

15) Explanation of Need for the Proposed Amendment :

The option to extend the term of the contract was included in the original contract, and the Contractor has agreed to reduce the optional term life premiums by nine percent (9%) for the first year extension and an additional one percent (1%) for the second year extension. The Edison interface must be implemented by October 1, 2008.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Unum, 1 Fountain Square, Chattanooga, TN 37402

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

At this time Benefits Administration is agreeable to the 9% and subsequent additional 1% reduction in premium rates for the Optional Term Life Insurance product negotiated with the Contractor and considers the term extension appropriate, prudent and in the best interest of the Optional Term Life Insurance plan participants.

21) Justification for the Proposed Non-Competitive Amendment :

The reduction of the premium rates for the Optional Term Life Insurance product is acceptable to the State and the Contractor is willing to accept the data interface requirements with Edison at no additional charge.

REQUESTING AGENCY HEAD SIGNATURE & DATE :
(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

	4/25/08
Agency Head Signature	**Date**

CONTRACT SUMMARY SHEET

021908

RFS #	Contract #
317 . 86 — 029 — 06	FA-06-16434-01
State Agency	**State Agency Division**
Finance and Administration	Benefits Administration
Contractor Name	**Contractor ID # (FEIN or SSN)**
Provident Life Insurance Company	☐ C- or ☒ V- 62-0331200

Service Description

Optional Universal Life Insurance amendment extends term to June 30, 2010.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
September 1, 2005	June 30, 2010	Vendor	

Mark Each TRUE Statement

☒ Contractor is on STARS ☒ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	52	905	55		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2006			$11,500,000.00		$11,500,000.00
2007			$2,000,000.00		$2,000,000.00
2008			$2,000,000.00		$2,000,000.00
2009			$2,000,000.00		$2,000,000.00
2010			$0.00		$0.00
TOTAL:			$17,500,000.00		$17,500,000.00

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JUN 20 2008

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2006	$11,500,000.00	
2007	$2,000,000.00	
2008	$2,000,000.00	
2009	$2,000,000.00	
2010		
TOTAL:	$17,500,000.00	
End Date:	June 30, 2008	June 30, 2010

State Agency Fiscal Contact & Telephone #

Laurie Lee, Executive Director
26th Floor of the Tennessee Tower
615-253-2861

State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

RECEIVED 2008 JUN 19 AM 11:20 COMPTROLLER OF THE TREASURY MANAGEMENT SERVICES

Contractor Ownership (complete for ALL base contracts — N/A to amendments or delegated authorities)

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☐ Government
☐ Asian ☐ Female ☐ Native American ☒ NOT Minority/Disadvantaged ☐ Other

Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)

☒ RFP ☐ Competitive Negotiation * ☐ Alternative Competitive Method *
☐ Non-Competitive Negotiation * ☐ Negotiation w/ Government (ID, GG, GU) ☐ Other *

*** Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

PROCESSED MAY 20

OCR MAY 28 2008 RECEIVED

AMENDMENT ONE
TO FA-06-16434-00

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life and Accident Insurance Company, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

   B.1. Contract Term. This Contract shall be effective for the period commencing on September 1, 2005 and ending on June 30, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section B.2. is deleted in its entirety and replaced with the following:

   B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than two (2) years and a total contract term of no more than five (5) years, provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

3. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

   C.3. Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates and Administrative Fees listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1). These rates shall be in effect for the initial three year contract term (September 1, 2005 – June 30, 2008) and for the two year term extension (July 1, 2008 – June 30, 2010):

C.3.1 Monthly Premium Rates per $1000 of Coverage: Life only charges

Issue Age	Premium Rate/$1000 (Employees & Spouses)	Issue Age	Premium Rate/$1000 (Employees & Spouses)	Issue Age	Premium Rate/$1000 (Employees & Spouses)
15	$0.19	36	$0.58	56	$2.43
16	0.20	37	0.62	57	2.53
17	0.21	38	0.66	58	2.64
18	0.22	39	0.70	59	2.74
19	0.23	40	0.76	60	2.83
20	0.24	41	0.81	61	2.97
21	0.25	42	0.86	62	3.12
22	0.26	43	0.93	63	3.28
23	0.27	44	1.00	64	3.44
24	0.29	45	1.07	65	3.61
25	0.30	46	1.16	66	3.80
26	0.32	47	1.25	67	3.99
27	0.34	48	1.36	68	4.19
28	0.35	49	1.48	69	4.41
29	0.37	50	1.61	70	4.64
30	0.40	51	1.76	71	4.88
31	0.42	52	1.93	72	5.14
32	0.44	53	2.13	73	5.42

33	0.47	54	2.36	74	5.71
34	0.51	55	2.31	75	6.03
35	0.54				

C.3.1.1. Monthly Premium Rates per $1000 of Coverage: Waiver of Premium only charges

Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)
15	$0.01	36	$0.02	56	$0.21
16	0.01	37	0.02	57	0.24
17	0.01	38	0.02	58	0.27
18	0.01	39	0.02	59	0.30
19	0.01	40	0.03	60	0.00
20	0.01	41	0.03	61	0.00
21	0.01	42	0.03	62	0.00
22	0.01	43	0.03	63	0.00
23	0.01	44	0.04	64	0.00
24	0.01	45	0.04	65	0.00
25	0.01	46	0.05	66	0.00
26	0.01	47	0.05	67	0.00
27	0.01	48	0.06	68	0.00
28	0.01	49	0.07	69	0.00
29	0.01	50	0.08	70	0.00
30	0.01	51	0.09	71	0.00
31	0.01	52	0.11	72	0.00
32	0.01	53	0.13	73	0.00
33	0.01	54	0.15	74	0.00
34	0.02	55	0.17	75	0.00
35	0.02				

C.3.2. Monthly Cost of Insurance Rates/$1000 of Coverage

Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)
15	$.04356	42	$.13033	69	$1.61533
16	.05313	43	.14415	70	1.77241
17	.05808	44	.15938	71	1.94491
18	.06198	45	.17638	72	2.13566
19	.06517	46	.19479	73	2.34849
20	.06765	47	.21427	74	2.58796
21	.06871	48	.23552	75	2.85794
22	.06871	49	.25819	76	3.16088
23	.06800	50	.28298	77	3.49991
24	.06694	51	.30990	78	3.87651
25	.06552	52	.34000	79	4.28955
26	.06375	53	.37294	80	4.74010
27	.06198	54	.40871	81	5.22572
28	.06127	55	.44838	82	5.74674
29	.06056	56	.49194	83	6.30914
30	.06021	57	.53975	84	6.92063
31	.06092	58	.59288	85	7.58051
32	.06198	59	.65167	86	8.28948

33	.06410	60	.71613	87	9.04683
34	.06729	61	.78660	88	9.85010
35	.07119	62	.86240	89	10.69091
36	.07579	63	.94421	90	11.56607
37	.08146	64	1.03346	91	12.47489
38	.08854	65	1.11990	92	13.41806
39	.09669	66	1.22648	93	14.39491
40	.10625	67	1.34394	94	15.40611
41	.11794	68	1.47297		

C.3.3 Administrative Fee

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

- $1.00 per month employee coverage
- $1.00 per month spouse coverage

C.3.4. Percent of Premium Loads

The Contractor shall maintain the following percent of Premium Loads throughout the term of the contract:

Year One	0%	Year Four	0%
Year Two	0%	Year Five	0%
Year Three	0%		

C.3.5. Asset Based Charges

The Contractor shall maintain the following Asset Based Charges, expressed as percent of Cash Values, throughout the term of the contract:

Year One	0%	Year Four	0%
Year Two	0%	Year Five	0%
Year Three	0%		

C.3.6 Surrender Charges

The Contractor's Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One	40%	Year Four	40%
Year Two	40%	Year Five	20%
Year Three	40%		

C.3.7. Interest Crediting Rates

The monthly interest crediting rate, beginning September 1, 2005 and ending June 30, 2008 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of Five percent (5%) for year one of the contract; five percent (5%) for year two of the contract; and five percent (5%) for year three of the contract (Absolute Minimum); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus ten basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

The monthly interest crediting rate, beginning July 1, 2008 and ending June 30, 2010 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of five percent (5%) for year four and five of the contract; OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus fifty (50) basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

C.3.8 Certificate Loan Interest Rate

The Contractor agrees to the following annual Loan Interest Rates, for each of the six calendar years during the term of the contract – September 1, 2005 through June 30, 2010.

2005	7.5%
2006	7.5%
2007	7.5%
2008	7.5%
2009	7.5%
2010	7.5%

4. The text of Contract Section E.10. is deleted in its entirety and replaced with the following:

E.10. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracts
Benefits Administration
312 Eighth Ave. North
26th Floor, WRS Tennessee Tower
Nashville, TN 37243
E-mail Address: Marlene.Alvarez@state.tn.us
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Ms Myra Fox
Provident Life Insurance Company
One Fountain Square
Chattanooga, TN 37402
E-mail Address: mfox@unum.com
Telephone: 423.294.1609
Fax: 423.209.4683

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

5. The following is added as Contract Section A.3.9.:

A.3.9. Following the conversion from Tennessee Insurance System (TIS) to an Enterprise Readiness Planning system known as Edison, the Contractor shall provide on a date specified by the State, monthly change (adds, changes, terminations) billing statements to the State, which details the premiums due for enrolled active employees. This detail shall be submitted via an electronic means in a format provided by the State. In accordance with Public Law 104-191, HIPAA, all EPHI data will be protected both in transit and at rest. Data will be transferred via secure file transfer protocol (SFTP). While residing on the State SFTP server, data will be protected via encryption. Encryption and decryption will be performed using products available via State contract. The Contractor shall deposit and retrieve data on the State SFTP server. Following the conversion from TIS to Edison, the requirements outlined in A.3.7 and A.3.8 will no longer apply.

The revisions set forth herein shall be effective July 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

PROVIDENT LIFE INSURANCE COMPANY:

May 23, 2008

CONTRACTOR SIGNATURE **DATE**

Jay M. Menario, Vice Pres., Product Development

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

5-29-08

M. D. GOETZ, JR., CHAIRMAN **DATE**

APPROVED:

6/13/08

M. D. GOETZ, JR., COMMISSIONER **DATE**
DEPARTMENT OF FINANCE AND ADMINISTRATION

FA-06-16434-01

John G. Morgan 6/18/08

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

011503

CONTRACT SUMMARY SHEET

RFS Number:	317.86-029	Contract Number:	~~to be assigned~~ FA-06-16434-00
State Agency:	F&A	Division:	Insurance Admin. Paul Hauser, 741-9896

Contractor	Contractor Identification Number	
Provident Life and Accicent	☒ V- ☐ C-	62-0331200

Service Description

optional Universal Life Insurance

Contract Begin Date	Contract End Date
September 1, 2005	~~August 31,~~ June 30, 2008

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	52	905	55	☐ on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (Including ALL amendments)
2006			11,500,000		11,500,000
2007			2,000,000		2,000,000
2008			2,000,000		2,000,000
2009			2,000,000		2,000,000
Total:			17,500,000		17,500,000

CFDA #

State Fiscal Contact

Name: John Anderson
Address: 13th Floor, WRS Tennessee Tower, 312 8th Av No
Nashville, TN 37243
Phone: 615-741-8642

Procuring Agency Budget Officer Approval Signature

Check the box ONLY if the answer is YES:	
Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Is the Contractor a VENDOR? (per OMB A-133)	X
Is the Fiscal Year Funding STRICTLY LIMITED?	
Is the Contractor on STARS?	X
Is the Contractor's FORM W-9 ATTACHED?	
Is the Contractors Form W-9 Filed with Accounts?	X

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →	August 31, 2008	
FY 2006	11,500,000	
FY 2007	2,000,000	
FY 2008	2,000,000	
FY 2009	2,000,000	
Total:	17,500,000	

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid, that is not otherwise encumbered to pay obligations previously incurred.

SEP 15 2006

RECEIVED
2006 SEP -9 PM 2:03
COMPTROLLER'S OFFICE
OFFICE OF
MANAGEMENT SERVICES

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE
AND
PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life And Accident Insurance Company, hereinafter referred to as the "Contractor," is for the provision of Optional Universal Life Insurance, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit. The Contractor's address is:
Provident Life And Accident Insurance Company
One Fountain Square
Chattanooga, TN 37402

The Contractor's place of incorporation or organization is Tennessee.

A **SCOPE OF SERVICES:**

A.1 **SERVICES PROVIDED BY THE CONTRACTOR**

A.1.1 Underwrite and administer the State Optional Universal Life Insurance Plan in accordance with this Contract, the Group Master Policy, Amendment 1 to RFP #317.86-029 (the State's Response to Proposer Comments, Questions and Clarifications), RFP #317.86-029, and the Contractor's Technical and Cost proposals submitted in response thereto.

A.1.2 Provide customary home office services and functions including but not limited to actuarial services, policy and certificate issuance, administration and accounting. Assign an account representative to coordinate the administrative, coverage, and customer service activities.

A.1.3 Provide a group master policy and individual certificates of insurance, and prepare amendments and riders as needed, which may, from time to time, be deemed appropriate by the State. Upon enrollment, mail the certificate of insurance to employee's home address.

A.1.4 Prepare, in consultation with and following approval by the State, and provide descriptive employee booklets, enrollment materials, and administrative forms and manuals.

A.1.5 Provide advice and assistance with regard to questions concerning eligibility, effective dates, benefits and coverage, and cessation of coverage as raised by the State, state departments and agencies, individual employees and retirees and/or survivors.

A.1.6 Process statements of health for delayed or revised enrollments.

A.1.7 Provide advice, assistance and information with regard to applicable Federal and State laws, court holdings and regulations affecting group insurance, and other Program related matters as needed.

A.1.8 Provide for continuation of insurance through individual life policies, converted upon cessation of coverage under the State of Tennessee group policy. Premiums under this arrangement will be collected directly from retirees and employees converted to individual policies. Premium for continuation of individual certificates shall be the same as those for employees. Employees who terminate their employment are to be notified by the Contractor of their options through written correspondence. Such notification shall be the responsibility of the Contractor.

A.1.9 Make all required reports to the United States Internal Revenue Service.

A.1.10 Provide a toll-free telephone number for inquiries from state employees.

A.1.11 Provide all services associated with, and administer, the policy loan provision.

A.1.12 Calculate surrender values and make cash payments upon surrender of policy.

A.1.13 Provide an annual statement to participating employees at their home address which indicates, on a month to month basis, at a minimum:
- amount of insurance
- monthly premium
- monthly interest credits
- monthly cost of insurance
- current cash value
- policy loans outstanding
- rates of interest credited during the year

A.1.14 Provide annual enrollment information to potential or current participants at their home address.

A.1.15 Provide a full range of actuarial services related to the insurance provided through this Contract in addition to the reports required in Section A.2. Such services shall be certified by a Fellow of the Society of Actuaries or a member of the American Academy of Actuaries.

A.1.16 In conjunction with the State of Tennessee, conduct orientations and training for personnel of State agencies concerning the provisions of and administration of the Plan.

A.1.17 Provide all necessary forms for submission and processing of claims.

A.1.18 Process all claims on a prompt, timely and accurate basis.

A.1.19 Furnish to each claimant information regarding the payment or rejection of claims.

A.1.20 Maintain a service office to process claims and assist with inquiries, correspondence, unusual claim situations or problems, employee orientation and related matters.

A.1.21 Confirm eligibility on each claim as submitted.

A.1.22 Assess applications for the advanced payment of life insurance benefits as provided in the Group Master Policy.

A.1.23 Attend quarterly administrative meetings to discuss operational issues, customer service concerns and the planning of annual transfer period activities. The scheduling of such meetings will be the prerogative of the State.

A.1.24 Provide an annual notification to plan participants which indicates the types of coverage available, premium amounts, policy terms and conditions. Such notification shall be provided to the subscribers home address.

A.2 **Data and Specific Reporting Requirements**

A.2.1 The Contractor shall maintain, in its computer system, in-force enrollment records of all Universal Term Life Insurance plan insured members.

A.2.2 Provide, within sixty (60) days of the end of each calendar quarter, Quarterly Management Reports (including year to date data), which shall include the following:
- Number of certificates in force by type of coverage and gender
- Total amount of insurance in force by type of coverage
- Premium earned by type of coverage
- Cost of insurance amounts earned by type of coverage
- Gross and net claims paid by type of coverage

A.2.2.1 Provide, within sixty (60) days of the end of each calendar year, a listing of the number of participant lives and volume of insurance coverage by issue and attained age. The listing will distinguish between

premium payment method (payroll deduction and pay direct) and provide separate counts for employees and spouses. The data will reflect enrollment at December 31.

A.2.2.2 Provide within sixty (60) days of the end of each calendar year, a monthly listing of the distribution of premium (The Premium Disbursal Report).

A.2.2.3 Provide within sixty (60) days of the end of each calendar year, a monthly listing of the policies issued including face amount, annual premium, cash value, and tally of policies which were in effect as of the end of the calendar year (The Policy Master Report).

A.2.3 The Contractor shall submit an Annual Financial Experience Report.

A.2.4 The Contractor shall submit such ad hoc reports as are deemed by the State to be necessary, to analyze the Optional Universal Life Insurance plan. The exact cost, format, frequency and due dates for such reports shall be mutually agreed with the Contractor.

A.3 **Enrollment and Premium Administration System(s)**

A.3.1 The Contractor shall support employee payroll deductions and direct payments made to the State. Employees will make premium payments for themselves and their dependent(s) through payroll deductions. The Contractor is responsible for collecting premiums for retirees and employees converted to individual policies.

A.3.1.1 When refund of premiums to members is necessary, the Contractor shall be responsible for such return.

A.3.2 The Contractor shall provide, on a date specified by the State, (typically the 10th calendar day of each month) monthly billing statements to the State, which details the premiums due for enrolled active employees. This detail shall be submitted via an electronic means in the Tennessee Insurance System (TIS) records format (RFP Appendix 7.6). Electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means. Upon payment of the premium by the State, the Contractor shall reconcile the payment and monthly billing statement within 10 business days.

A.3.2.1 **Batch Transaction Error Report:** For the purpose of maintaining accuracy in premium billing, the Contractor shall:

- monthly submit to the State premium billing data (format and medium to be mutually agreed);
- reconcile to its Enrollment Data records the State's *Batch Transaction Error Report* (generated by the State, as required under Section A.4.5);
- provide, with the next premium billing data, any corrections that should be made from the *Batch Transaction Error Report*.

A.3.3 The Contractor shall provide, on a date specified by the State (typically the 10th calendar day of each month), monthly enrollment updates to the State, which details coverage information adds, changes, and terminations for each enrolled active employee and/or dependents. This detail shall be submitted via electronic means in the Tennessee Insurance System (TIS) records format (RFP Appendix 7.6). Electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means.

A.3.4 The Contractor shall maintain an electronic data processing (EDP) and electronic data interface (EDI) environment. The Contractor shall have a disaster recovery plan for restoring the application software and current master files and for hardware backup if the production systems are destroyed.

A.3.5 The Contractor shall maintain an electronic data interface with the State's Tennessee Insurance System (TIS), for the purpose of accessing State member enrollment information. The Contractor is responsible for equipping itself with the hardware and software necessary for achieving and maintaining access via the Internet, using IBM's Host On Demand software provided by the State.

A.3.6 The Contractor shall maintain, in its computer system, in-force enrollment records of all Optional Universal Life Insurance plan insured members.

A.3.7 **Weekly Enrollment Update:** To ensure that the Optional UL Members' enrollment records remain accurate and complete, the Contractor commits to the following:

- To accept weekly enrollment data electronic transfer files, in the Tennessee Insurance System (TIS) records format, from the State, for Optional UL participants (files will include demographic changes, recent additions, changes, and terminations); electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means;
- To process updates of all weekly file records within three (3) working days of receipt of the files from the State;
- To resolve mismatches identified by the processing of weekly files within six (6) calendar days of receipt of the files from the State; and
- To complete and submit to the State, within five (5) working days of receipt of the weekly files, a *Weekly Enrollment Update Report* (see RFP Appendix 7.6).

For the purpose of this requirement, "mismatches" are defined as: Any difference of values between the State and Contractor's enrollment databases.

A.3.8 **Quarterly Enrollment Data Reconciliation:** To ensure that Optional UL Members' enrollment records remain accurate and complete, the Contractor commits to the following:

- To accept quarterly enrollment data electronic transfer files, in the Tennessee Insurance System (TIS) records format, from the State, for Optional Term participants; electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means;
- To compare the State's full file of State enrollees quarterly with the Contractor's database of State members within five (5) working days of receipt of the file from the State;
- To resolve all discrepancies identified by the reconciliation processing of the quarterly files within ten (10) calendar days of receipt of the enrollment files from the State; and
- To complete and submit to the State, within eleven (11) calendar days of receipt of the quarterly files, the *Quarterly Enrollment Update Report* (see RFP Appendix 7.6). For the purpose of this requirement, "mismatches" are defined as: Any difference of values between the State's and Contractor's enrollment databases.

A.4 **SERVICES PROVIDED BY THE STATE**

A.4.1 Make payroll deduction of the premium, as elected by the participating employees, and remit those funds to the Contractor within forty five (45) days of the effective date of coverage.

A.4.2 Provide such information to the Contractor as is necessary, in the opinion of the State, for the underwriting and administration of the Plan.

A.4.3 Assist in the enrollment of state employees in the Plan.

A.4.4 Provide, on a quarterly basis, the full population enrollment tape for reconciliation purposes.

A.4.5 Generate and provide to the Contractor, as required under Contract Section A.3.2.1, a *Batch Transaction Error Report*.

B **CONTRACT TERM:**

B.1 Contract Term. This Contract shall be effective for the period commencing on September 1, 2005 and ending on June 30, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2 Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seventeen Million, Five Hundred Thousand Dollars ($17,500,000). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2 Compensation Firm. The Premium Rates, Cost of Insurance Rates, and Administrative Fees listed in Section C.3 and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase for any reason unless amended.

C.3 Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates and Administrative Fees listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1). These rates shall be in effect for the initial three year contract term (September 1, 2005 – June 30, 2008) and any extensions thereof:

C.3.1 **Monthly Premium Rates per $1000 of Coverage: Life only charges**

Issue Age	Premium Rate/$1000 (Employees & Spouses)	Issue Age	Premium Rate/$1000 (Employees & Spouses)	Issue Age	Premium Rate/$1000 (Employees & Spouses)
15	$0.19	36	$0.58	56	$2.40
16	0.20	37	0.62	57	2.53
17	0.21	38	0.66	58	2.64
18	0.22	39	0.70	59	2.74
19	0.23	40	0.75	60	2.88
20	0.24	41	0.81	61	2.97
21	0.25	42	0.86	62	3.12
22	0.26	43	0.93	63	3.28
23	0.27	44	1.00	64	3.44
24	0.29	45	1.07	65	3.61
25	0.30	46	1.16	66	3.80
26	0.32	47	1.25	67	3.99
27	0.34	48	1.36	68	4.19
28	0.35	49	1.48	69	4.41
29	0.37	50	1.61	70	4.64
30	0.40	51	1.75	71	4.88
31	0.42	52	1.93	72	5.14
32	0.44	53	2.13	73	5.42
33	0.47	54	2.36	74	5.71
34	0.51	55	2.61	75	6.03
35	0.54				

C.3.1.1 **Monthly Premium Rates per $1000 of Coverage: Waiver of Premium only charges**

Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/$1000 (Employees & Spouses)

15	$0.01	36	$0.02	56	$0.21
16	0.01	37	0.02	57	0.24
17	0.01	38	0.02	58	0.27
18	0.01	39	0.02	59	0.30
19	0.01	40	0.03	60	0.00
20	0.01	41	0.03	61	0.00
21	0.01	42	0.03	62	0.00
22	0.01	43	0.03	63	0.00
23	0.01	44	0.04	64	0.00
24	0.01	45	0.04	65	0.00
25	0.01	46	0.05	66	0.00
26	0.01	47	0.05	67	0.00
27	0.01	48	0.06	68	0.00
28	0.01	49	0.07	69	0.00
29	0.015	50	0.08	70	0.00
30	0.01	51	0.09	71	0.00
31	0.01	52	0.11	72	0.00
32	0.01	53	0.13	73	0.00
33	0.01	54	0.15	74	0.00
34	0.02	55	0.17	75	0.00
35	0.02				

C.3.2 **Monthly Cost of Insurance Rates/$1000 of Coverage**

Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)	Attained Age	COI Rate/$1000 (Employees & Spouses)
15	$0.04356	42	$1.13086	69	$1.61536
16	0.05313	43	1.14415	70	1.77241
17	0.05808	44	1.15938	71	1.94491
18	0.06198	45	1.17688	72	2.13566
19	0.06517	46	1.19479	73	2.34849
20	0.06765	47	1.21427	74	2.58796
21	0.06871	48	1.23562	75	2.85794
22	0.06871	49	1.25819	76	3.16088
23	0.06800	50	1.28296	77	3.49994
24	0.06694	51	1.30990	78	3.87651
25	0.06552	52	1.34000	79	4.28955
26	0.06375	53	1.37294	80	4.74010
27	0.06198	54	1.40871	81	5.22572
28	0.06127	55	1.44838	82	5.74674
29	0.06056	56	1.49194	83	6.30914
30	0.06021	57	1.53975	84	6.92083
31	0.06092	58	1.59288	85	7.58051
32	0.06198	59	1.65167	86	8.28945
33	0.06410	60	1.71613	87	9.04688
34	0.06729	61	1.78660	88	9.85010
35	0.07119	62	1.86340	89	10.69091
36	0.07579	63	1.94421	90	11.56607
37	0.08146	64	2.03646	91	12.47489
38	0.08854	65	2.11990	92	13.41806
39	0.09669	66	2.22648	93	14.39491
40	0.10625	67	2.34094	94	15.40611
41	0.11794	68	2.47297		

C.3.3 **Administrative Fee**

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

- $1.00 per month employee coverage

- $1.00 per month spouse coverage

C.3.4 **Percent of Premium Loads**
The Contractor shall maintain the following percent of Premium Loads throughout the term of the contract:

Year One	0%
Year Two	0%
Year Three	0%

Year Four	0%
Year Five	0%

C.3.5 **Asset Based Charges**
The Contractor shall maintain the following Asset Based Charges, expressed as percent of Cash Values, throughout the term of the contract:

Year One	0%
Year Two	0%
Year Three	0%

Year Four	0%
Year Five	0%

C.3.6 **Surrender Charges**
The Contractor's Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One	40%
Year Two	40%
Year Three	40%

Year Four	40%
Year Five	20%

C.3.7 **Interest Crediting Rates**
The monthly interest crediting rate, beginning September 1, 2005 and ending June 30, 2008 shall be equal to one twelfth of the greater of:

- a minimum effective interest crediting rate of Five percent (5%) for year one of the contract; five percent (5%) for year two of the contract; and five percent (5%) for year three of the contract (Absolute Minimum); OR
- the published six month U. S. treasury bill discount rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the monthly anniversary date, plus ten basis points (Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

C.3.8 **Certificate Loan Interest Rate**
The Contractor agrees to the following annual Loan Interest Rates, for each of the first three years of the contract – September 1, 2005 through June 30, 2008.

2005	7.5%
2006	7.5%
2007	7.5%

If the contract is extended for 2008 and 2009, we agree that the annual Loan Interest Rate presented for 2007 will be the maximum interest rate for the period of the extension.

C.4 The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Payments to the Contractor shall be based upon payroll deduction information provided by the Contractor and payment of premium by former employees who are paying premium directly to the Contractor. The payroll deduction information shall be provided in a form and medium acceptable to the State and, at a minimum, shall include employees' identification numbers, the type(s) and amount(s) of coverage, and the deduction amounts.

The payroll deduction information and the individual statements to former employees continuing participation shall be considered invoices for services.

C.5 The monthly premium rates multiplied by the volumes of insurance, plus the appropriate administrative fee(s) constitute the maximum payment from each of the participating employees.

C.6 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.7 Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.8 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.

C.9 Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

C.10 Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D STANDARD TERMS AND CONDITIONS:

D.1 Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.2 Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

D.3 Termination for Convenience. The Contract may be terminated by either party, with the following notification requirements: the Contractor shall give written notice to the State at least Two Hundred Seventy (270) days before the effective date of termination; the State shall give written notice to the Contractor at least Ninety (90) days before the effective date of termination. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4 Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5 Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6 Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts

in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7 Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.8 Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9 Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.10 Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.11 Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.12 Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

D.13 State Liability. The State shall have no liability except as specifically provided in this Contract.

D.14 Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

D.15 State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.16 Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under ***Tennessee Code Annotated***, Sections 9-8-101 through 9-8-407.

D.17 Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.18 Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.19 Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E SPECIAL TERMS AND CONDITIONS:

E.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2 The maximum issue amount of insurance under the Optional Life Insurance Program shall be five (5) times annual base salary, then rounded to the next highest $5,000 increment up to a maximum of $300,000. The guarantee issue amount of insurance under the Optional Life Insurance Program shall be sixty percent (60%) of the maximum issue amount rounded to the next highest $5,000 increment. The minimum issue amount is $5000 for each employee.

The State reserves the right to negotiate with the Contractor to increase the maximum issue amounts and to adjust the unit rates based on the increase in coverage. Such changes would be effected through an amendment to the contract.

E.3 The Contractor will allow for cash value transfer from existing Permaplan program (as provided through Contract No. FA 1051, State of Tennessee and Group Policy No. 6288, Provident), with such transfer used to increase cash value. Such transfers of Permaplan cash values will not be subject to any loading charges, including surrender charges. If the Universal Life is surrendered, the surrender charge will not serve to reduce the cash value beyond the transferred Permaplan cash value. Further, the provisions of the contract between the State and Provident relative to payment of Permaplan cash values in twelve equal monthly installments in the event of termination of the contract will not be invoked at this transfer.

E.4 All current and former employees enrolled in the State-sponsored optional universal life coverage on August 31, 2005 shall be transferred to the coverage established in this contract.

E.4.1 Employees employed on and after June 1, 2005 may enroll within a full calendar month of the first day of work on a guaranteed issue and maximum issue basis. Coverage shall become effective on the first day of the month following three full months of employment.

E.4.2 During the State's Annual Enrollment/Transfer Period (generally between October 15 and November 15 of each year), employees may qualify to participate in the Plan or to increase amounts of coverage by demonstrating insurability through the response to health questions. Coverage shall become effective the first of January, February or March of the following year. Employees may also elect to decrease the face amount.

E.4.3 Each year, beginning January 1, current participants may increase the face amount of their coverage by up to $5,000 if that action will not exceed the guarantee issue amount or the combined maximum coverage amount for the Optional Term and Optional Universal life insurance.

E.5 Upon termination of this Contract, the Contractor shall provide an indication of the amount of insurance maintained by individual participants, the accumulated cash value and other pertinent data to the State or its designated agent. The information shall be furnished on an electronic data processing tape or such other data processing format as is compatible with the data processing system maintained by the State as described in the RFP. Additionally, the Contractor shall provide all information necessary to properly interpret the data supplied. To insure the continuous operation of the program and upon 30 days notice, this information shall be provided to the State or its designated agent at least 45 days prior to the

termination date of this Contract; further, the State may require the Contractor to provide this information at various other times prior to or after the termination date of this Contract. It shall be the responsibility of the Contractor to process all claims delivered to it on or before the termination of this Contract. No compensation, beyond that specified in this Contract, shall be paid for completion of this task as it is recognized to be part of the Administrator's responsibilities.

E.6 Upon termination of this Contract, the Contractor agrees to transfer to the State, or a party designated by the State – in up to twelve (12) successive monthly installments, payable on the first day of the month – all sums accumulated by the Contractor on behalf of participants in accordance with the provisions of this Contract and the group policy. Such transfers will be designated transfers under Internal Revenue Code 1035. Cost basis in existing policies will be transferred to new policies.

The first installment of the transfer payments shall take place on the first day of the successor contract. During the period that cash values remain with the Contractor, at the end of each month, the accumulated cash values will be credited interest at the rate of four and one half percent (4.5%).

E.6.1 Notwithstanding the above, if the successor Contractor is the incumbent Contractor, all cash values will remain with the Contractor, and the interest crediting provision of the successor contract shall apply at the effective date of the new contract.

E.7 The contractor shall forego any surrender charges in the event of a transfer of the universal life insurance to another carrier or in the event of termination of the coverage.

E.8 The Contractor and the State shall permit participants in the State sponsored Permaplan coverage to roll over into the universal life insurance coverage. In the event of a participant rollover, the Contractor shall credit (amount) years of participation toward the surrender charges.

E.9 For the purpose of determining eligibility for coverage, upon each election, the Governor, Members of the General Assembly, State Judges, District Attorneys, Public Defenders, the State Treasurer, the Comptroller, and the Secretary of State shall be considered newly eligible employees.

E.10 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:	**The Contractor:**
Paul Hauser, RFP Coordinator Tennessee Department of Finance & Administration Division of Insurance Administration 312 Eighth Ave. No., 13th Floor WRS Tennessee Tower Nashville, TN 37243-0295 Phone: 615-741-9896 Fax: 615-741-8196 Email: paul.c.hauser@state.tn.us	Gail Raines **Provident Life And Accident Insurance Company** One Fountain Square Chattanooga, TN 37402 Phone: 423-755-2483 Fax) 423-209-4689 Email: GRaines@unumprovident.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3)business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.11 Breach. A party shall be deemed to have breached the Contract if any of the following occurs:
— failure to perform in accordance with any term or provision of the Contract;
— partial performance of any term or provision of the Contract;
— any act prohibited or restricted by the Contract, or
— violation of any warranty.

For purposes of this contract, these items shall hereinafter be referred to as a "Breach."

a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

(1) In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.

(2) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

(3) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

b. State Breach— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

E.12 Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

a. The Contract document and its attachments
b. The Group Master Policy
c. All Clarifications and addenda made to the Contractor's Proposal
d. Amendment 1 to Request for Proposals #317.86-029
e. Request for Proposal #317.86-029

f. Technical Specifications provided to the Contractor
g. The Contractor's Proposal in Response to RFP #317.86-029

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.13 Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.14 Date/Time Hold Harmless. As required by ***Tennessee Code Annotated***, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

E.15 Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in ***Tennessee Code Annotated***, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

E.16 Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

IN WITNESS WHEREOF:

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY:

Kimberly Mashburn 6.22.05

Kimberly Mashburn, AVP, National Account Executive **Date**

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

M. D. Goetz, Jr. 7-1-05

M. D. Goetz, Jr., Chairman **Date**

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M D Goetz Jr SEP 0 8 2005

M. D. Goetz, Jr., Commissioner **Date**

COMPTROLLER OF THE TREASURY:

John G. Morgan 9/12/05

John G. Morgan, Comptroller of the Treasury **Date**

Contract Attachment A
Performance Guarantees

1. *Program Implementation: Systems*	
Guarantee	Preparation for On-line enrollment administration and claims processing, as well as Customer Service operations shall be completed by August 1, 2005.
Definition	The Contractor shall have in place no later than August 1, 2005 the systems configuration(s) and programming, hardware, software, and staff necessary for on-line enrollment administration, premium administration, claims processing and Customer Services operations (including toll-free telephone line staffing by trained customer service representatives).
Non-performance amount	**$ 5,000.00** for failure to have all of the above listed functions ready by August 1, 2005.
Measurement	Documentation of compliance will be submitted by the Contractor on or shortly after August 1, 2005 to the State. **This guarantee shall be measured once at initial implementation.**

2. *Tennessee Insurance System Interface: Billing and Enrollment Interface*	
Guarantee	For the **billing and enrollment feed**, the Contractor's interface to the Tennessee Insurance system (TIS) shall be fully operational no less than 30 calendar days prior to commencement of insurance coverage.
Definition	Fully operational with the TIS interface shall mean that electronic files received by the Contractor from the State of Tennessee via email, Internet web posting, compact disc, or any other acceptable electronic medium will be processed and the data loaded directly into the Contractor's production database. The production database will be the source of reference for the contractor's business processes, including but not limited to claims processing and customer service. This shall include electronic transmissions of enrollment and billing records to the State of Tennessee (first electronic feed being August 10, 2005).
Penalty	Should the TIS interface, for Billing and Enrollment, not be fully operational – as defined above – by August 1, 2005, the contractor shall pay to the State of Tennessee a penalty of **$500** per day, for every day past the stated deadline, until the corresponding interface is fully operational.
Measurement	**The benchmark for determining compliance shall be measured and reported beginning August 1, 2005.**

FA CONTRACT INFORMATION SUPPLEMENT

FOR ALL FA-TYPE CONTRACTS — COMPLETE EITHER SECTION A OR SECTION B

Contract RFS #	**317.86-029**
Contractor:	**Provident Life and Accident**

SECTION A— CONTRACTOR IS AN INDIVIDUAL	**SECTION B— CONTRACTOR IS A COMPANY** (*e.g.*, sole proprietorship, partnership, or corporation)
Is or has the contractor been a state employee? ☐ **NO** *(no additional information required)* ☐ **YES**	**Does an individual, who is or has been a state employee, own controlling interest in (or own) the contractor company?** ☒ **NO** *(no additional information required)* ☐ **YES**
Was such employment within the past six months? ☐ **NO** ☐ **YES** *(an approved rule exception permitting a contract within six months of employment is also required)*	**Was such employment within the past six months?** ☐ **NO** ☐ **YES** *(an approved rule exception permitting a contract within six months of employment is also required)*
Does the contractor receive Tennessee Consolidated Retirement System (TCRS) retirement benefits? ☐ **NO** ☐ **YES** *(the procuring agency general counsel MUST sign an analysis of this procurement using the TCRS analysis guidelines)*	**Does the individual who owns controlling interest in the contractor company receive Tennessee Consolidated Retirement System (TCRS) retirement benefits?** ☐ **NO** ☐ **YES** *(the procuring agency general counsel MUST sign an analysis of this procurement using the TCRS analysis guidelines)*

SIGNATURE

Jane Chittenden 9/8/05

SERVICE CONTRACTS COORDINATOR **DATE**