

REQUEST FOR PROPOSAL

ANALYSIS AND COLLECTION OF REINSURANCE RECOVERABLES

NEW YORK LIQUIDATION BUREAU

(PAGE 3 – REVISED 12/13/07)

BACKGROUND INFORMATION

The New York Liquidation Bureau (the “Bureau”) requires the services of a qualified consultant to assist the Bureau with the analysis, administration and collection of reinsurance recoverables in the insolvent estate of Midland Insurance Company. The Bureau carries out the responsibilities of the Superintendent of Insurance as Receiver, acting on his behalf to protect the interests of policyholders and creditors of insurance companies that have been declared impaired or insolvent.

The Bureau administers the affairs of insurance companies that are in court-ordered rehabilitation, liquidation, or conservation. The Bureau is currently managing the affairs of 64 estates, four of which are in rehabilitation, 27 of which are domiciled in New York State and are in liquidation, 24 of which are domiciled outside of New York State and are in liquidation, and nine of which are in conservation.

The Bureau is located at 123 William Street, New York, New York, where its Reinsurance Division is located and the bulk of its reinsurance analyses and collection work are performed.

The Bureau invites all qualified firms (the “Proponents”) to draft and submit to the Bureau at the Proponents’ expense a proposal (the “Proposal”) in accordance with the requirements outlined in this RFP. The selected firm (the “Awardee”) will be performing services solely on behalf of the Superintendent as Receiver, not in his capacity as Regulator.

PROJECT OVERVIEW

The Bureau requires the services of a qualified consultant to provide comprehensive reinsurance collection services for the insolvent Midland Insurance Company estate. The services to be provided shall include, but are not limited to, the following:

- Confirmation of attachment point and verification of inuring reinsurance on the major policyholder claims.
- Gather data necessary to evaluate loss development, confirm exhaustion of underlying coverage and establish adequate reserves for assumed claims.

- Evaluate the estate for ultimate liabilities, including a review of paid, reserves and IBNR as applicable for assumed losses.
- Prepare assumed claim reports to recommend claim allowances and/or submission to the Reinsurance Large Claim Committee for approval.
- Conduct audits of cedants where applicable.
- Analyze reinsurance contracts and programs.
- Communicate with reinsurers on reinsurance claim and billing issues.
- Produce and/or update billings for submission to reinsurers.
- Develop and pursue a collection and commutation strategy.
- Prepare proposals for submission to the Reinsurance Commutation Committee and participate in commutation discussions.
- Evaluate offsets of assumed claims and premiums for the estate.
- Determine the status of letters of credit and segregated funds.
- Interface with IT Division to ensure accurate data is captured to prepare billings and track recoverables.
- Develop management reports.

During the entire reinsurance collection process of evaluating, assessing, developing, determining, providing, interfacing and recommending, the underlying records, documents, and all other materials copied from the NYLB files remains solely the property of the NYLB. Consultant will provide monthly progress reports to the NYLB or as requested.

Consultant shall also provide such other services as may be necessary to successfully complete this scope of work. Consultant is required to comply with all NYLB protocols and procedures.

PROCEDURES FOR SUBMISSION OF PROPOSALS

Confidentiality Agreement

A confidentiality agreement is included with this RFP and attached hereto. A Proponent must sign and return a notarized original of this confidentiality agreement prior to any additional information being provided to Proponent in connection with the subject matter of this RFP. Upon receipt of an executed confidentiality agreement, the Bureau will make available to Proponent for review at the Bureau's offices a selection of materials and information relevant to the services being requested.

Formatting and Delivery

The Proposal must be formatted in 12-point font or larger font. The cover of each Proposal shall include the name of the Proponent and the subject matter, as follows: RFP: Reinsurance Collections for Midland Estate. Each Proponent shall submit one original and four copies of the Proposal. The Proposals must be sent via mail, overnight courier, or hand delivery to: New York Liquidation Bureau, 123 William Street, New York, NY,

10038-3889, Attn: John Pearson Kelly, Chief Compliance Officer, RFP: Reinsurance Collections.

Proposals must be received no later than 5:00 p.m., EST, on Friday, December 21, 2007. Late Proposals will be disqualified from consideration.
(DEADLINE REVISED ON 12/13/07)

Proponent's Certification

The Proposal must be signed and dated by the Proponent. In submitting a signed Proposal, Proponent certifies that the information in the Proposal is complete, truthful, and accurate.

Binding Effect of Proposal

Each Proponent shall be bound by the information contained in the Proposal, including fees quoted for services.

Withdrawal of Proposal

Proposals may be withdrawn from consideration at any time by written submission to Chief Compliance Officer John Pearson Kelly at the address listed above.

Proponents' Questions

Proponents may submit questions up until 5:00 p.m., EST, on December 19, 2007, by e-mail to Chief Compliance Officer John Pearson Kelly at jpkelly@nylb.org, or by regular mail to John Pearson Kelly at the address listed above.
(DEADLINE REVISED ON 12/13/07)

Modifications to the RFP

The Bureau may modify the RFP in writing or provide an addendum to the RFP prior to making a selection among Proponents, in which case the Bureau will allow Proponents to revise their Proposals or supply additional information in response to the addendum or modification.

Opening of Proposals

Proposals will remain under seal and will be opened on a date to be determined by the selection committee.
(REVISED ON 12/13/07)

Evaluation of Proposals

After evaluating the Proposals, the Bureau may compile a short list of Proponents and may invite Proponents to appear for an interview. The Bureau may, if necessary, request additional information from the Proponents.

Communication with Bureau Personnel

Except as provided in this RFP and as otherwise necessary for the conduct of business operations previously established with the Bureau, Proponents may not communicate with Bureau personnel who are involved in the review, evaluation or selection of a Proponent. The Bureau will disqualify Proponents who engage in prohibited communications of a material nature, as determined by the Bureau.

Conflicts of Interest

The Bureau is concerned with both actual and perceived conflicts of interest. If a Proponent employs any former employee of the Bureau in any capacity, or if the Bureau employs any former employee of the Proponent in any capacity, such employment must be disclosed. If a Proponent has been involved in litigation against the Bureau within the last 10 years, it must disclose such involvement. If the Awardee is representing or performing work for any person or entity involved in litigation against the Bureau, the Awardee must take such necessary and appropriate steps as are acceptable to the Bureau to ensure that it will exercise independent judgment and avoid compromising the interests of the Bureau.

PROPOSAL CONTENTS

In order to facilitate a fair evaluation of all Proposals, the Bureau requires a uniform Proposal format. Please provide the following information:

1. Tax identification number and certificate of authority to do business in the State of New York.
2. A general overview and history of the Proponent, including the number of years in business, number of years performing reinsurance collection services, total number of employees, location of corporate headquarters, and location of office or offices that will provide services to the Bureau.
3. The name, address, general business overview and history of any affiliate or subsidiary of the Proponent, and of any company under common ownership with the Proponent.
4. Details of the Proponent's qualifications and experience in performing the required work, including a summary of comparable projects (*e.g.* large

- reinsurance collection projects involving impaired or insolvent insurance companies), project dates and references.
5. Resumes of all professional personnel that will be involved in the project.
 6. Recent financial statements or SEC filings, such as 10-K and 10-Q filings, as applicable.
 7. A brief statement regarding the integrity and reputation of the Proponent and its employees, including whether in the last 10 years it has been the subject of any criminal conviction or any final, non-appealable civil judgment for malfeasance (including actions or proceedings by governmental authorities).
 8. A brief statement regarding whether the Proponent has been the subject of any investigation by any governmental authority within the last 10 years.
 9. A brief statement regarding whether the Proponent has previously provided services to the Bureau, including whether the Proponent has any financial interest in any organization that has contracted to provide services to the Bureau.
 10. A statement of fees and expenses for services to be provided, including an hourly rate structure based on job classification, a flat fee and/or an alternative pricing model, as appropriate.
 11. A statement of current Errors and Omissions and Worker's Compensation insurance coverage maintained by the firm.

EVALUATION AND AWARD

In selecting an Awardee, the Bureau will consider, among other factors it deems appropriate, whether the Proponent: (1) has expertise in reinsurance collections and related matters; (2) has expertise with insurance companies in rehabilitation or liquidations; (3) has demonstrated that it will commit appropriate staffing and resources to perform the project; and (4) is a company in good standing in the State of New York that conducts its business in an ethical manner. The Bureau is not bound to accept the lowest-priced Proposal.

Upon selection of an Awardee, the Bureau will attempt to execute a contract with the Awardee within 60 days.

BUREAU'S RIGHTS

This RFP does not commit the Bureau to select an Awardee or enter into a contract with any Proponent. The Bureau reserves the right to: (a) rescind or revoke this RFP prior to execution of a contract with the Awardee; (b) utilize any ideas from the Proposals. The Bureau may: (a) reject a Proposal if it is non-responsive or non-compliant with the requirements set forth in this RFP; or (b) waive minor discrepancies in any Proposal. All materials submitted in response to this RFP become the property of the Bureau and will not be returned. The Bureau disclaims responsibility and liability for any costs related to Proponent's participation in this RFP.

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement, executed on the date set forth below, has been entered into, on the one hand, by the New York Liquidation Bureau on behalf of Eric R. Dinallo, Superintendent of Insurance, in his capacity as Liquidator, Rehabilitator, Conservator or Ancillary Receiver of all entities under his receivership pursuant to Articles 74, 75, 76 and 77 of the New York Insurance Law and Article 6A of the Workers' Compensation Law (collectively "the Bureau"), and, on the other hand, _____, (the "Proponent," as more fully defined below), so that the Proponent, upon receipt of information from the Bureau, may prepare a proposal in response to the Bureau's request for proposals to provide reinsurance analysis and collection services to the Bureau in connection with the insolvent estate of Midland Insurance Company, and, if selected by the Bureau, perform such services.

DEFINITIONS

"**Confidential Information**" shall mean all oral, written or digital/electronic information, data and/or documents (as defined in Rule 34(a) of the Federal Rules of Civil Procedure) containing or otherwise reflecting information concerning the Bureau that is not available to the general public or is otherwise confidential or proprietary in nature. "Confidential Information" does not include information which: (i) is already in the Proponent's possession; or (ii) becomes available to the Proponent on a nonconfidential basis from a source other than the Bureau, provided that such source advised the Proponent in writing that it is not bound by a confidentiality agreement with, or other obligation of secrecy to, the Bureau.

"**Proponent**" shall mean the firm set forth above and any director, officer, employee, financial advisor, accountant, actuary, attorney, professional, technical consultant or other employee thereof.

"**Reinsurance Representative**" shall mean any director, officer, employee, financial advisor, accountant, actuary, attorney, professional, technical consultant, employee or other member of the Proponent's staff, designated by the Proponent to provide reinsurance collection services to the Bureau in accordance with Proponent's proposal.

“Person” shall be broadly construed and shall include without limitation any corporation, partnership, joint venture, trust or individual.

“Bureau” shall mean the Bureau and/or any employee of the Bureau, or any accountant, attorney, actuary, professional, technical consultant or other agent or advisor retained by the Bureau.

UNDERTAKING

In consideration of the Bureau making Confidential Information available to the Proponent and the possibility of entering into an agreement with the Bureau, the Proponent agrees as follows:

1. The Proponent shall not disclose the Confidential Information to anyone except a Reinsurance Representative who:
 - a. needs to know the Confidential Information for purposes of preparing a proposal in response to the RFP or providing services in connection with the proposal;
 - b. has been informed that the Confidential Information is subject to the terms of this Confidentiality Agreement;
 - c. has been provided with a copy of this Confidentiality Agreement; and
 - d. has agreed to be bound by the terms of this Confidentiality Agreement to the same extent as if he or she were a party hereto.

2. The Confidential Information:
 - a. shall not be used by the Proponent other than in connection with submission of a Proposal in response to this RFP and, if selected by the Bureau, performance of the reinsurance collection services; and
 - b. shall be held in confidence by the Proponent and shall not, without the prior written consent of the Bureau, be disclosed by the Proponent to any other person in any manner whatsoever, in whole or in part except as set forth in paragraph 7 hereof.

3. The Proponent agrees to be held liable for any breach by it of this Confidentiality Agreement and for any use of Confidential Information by any other Person if such Person acquired the Confidential Information through the Proponent's conduct.
4. Some records in the possession of the Bureau may have been obtained from a third party pursuant to a written or oral confidentiality agreement ("Third Party Confidentiality Agreement") or pursuant to a statute or regulation of another state, foreign entity or the federal government, which statute or regulation prohibits or restricts additional disclosure. If any such third party document is relevant and material to reinsurance collection services, the Bureau shall advise the Proponent of the existence and nature of said document and provide a copy of the applicable written confidentiality agreement and/or, as appropriate, citation to any applicable law regarding non-disclosure. The Bureau and the Proponent shall then agree on a disclosure procedure designed to protect the Bureau's ability to obtain documents in the future from the source of said document, while preserving the ability of the Proponent to provide services for reinsurance collection.
5. In instances where a Third Party Confidentiality Agreement requires written permission in order for the Bureau to disclose to a third party, written permission must first be obtained before any disclosure by the Bureau takes place.
6. The Proponent acknowledges that:
 - a. the Bureau has not made any express or implied representation or warranty as to the accuracy, reliability or completeness of the Confidential Information; and
 - b. the Bureau expressly disclaims any and all liability that may be based on the Confidential Information or on errors therein or on omissions therefrom. The Proponent assumes full responsibility for all conclusions derived from the Confidential Information and neither the Bureau nor its agents or employees shall have any liability with respect thereto.
7. In the event that the Proponent becomes legally compelled by requests for information or documents, *subpoena*, investigative

demand or similar process to disclose any of the Confidential Information, the Proponent shall (unless legally prohibited) promptly provide the Bureau with written notice so that it may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Confidentiality Agreement. The Proponent shall furnish only that portion of the Confidential Information that is legally required to be furnished and each party shall exercise its best efforts to obtain reliable assurance that confidential treatment, consistent with the terms of this Confidentiality Agreement, will be accorded the Confidential Information.

8. Upon completion of the all reinsurance collection services to the Bureau, the Proponent shall within a reasonable time to be agreed upon in writing by the parties destroy or return all Confidential Information and supply the Bureau with a certification that all of the Confidential Information was destroyed.
9. This Confidentiality Agreement and any dispute related hereto or arising hereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.
10. The Proponent represents that this Confidentiality Agreement has been duly executed and delivered on its behalf and constitutes its legal, valid, binding and enforceable obligation.

Legal Name of Proponent Organization

By: _____

Name: _____

Title: _____

Sworn to before me this
_____ day of _____, 2007

NOTARY PUBLIC