

**Idaho Individual High Risk Reinsurance Pool**

**Request for Proposals**

**Administrative Services**

**July 14, 2025**

## I. Introduction

This Request for Proposals is for administrative services for the Idaho Individual High Risk Reinsurance Pool for a term beginning January 1, 2026, and ending December 31, 2027, with a potential extension through December 31, 2030. IIHRRP is an independent public body corporate and politic created by Chapter 55, Title 41, Idaho Code for the purpose of operating a reinsurance program for the higher risk segment of Idaho's individual health insurance market.

Pursuant to Chapter 55, the Board of IIHRRP is required to adopt a Plan of Operation that establishes procedures for selecting an administrator and that sets forth the powers and duties of the administrator. The powers and duties of the administrator are further described in the Plan, particularly in Article 8. The Plan is attached as Appendix A to this Request for Proposals.

The Board consists of ten members, with eight members appointed by the Director of the Idaho Department of Insurance, one member appointed by the President Pro Tempore of the Senate, and one member appointed by the Speaker of the House. The Director or his designee serves as an ex officio member. The business of IIHRRP is conducted through its Board. IIHRRP does not employ any administrative or management staff. The Board's legal counsel is provided by the Office of the Attorney General. The Director's designees offer the following services to the Board:

- Providing a meeting space, including both a physical conference room and a virtual meeting, and posting meeting notices and agendas;
- Hosting and maintaining the Board's web site, which contains agendas and minutes, reports filed with grantors, references to related state and federal laws, and other Board-specific documents;
- Maintaining a list of all Board members and tracking each member's term; and
- Supporting the data collection efforts of the Board.

IIHRRP and the State of Idaho applied for a 1332 Waiver and received approval from the Centers for Medicare and Medicaid Services (CMS) in 2022. The 1332 Waiver allowed the IIHRRP reinsurance program to receive federal pass-through funding, and is applicable from January 1, 2023, through December 31, 2027. The goal of the reinsurance program is to stabilize access to and pricing of health insurance in Idaho through a reduction to premium levels and improved spreading of a volatile component of the claims risk within the pooled market.

Pursuant to the requirements of the Section 1332 waiver grant, the Board has adopted a Procurement Policy to govern its procurement of goods and services associated with its 1332 Waiver. The Procurement Policy calls for the Board to select an administrator through a competitive bidding process to administer the reinsurance provided by IIHRRP. The Procurement Policy is attached as Appendix C and is incorporated into this Request for Proposals.

IIHRRP is an independent public body corporate and politic that is not subject to the State of Idaho's procurement laws, rules or regulations. This RFP and the process of selecting an administrator and establishing a contract with the administrator is governed solely by the terms and conditions set forth in the Procurement Policy and in this RFP.

Until such time as IIHRRP and the selected administrator have executed and delivered a binding contract for administrator services, except as specifically set forth herein, IIHRRP shall have no obligation to any candidates responding to this RFP, and reserves all rights to make any and all changes it deems necessary or appropriate to the terms and conditions of this RFP, terminate this RFP, extend response times under this RFP, or otherwise modify the selection and contracting process as described herein.

The goal of this RFP is to obtain creative, complete and informative proposals for professional, reliable, cost-effective administrative services so that IIHRRP's reinsurance business is efficiently and effectively operated in accordance with its statutory mandate, without placing an undue burden upon the Board for administrative matters. Respondents are encouraged to place a heavy emphasis on communicating their qualifications, proposed services and pricing in an effective, clear, concise and readily understandable fashion. Adherence to any particular format for response is not required. The clarity of your response will be considered as part of the Board's evaluation process.

## **II. Definitions**

- “1332 Waiver” means a waiver granted by the Center for Medicare and Medicaid Services under Section 1332 of the Patient Protection and Affordable Care Act to pursue innovative strategies to provide its residents with access to quality, affordable health insurance.
- The “Board” means the Board of Directors of the Idaho Individual High Risk Reinsurance Pool.
- “Chapter 55” means Chapter 55 of Title 41 of the Idaho Code.
- The “Director” means the Director of the Idaho Department of Insurance.
- The “Grandfathered Plans” mean issued to high-risk individuals before April 1, 2017.
- “IIHRRP” means the Idaho Individual High Risk Reinsurance Pool.
- The “Plan” means the Idaho Individual High Risk Reinsurance Pool’s Plan of Operation, which is attached as Appendix A.
- “RFP” means this Request for Proposals.

## **III. Reinsurance Program Overview**

Attached for reference as Appendix A is the current version of IIHRRP’s Plan of Operation, effective as of January 1, 2025. This Plan is presented for your review; however, IIHRRP reserves all rights to make changes to the Plan, as it deems appropriate. This summary description of the Plan is provided for your convenience; however, you should review the Plan in its entirety and this summary description is qualified by the actual Plan provisions. The basic parameters of the reinsurance program (which are incorporated into the Plan) are as follows.

Idaho operates a retrospective reinsurance program, which means it reimburses carriers for a portion of claims paid between specific attachment points for each member insurer. The attachment point in 2024 was set at \$40,000. For claims paid above this amount, the reinsurance program covered 75% of the cost, with a maximum annual reinsurance of \$720,000. In 2025, the attachment point was set at \$25,000. For claims paid above this amount, the reinsurance program covered 75% of the cost, with a maximum annual reinsurance of \$723,750.

The IIHRRP reinsurance program is funded from several sources:

(i) A broad-based market assessment on all health insurers and third party administrators based on their number of insured lives in the state (“Regular Assessments”). This assessment level is set by the Board.

(ii) IIHRRP’s second source of revenue comes through Section 1332 Pass-Through Funding in the form of grants from CMS, which are funded from recaptured federal funds generated by federal government savings from reduced federal Advanced Premium Tax Credits (APTC) resulting from the operation of the IIHRRP program. In 2025, IIHRRP will receive \$148,691,863 in federal pass-through funding to support the reinsurance program.

(iii) If premium tax revenues exceed \$45 million after all deductions authorized by Idaho Code § 41-406 are made, one-fourth of the remaining funds are appropriated to IIHRRP.

(iv) IIHRRP is authorized to charge a reinsurance premium for lives ceded to the program. In 2025, this premium was set by the Board at \$100 per life.

The following table summarizes IIHRRP’s funding sources:

Funding Mechanism	Description
1332 Waiver	Pass-through funding provided by CMS, HHS and the US Department of Treasury in the form a 1332 grant.
Regular Assessment	Assessment to health insurers and third party administrators based on the number of insured lives covered by each for all health benefit plans and policies or certificates of insurance for specific disease and hospital confinement indemnity policies in Idaho.
Premium Tax	Appropriated to IIHRRP by operation of Idaho Code § 41-406(1)(d).
Reinsurance Premium	Set by the Board annually.

The program parameters approved by the Board are summarized below:

- *Reinsurance Thresholds.* The reinsurance shall reimburse Member Insurers for Eligible Claims payments paid by the Member Insurer on

behalf of a Covered Person (at the Coinsurance Rate specified below) for a loss layer starting at \$35,000 and ending at \$723,750. There is no entitlement to reinsurance payments for claims payments below \$35,000 or above \$723,750 per Covered Person. The attachment point and maximum annual reinsurance limit establishing the effective reinsured claims layer are referred to collectively as the “Reinsurance Thresholds.”

- *Coinsurance Rate.* The rate of reinsurance payments is seventy-five percent (75%) of claims payments between the Reinsurance Thresholds (“Coinsurance Rate”). The Reinsurance Thresholds and the Coinsurance Rate are collectively referred to as the “Reinsurance Parameters.”
- IIHRRP pays reinsurance payments to Member Insurers in accordance with federal requirements.

The Board determines the applicable Reinsurance Thresholds and Coinsurance Rate on an annual basis and submits the same to the Director for approval as an amendment to this Plan of Operation. IIHRRP exercises commercially reasonable efforts to notify Member Insurers of annual changes in the Reinsurance Thresholds and Coinsurance Rate.

The Board also administers the Grandfathered Plans, which serve approximately fifteen members. These plans are governed by Section 9.2 of the Plan of Operation.

#### **IV. General Description of Services**

The following is a general description of the services which will be expected from the successful respondent (collectively the “Services”). It is anticipated that the Services will commence January 1, 2026. The Board expects to select a provider and execute a contract as more specifically described in Section VI (Timing and Process).

All proposals should proceed on the basis that no staff will be provided directly by IIHRRP. IIHRRP presently does not provide office space, staff or other support personnel, office or computer equipment, or office supplies. The Services provider is expected to provide all necessary office space, equipment, technology, systems and software, administrative personnel and support personnel required in order to effectively implement and operate IIHRRP’s reinsurance program.

IIHRRP expects to directly engage the following professional service providers. The administrator will be responsible for working effectively and efficiently with service providers engaged by the Board. The Services exclude services provided by these professional service providers.

- Legal
- Actuarial services
- Investment advisory services
- Audit and tax preparation

The successful respondent for the provision of Services will be responsible for implementing the goals and policies of the Board, and for the financial, operational and administrative management of IIHRRP. The provider of Services will be expected to be responsive to the needs of IIHRRP and the Board as they arise and evolve with any changes in IIHRRP and its reinsurance program.

#### **List of Services**

Section 8.3 of the Plan specifies a list of core services to be provided by the administrator. The Services are as follows:

- Prepare and submit monthly reports, meeting minutes and an annual report to the Board of Directors.
- Establish procedures and install the systems needed to properly administer the operations of the pool in accordance with the Idaho Insurance Code and the Plan.
- Maintain on behalf of the pool, one or more bank accounts for the transaction of business. These bank accounts will be approved by the

board.

- Collect reinsurance premium and collect all other amounts due to the pool on a timely basis.
- Transmit all cash collected on behalf of the pool to the established financial institutions on a timely basis.
- Perform reinsurance reimbursement for claims paid.
- Issue checks or drafts on or approve charges against bank accounts of the pool.
- Keep all accounting, administrative and financial records of the pool in accordance with the Plan.
- Serve as a communications resource for carriers in reviewing their operations under Chapter 55 and the Plan.
- Calculate the assessment in accordance with the methodology specified in Chapter 55 and the Plan, notify carriers of amounts due, and collect appropriate amounts due.
- Invest available cash in marketable securities as approved by the Board.
- Prepare an annual estimate of operating costs for the administration of pool operations.
- Perform other functions as agreed to by the Board and the Administrator in accordance with the Plan.

*Management Services.* The administrator selected by the Board will be responsible for managing all aspects of the IIHRRP reinsurance program, under the direction of the Board, and working in conjunction with its legal counsel, actuary and the other professional service providers described herein, with the ability to exercise judgment in program and organizational planning to ensure the efficient and effective operation of IIHRRP, respond to the needs of member insurers, coordinate service providers and assure compliance with all applicable laws, rules and regulations.

- Administering of the day-to-day operations of IIHRRP.
- Implementation and oversight of the IIHRRP reinsurance program.
- Implementation and oversight of the IIHRRP assessment process, including assessment calculation, billing, processing and collection.
- Managing the federal PMS drawn down process, and preparation and submission of FFRs required in connection with IIHRRP's Section 1332 Grant.
- Working effectively and efficiently with member insureds in the implementation and administration of the IIHRRP reinsurance program, including interim reporting and submission and processing of

claims.

- Assessing ceded life eligibility based upon the list of conditions established by the Board.
- Assisting the Board and IIHRRP's actuarial consultants and counsel in the determination of assessment levels, reinsurance program parameters, attachment points, monthly reports of incurred but not reported claims, coinsurance levels and all financial modeling associated therewith, including the provision of all data necessary for actuarial analysis of the IIHRRP reinsurance program and determination of appropriate assessments, reinsurance cost-sharing parameters, and IBNR estimates.
- Establishing procedures and install and maintain the systems needed to properly administer the operations of IIHRRP in accordance with applicable law.
- Accurately, and in a timely manner, assembling and filing all reports required under applicable laws, rules and regulations, together with any other required filings and reports which are not within the expertise or contracted services of any Service Provider (e.g. CMS required PMS reporting).
- Monitoring and proposing revisions to, if necessary, IIHRRP's Plan.
- Acting as a communications resource for member insurers regarding the reinsurance program operated by IIHRRP.
- Maintaining all records pertaining to IIHRRP and the operation of its business in accordance with record retention policies adopted by the Board.

### *Financial Services*

- Providing all finance and accounting services necessary for the operation of the IIHRRP reinsurance program, as described herein.
- Preparing and maintaining all financial information and reports of IIHRRP, including timely preparation and presentation to the Board of accurate, easy-to-understand financial reports, and such interim reporting as the Board may direct.
- Maintaining general ledger systems and administer all accounts

payable and accounts receivable.

- Preparing, implementing, and monitoring budgets.
- Maintaining and accounting for IIHRRP funds.
- Managing billing, payment, collection process for assessments and 1332 Grant proceeds.
- Working with IIHRRP's independent accountants in the preparation of its annual audited financial statements, and managing the certification and filing with any necessary state and federal authorities.
- Establishing on behalf of IIHRRP required accounts for the transaction of IIHRRP business, as approved by the Board. Recommend to the Board and implement, from time to time, appropriate procedures for cash management and investment planning and management with the financial institutions(s) designated by the Board. Manage cash collection on behalf of IIHRRP.
- Recommending to the Board and apply for, from time to time, appropriate grants or other sources of funding or credits.
- Performing reinsurance reimbursement for claims paid consistent with the timelines established by the Plan.
- Issuing checks, drafts, electronic payments and/or approve charges against bank accounts of IIHRRP.
- Collecting and providing all information required in order to calculate assessments in accordance with the IIHRRP Plan.
- Investing available cash in accordance with investment guidelines approved by the Board and report to the Board all cash management and investment activities results.
- Assisting IIHRRP in establishing and maintaining any necessary lines of credit or other credit facilities necessary for the operation of IIHRRP's business, as determined by the Board, if any.
- Performing other necessary functions as directed by the Board.

### *Technology and Systems.*

- Providing all necessary technology, systems, software and related support required in connection with IIHRRP operations.
- Maintaining a complete database of all information related to the business of IIHRRP and its reinsurance program, including insureds, member insureds, assessments, ceded lives, premium calculation (if any), billing and collection and such other information as is relevant to IIHRRP operations.

*Planning and Compliance.*

- Serving the Board in an advisory capacity, developing recommendations and submitting reports as needed or requested.
- Working with IIHRRP legal counsel to maintain compliance by IIHRRP with all laws and regulations applicable to IIHRRP and the operation of its reinsurance program, including without limitation all filing and reporting requirements, and with the provisions of Chapter 55, the Plan, and its 1332 Waiver.

*Government and Public Relations.*

- Assisting the Board with regulatory, governmental and public relations matters, as directed by the Board and counsel.

## **Contract Terms**

Attached hereto as Appendix B is IIHRRP's preferred form of Administrative Services Agreement. The pricing, terms and conditions of the agreement for Administrative Services may differ from the attached, and respondents should feel free to propose alternatives, which IIHRRP will consider in making its selection of a provider. IIHRRP reserves the right to request changes in pricing and terms with its initial selection for a provider, and reject that provider in the event any negotiations prove unsatisfactory, in IIHRRP's discretion.

## V. Proposal Requirements and Conditions

### *Submission and Inquiries*

All proposals in response to this RFP must be received in the format described below **no later than 5:00 p.m. MDT on August 18, 2025, at the following address:**

Hard copy:

Idaho Individual High Risk Reinsurance Pool  
c/o Michael Witry, Deputy Attorney General  
PO Box 83720  
Boise, ID 83720-0043

Electronic copy:

Michael.witry@doi.idaho.gov

Late or incomplete proposals will *not* be accepted. All correspondence related to this RFP and IIHRRP should be directed to Michael Witry at the above contact information. Respondents should not contact any members of the Board directly.

Respondents may seek further clarification of the RFP requirements by contacting Michael Witry at the email set forth above on or before **August 4, 2025**. Responses to inquiries sent by email will be made as rapidly as reasonably possible following receipt of inquiries. Responses to requests for clarification may be made exclusively to the respondent making the inquiry, or may be shared with other respondents, without identifying the source of the inquiry, in the discretion of the Procurement Committee, based upon its determination as to whether the information provided would be helpful to all respondents, or is individual to the respondent making the request.

### *Mandatory Requirements*

To be considered a qualified candidate, you or your company must submit a proposal that contains at least the following information. Responses should be presented in the same order as these requirements.

### *General*

- Include a letter of transmittal signed by an authorized officer of your company.
- Include a title page setting forth your name or the company's name,

local address, telephone number, email address, name of contact person, and date of the proposal.

- Identify those Services which you propose to provide through a subcontract with another provider, and identify the subcontractor (if known) and the proposed terms of the subcontract.
- Identify any elements of this RFP to which your proposal is not responsive and explain why.
- Provide that the proposal is valid for a minimum of sixty (60) days following the RFP submission deadline.

### *Profile of the Respondent*

- Describe your company's scope of operations, describing the company's geographic footprint and current operations.
- Describe the office or offices from which the Services will be provided and the staffing levels at those locations, indicating dedicated staff and multifunctional staff. Describe the communications and coordination procedures that will pertain if the Services are to be provided from multiple offices. Include a full description of staffing for the Services, including a discussion of dedicated staff and staffing through multifunctional personnel, including a discussion of the physical location and physical and virtual availability of personnel.
- State the professional organizations to which the respondent belongs.
- Disclose whether you have any conflicts of interest with IIHRRP, its Board or consultants. If so, state the nature of the conflict and provisions that will be made to address the conflict.
- State the names and contact information of persons who will be authorized to make representations for the firm and include their titles.

### *Summary of Respondent's Qualifications*

- Identify the executives and key personnel who will perform the Services. Include resumes of each such person as an exhibit or attachment to your proposal.
- Describe your experience with the insurance and/or health care

industries, including descriptions of recent experiences or engagements relevant to the type of Services being requested in this RFP. Respondents should place particular emphasis on their experiences with organizations or entities similar to IIHRRP.

- Describe specific qualifications and capabilities to perform the Services, including but not limited to technology, communication and reporting systems, financial and monetary policies, procedures and safeguards, copying and distribution capabilities, and insurance policy form preparation.
- Provide information on the results of any peer reviews of the respondent's services during the past three years. In addition, each respondent shall provide information on the circumstances and status of any disciplinary action taken or pending against it during the past three years with state regulatory bodies or professional organizations, or of any litigation, arbitration or similar action within such three year period.
- Provide a detailed layout of the PHI protections your company uses, including but not limited to data storage and the transfer of such data between insureds and IIHRRP.
- Provide sample timelines/turnaround times based on actual results with other reinsurance programs and pools as it relates to claim submission reimbursements.
- Provide a statement that the respondent, if awarded the engagement, will:
  - maintain in full force at all times professional liability insurance in the minimum amount of \$2 million per occurrence (if the respondent's limits exceed \$2 million, please state the limits);
  - maintain in full force at all times workers' compensation insurance meeting statutory obligations and supply evidence of same to IIHRRP; and
  - maintain in full force at all times general liability insurance (including auto liability) in the minimum amount of \$2 million per occurrence and supply evidence of the same to IIHRRP.

The foregoing are minimum insurance requirements. Nothing set forth herein shall limit IIHRRP's ability to require additional coverages or

coverage amounts, as IIHRRP deems appropriate.

As part of its submission in response to this RFP, each firm shall indicate whether it will provide a certificate of insurance or other evidence to satisfy each of the coverages listed above, and whether it is covered by, or has any objection to obtaining and maintaining, a fidelity bond for the benefit of IIHRRP in an amount of \$1 million insuring against criminal conduct and fraud by the respondent, its employees or agents.

### *Subject-Matter Expertise*

- Describe your experience and expertise in the following areas:
  - Operation of high risk health reinsurance programs
  - Operation of prospective and retrospective reinsurance programs
  - Application for and Administration of ACA Section 1332 State Innovation Waivers
  - Familiarity and interaction with the Idaho Department of Insurance
  - Familiarity and interaction with CMS, HHS, US Treasury and CCIIO
  - Expertise in accessing and managing the federal Payment Management System (PMS) and preparation and submission of Federal Financial Reports (FFR) and related federal grant management practices

### *Delivery of Services*

The respondent shall provide a general description of how it expects to deliver the Services, including a description of personnel, relevant performance standards, controls, policies and procedures, systems and service techniques to be employed in performing the Services. If the respondent will subcontract for any Service, identify the Service, the subcontractor (if known) and the general terms of the proposed subcontract.

The respondent shall provide a proposed timeline displaying the respondent's ability to be ready to administer the IIHRRP reinsurance program fully on or before January 1, 2026 (including completion of carrier interfaces) and including implementation of the new IIHRRP program as described herein.

The respondent also should indicate other areas or issues it believes should be addressed in response to this RFP. Any available sample reports, policies or other

work product may be attached to the proposal as an exhibit or appendix.

### *Systems and Automated Functionality*

The respondent should describe the means by which it will provide systems, software and automated functionality.

### *Contract Terms and Provisions of Relationship*

The respondent shall describe the principal terms and conditions of its proposed Services contract, including detailed descriptions of proposed performance guarantees. The respondent must state its willingness to negotiate in good faith the services contract preferred by IIHRRP, and its agreement to comply with all applicable federal and state laws and regulations, including without limitation HIPAA, the Idaho insurance statutes and regulations, and the 1332 Waiver requirements.

### *Compensation*

Respondents should provide a complete description of their proposed compensation for the Services. Proposed compensation shall be on the basis of a fixed fee per month plus a fixed fee per ceded life per month. Cost plus percentage of cost contracts are prohibited.

### *References and Financial Statements*

Provide three (3) professional references, including the reference's entity name, contact person, address, telephone number, email address and a brief description of the basis of its reference on your behalf.

Provide audited or reviewed financial statements for your company for the prior two (2) fiscal years.

### *Additional Information and Missing RFP Elements*

Provide any additional information the respondent considers essential to successful conduct of the Services or IIHRRP's evaluation of its proposal. Respondents should identify any elements, services or other requirements respondents deem material to successful administration of IIHRRP's reinsurance program that are *not* specified in this RFP and should detail any impact on proposed fee structure and other charges for Services related thereto.

**No Contract shall be made with parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or**

**Nonprocurement Programs in accordance with E.O.s 12549 and 12689, “Debarment and Suspension.” This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549.**

## **RFP Conditions**

IIHRRP reserves the right to modify any element of the RFP before the submission deadline, in which case all respondents and prospective respondents will be provided sufficient time to modify their proposal. IIHRRP also reserves the right to negotiate with the successful respondent a revised legal structure and/or final fee for the proposal based upon mutually agreed upon changes or refinements in the scope of work. IIHRRP may select one or more providers to provide all or some of the Services, and it may elect to contract directly for any services for which the respondent expects to subcontract.

IIHRRP shall comply with all necessary affirmative steps required by 2 CFR Part 200.

There is no express or implied obligation of IIHRRP to reimburse any respondent for any expenses incurred in preparing or presenting proposals in response to this request, which remain the sole obligation of the respondent. All materials submitted in response to this RFP will become the property of IIHRRP and will only be returned at IIHRRP’s discretion. It is the sole obligation of the respondent to ensure that its proposal is complete, accurate and responsive. The failure to submit a complete proposal in conformance with the requirements of this RFP may result in disqualification.

Each respondent must have the legal and financial capacity to provide the Services and execute a contract with respect thereto. Any company respondent must be (or demonstrate a capacity to timely become) an entity qualified to do business and in good standing in the State of Idaho, with all permits and approvals required to provide the Services.

Each respondent must be willing to warrant in the contract that all services performed by it, its agents, employees and subcontractors, will be adequately staffed and performed in a timely, good and professional manner.

The Board may elect to interview one or more respondents, in its discretion, and conduct due diligence inquiries or site visits and contact references.

## **VI. Proposal Evaluation**

IIHRRP will evaluate respondents to this RFP based upon the proposals submitted. Consideration will be given to capabilities described in the proposal, confirmed in oral presentations (if needed), and verified by information from reference sources. IIHRRP reserves the right to select among firms based directly on the proposal, to negotiate further with any firm, or to reject any or all proposals if, in the discretion of IIHRRP, it is deemed to be in the best interests of IIHRRP. IIHRRP may enter into discussions, negotiations or contractual agreements with one or more providers for any of the Services.

IIHRRP shall prepare a written statement that identifies the basis on which the final provider selection is made, including the importance of cost in such decision. Unsuccessful respondents shall be notified in writing within ten working days of the contract award.

A response to this RFP does not, and is not intended to, create any obligation, commitment or other agreement between the respondent and IIHRRP.

Proposals will be evaluated and weighted as follows (not in rank order):

Evaluation Criteria	Relative Weight (Maximum Point Score)
Responsiveness to this RFP	5
Qualifications and experience of the respondent and the personnel to be assigned to the engagement with respect to providing Services to reinsurance programs similar to IIHRRP	20
Quality and appropriateness of the respondent's proposed method of delivering the Services, and the respondent's capabilities to deliver the Services in accordance with its proposal and the needs of IIHRRP	20
Financial and operational stability of the respondent	5
Estimated cost of the engagement	30
Qualifications and experience of the respondent and the personnel to be assigned to the engagement with respect to managing federally-funded operations, especially operations conducted under a 1332 Waiver	10
Any other criteria the Board deems relevant and appropriate in the fulfillment of the performance of its duties and the evaluation of the responses to this RFP, including the ability to work effectively with the Board and other professional service providers	10
Maximum Score	100

This RFP is not intended to limit the form or content of responses. Respondents are encouraged to propose creative solutions, services delivery structures and pricing alternatives. Respondents may submit alternative proposals or may suggest alternatives within their responses, to the extent respondents believe those alternatives would be helpful or informative to the Board.

IIHRRP will make the final decision concerning acceptance, and reserves the right to reject any or all proposals in its judgment and discretion.

## VI. Timing and Process

Set forth below is a summary of the timelines described in this RFP:

<b>Event</b>	<b>Deadline</b>
Distribution of RFP	July 14, 2025
Notice of Intent to Bid and Deadline for Questions from Bidders	July 28, 2025
Response to Bidders Questions (sent to all Bidders providing Notice of Intent)	August 4, 2025
Bidder Responses Due	August 18, 2025
Anticipated selection	September 24, 2025
Contract signature	October 13, 2025
Commencement of services	January 1, 2026

## **VII. Appendices**

Appendix A:	IIHRRP Amended and Restated Plan of Operation
Appendix B:	Preferred Form of Administrative Services Agreement
Appendix C:	Procurement Policy for IIHRRP

## **VIII. Notice of Federal Funding**

This program was supported by Grant No. SIWCM0020A awarded by the Centers for Medicare and Medicaid Services of the Department of Health and Human Services. The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the Centers or of the Department.

IDAHO  
INDIVIDUAL HIGH RISK  
REINSURANCE POOL  
PLAN OF OPERATION

AMENDED AND RESTATED

EFFECTIVE January 1, 2025

FILED January 1, 2025

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## **PLAN OF OPERATION**

### **ARTICLE 1 – NAME**

- 1.1 The Idaho Individual High Risk Reinsurance Pool (hereinafter referred to as the "pool" or IIHRRP) is an independent public body, corporate and politic. The pool performs an essential governmental function in the exercise of powers conferred upon it in Section 41-5502, Idaho Code. Any assessments imposed or collected pursuant to the operation of the pool shall at all times be free from taxation of every kind.

### **ARTICLE 2 – PURPOSE**

- 2.1 The purpose of the pool is to promote the availability and affordability of individual insurance coverage in Idaho, regardless of health or claims experience, by providing a safety net to carriers in the form of a risk pool and reinsurance mechanism to facilitate the guarantee issue of state approved health benefit plans.

### **ARTICLE 3 – DEFINITIONS**

The terms used in the Plan of Operations have the same meanings as they are given in Chapter 55, Title 41, Idaho Code ("the Act"), and are hereby adopted by reference except as specifically provided below.

- 3.1. "Hierarchical condition category" or "HCC" means the system of disease groupings developed by the U.S. Department of Health and Human Services (HHS), consisting of disease codes that predict average healthcare spending.
- 3.2. "High risk medical condition" means a medical condition or diagnosis identified in Schedule A.

### **ARTICLE 4 – POWERS OF THE POOL**

- 4.1. The pool shall have the powers and authority granted by the Act.

### **ARTICLE 5 – PLAN OF OPERATION**

- 5.1. The Individual High Risk Reinsurance Pool will perform its functions under this Plan of Operation, and in accordance with the Idaho Insurance Code. The Plan of Operation and any amendments necessary or suitable hereto will assure the fair, reasonable, and equitable administration of the pool and provide for the sharing of pool gains or losses on an equitable proportionate basis in accordance with the provisions of Section 41-5503, Idaho Code. The Plan of Operation, or any amendments to the Plan of Operation, shall become effective upon the written approval by the Director.

### **ARTICLE 6 – BOARD OF DIRECTORS**

- 6.1. The pool will exercise its powers through a Board of Directors. The board shall consist of ten (10) members. Eight (8) members shall be appointed by the Director and serve at the pleasure of the Director. The Director, or the Director's designated representative, shall serve as an ex-officio voting member of the board.
- 6.2. In selecting the members of the board, the Director shall appoint four (4) members representing carriers, two (2) disability agents and two (2) members representing consumer interest. Additionally, one (1) member shall be a member of the Senate appointed by the President Pro Tempore of the Senate and one (1) member shall be a member of the House of Representatives appointed by the Speaker of the House. The initial non-legislative board members shall be

appointed as follows; two (2) of the members to serve a term of two (2) years; three (3) of the members to serve a term of four (4) years; and three (3) of the members to serve a term of six (6) years. Subsequent non-legislative board members shall serve for a term of three (3) years. Legislative members of the board shall serve for a term of two (2) years. A vacancy in the legislative member's position on the board shall be filled in the same manner as the original appointment. All other vacancies on the board shall be filled by the Director. A non-legislative board member may be removed by the Director for cause.

- 6.3. There shall be no more than one (1) board member representing any one carrier.
- 6.4. A board member term will start upon appointment and expire upon the board member's death, resignation, or the appointment of the board member's successor.
- 6.5. Board members shall be eligible for reappointment. A non-legislative vacancy in the board shall be filled by the Director.
- 6.6. Members selected for the board shall elect a chairperson, vice chairperson and a secretary from among its members and such other officers as it deems appropriate. The terms for these offices will be for one year. Upon election, the chairperson shall notify the Director of the board's officers within thirty (30) days of said elections.
- 6.7. The votes of the board will be on a one-person, one-vote basis. Proxy voting is not allowed.
- 6.8. The majority of the board shall constitute a quorum for the transaction of business. The acts of the majority of the board present at a meeting at which a quorum is present shall be the acts of the board. Members of the board are required to disclose any potential conflict of interest prior to voting on a particular issue. The chairperson will decide whether the member with the potential conflict may vote.
- 6.9. An annual meeting of the board shall be held at the offices of the Department of Insurance on the second Tuesday in August of each year, unless the board designates some other date or place.
- 6.10. At least annually, the board shall:
  - 6.10.1. Review this Plan of Operation and submit proposed amendments, if any, to the Director for approval;
  - 6.10.2. Review reports of the administrator, including audited financial reports, reports on outstanding contracts and obligations, and all other material matters;
  - 6.10.3. Review reports of the committees established by the board;
  - 6.10.4. Determine whether any technical corrections or amendments to the Act shall be recommended to the Director;
  - 6.10.5. Review and give consideration to the performance of the pool in support of the goals of the Act;
  - 6.10.6. Review the reinsurance rates and communication programs based on the provisions of the Act;
  - 6.10.7. Review the rates, benefit design, reinsurance rates and communications programs for any high risk pool plans issued prior to April 1, 2017 and still in effect;
  - 6.10.8. Review the net premiums, the pool administration expenses and the incurred losses for the year, taking into account investment income and other appropriate gains and losses;

- 6.10.9. Determine if an assessment is necessary for the proper administration of the pool; and
- 6.10.10. Review, consider and act on any matters deemed by the board to be necessary and proper for the administration of the pool.
- 6.11. The board may appoint appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the plan, policy and contract design, and any other functions within the authority of the pool.
- 6.12. The board shall hold other meetings upon the request of the chairperson, or two or more members of the board, at such times and with such frequency as it deems appropriate. These meetings may be held either in person, by telephone, or by a written ballot circulated to the board members by mail, facsimile or internet e-mail, upon which each will indicate in writing his/her rejection or approval of the measure at issue. Notice of such a meeting and its purpose shall be provided to the Board of Directors at least seven (7) working days prior to the meeting, unless such notice shall be waived by unanimous consent of members of the board. At meetings other than the annual meeting, the board may perform any of the functions listed above.
- 6.13. The board may establish operation procedures for the pool consistent with the Act and this Plan of Operation.
- 6.14. A written record of the proceedings of each board meeting shall be made and submitted to the Director within thirty (30) days of said meeting by the administrator. The original of the record shall be retained by the administrator.
- 6.15. Board members may be reimbursed from the moneys of the pool for reasonable expenses incurred by them as members for traveling, lodging and meals upon approval of such expenses by the board, but shall not otherwise be compensated by the pool for their services.
- 6.16. Board members will review and act upon any other matters deemed necessary.

## **ARTICLE 7 – COMMITTEES**

The board may appoint its members and others to the committees set forth in the Plan of Operation or otherwise established by the board. A written record of the proceedings of each committee shall be maintained by a secretary appointed from the membership of the committee.

- 7.1. Actuarial Committee. The mission of the Actuarial Committee is to:
- 7.1.1. Assist the board in the establishment or revision of reinsurance parameters, including but not limited to premium rates, the initial level of claims for which the reinsuring carrier is responsible, the coinsurance percentage at which claims above the initial level are reinsured by the pool, and the maximum claims limit above which the pool no longer reinsures.
- 7.1.2. Assist the board in establishing or revising the high risk medical conditions for which carriers are allowed to cede for reinsurance.
- 7.1.3. Assist the board in establishing or revising procedures for ceding individuals with high risk medical conditions.
- 7.1.4. Make recommendations to the board concerning the high risk pool plan premium rates, reinsurance premium rates, benefit design and communications programs for any high risk pool plans issued prior to April 1, 2017 (“Pool Benefit Plan”) and still in effect.

- 7.1.5. Recommend to the board reports to be made by carriers and the administrator.
- 7.1.6. Provide reports and other recommendations as directed by the board.
- 7.1.7. Determine the incurred claim losses of the pool, including amounts for incurred but not reported claims.
- 7.1.8. Recommend assessment methodology and assessments.
- 7.1.9. Assist the board in any other actuarial-related matters deemed necessary.
- 7.2. Operations Committee. The mission of the Operations Committee is to:
  - 7.2.1. Periodically review the Plan of Operation and make recommendations to the board.
  - 7.2.3. Identify items for which operating rules are needed and to propose them for adoption by the board.
  - 7.2.4. Assist the board in any other matters deemed necessary.
- 7.3. Legal Committee. The mission of the Legal Committee is to handle the following legal matters at the request of the board:
  - 7.3.1. Interpret the provisions of the Act.
  - 7.3.2. Review the Plan of Operation and amendments to the Plan of Operation.
  - 7.3.3. Prepare proposed amendments to the Act.
  - 7.3.4. Coordinate with legal counsel, as needed, on routine legal matters relating to the pool operations, including proposed contracts and operational practices.
  - 7.3.5. Prepare contracts and legal documents for the pool as requested by the board.
  - 7.3.6. Be familiar with, and provide assistance to, the board concerning all litigation and other disputes involving the pool and its operations.
  - 7.3.7. Maintain a written record of all questions received and responses provided, and shall provide copies of all such responses to the board.
  - 7.3.8. Assist the board in other legal-related matters deemed necessary.
- 7.4. Audit Committee. The mission of the Audit Committee shall include the following items, as well as any other appropriate tasks assigned to it by the board:
  - 7.4.1. Develop a uniform audit program to be utilized by independent auditors in their review of pool operations related to reinsurance and assessments.
  - 7.4.2. Establish standards of acceptability and assist the board in the selection of an independent auditor for the annual audit of the pool operations.
  - 7.4.3. Assist the board in the review of the reports prepared by the independent auditors.
  - 7.4.4. Assist the board on any other audit-related matters deemed necessary.

**ARTICLE 8 – ADMINISTRATOR**

- 8.1. The administrator performs the administrative functions required under this Plan of Operation. The administrator is responsible, along with the board and the carriers, for the fair, equitable and reasonable administration of the pool.
- 8.2. The board shall select the administrator in accordance with the procedures established and administered by the State of Idaho Division of Purchasing, if required.
- 8.3. The administrator shall perform the following functions as directed by the board:
  - 8.3.1. Prepare and submit monthly reports, meeting minutes and an annual report to the Board of Directors.
  - 8.3.2. Establish procedures and install the systems needed to properly administer the operations of the pool in accordance with the Idaho Insurance Code and this Plan of Operation.
  - 8.3.3. Establish on behalf of the pool, one or more bank accounts for the transaction of business. These bank accounts will be approved by the board.
  - 8.3.4. Collect reinsurance premium and collect all other amounts due to the pool on a timely basis.
  - 8.3.5. Deposit all cash collected on behalf of the pool in the established bank account(s) on a timely basis.
  - 8.3.6. Perform reinsurance reimbursement for claims paid.
  - 8.3.7. Issue checks or drafts on or approve charges against bank accounts of the pool.
  - 8.3.8. Keep all accounting, administrative and financial records of the pool in accordance with this Plan of Operation.
  - 8.3.9. Serve as a communications resource for carriers in reviewing their operations under the Act and the Plan of Operation.
  - 8.3.10. Calculate the assessment, in accordance with the methodology specified in the Act and this Plan of Operation, notify carriers of amounts due and collect appropriate amounts due.
  - 8.3.11. Invest available cash in marketable securities as approved by the board.
  - 8.3.12. Prepare an annual estimate of operating costs for the administration of pool operations.
  - 8.3.13. Perform other functions as agreed to by the board and the administrator.
- 8.4. The administrator shall maintain all records as to premium, reimbursement, and administrative expense as to each calendar year for a period of seven (7) years following the end of such calendar year.
- 8.5. The administrator shall be reimbursed for its reasonable costs of administration in accordance with a written agreement approved by the board.
- 8.6. The administrator will subcontract for services which cost in excess of \$10,000 only with the prior approval of the board.
- 8.7. The administrator shall retain the confidentiality of all information pertaining to persons insured and the carriers in accordance with all applicable statutes, regulations and principles of common law pertaining to confidentiality and trade secrets. Such information shall be used only for the

purposes necessary for the operation of the pool and shall be strictly segregated from other records, data or operations of the administrator. Unless specifically required, hereunder or by the Act, no information shall be retained or used by the administrator or disclosed to any third party which information identifies a specific insured or carrier.

## **ARTICLE 9 – CEDING AND REINSURANCE**

### **9.1. General Rules – Ceding Individuals with High Risk Medical Conditions for Reinsurance**

- 9.1.1. Mandatory Ceding. Carriers shall give notice to the administrator of every individual diagnosed with a high risk medical condition within ninety (90) days of the adjudication of a claim identifying a high risk medical condition.
- 9.1.2. Ceding on Individual Basis. Carriers shall cede coverage on an individual rather than on a policy basis. Only the individual diagnosed with a high risk medical condition shall be reinsured; dependents or other family members of the individual shall not be reinsured, unless also diagnosed with a high risk medical condition.
- 9.1.3. Retroactive Coverage. Reinsurance coverage shall be retroactive to the first coverage effective day of the calendar year of the diagnosis triggering the individual's eligibility for reinsurance.
- 9.1.4. Late Notification. In the event that the carrier fails to notify the administrator of an individual's eligibility for reinsurance within ninety (90) days of the adjudication of a claim indicating a diagnosis of a high risk medical condition, the carrier shall be liable for reinsurance premiums retroactive to the beginning of the first coverage effective day of the calendar year of the diagnosis. Such failure to properly notify will result in denial of all of that individual's reinsurance claims incurred during the applicable calendar year.
- 9.1.5. Information Indicating Diagnosis of High Risk Medical Condition. Carriers shall identify individuals with a high risk medical condition based on an adjudicated claim.
- 9.1.6. Ceding on Calendar Year Basis. Eligible individuals will be ceded until the end of the calendar year in which the adjudicated claim was incurred. Reinsurance shall cease mid-year only for reasons identified at Section 41-5509(3), Idaho Code.
- 9.1.7. Claims Incurred Previous Calendar Year. If a carrier receives, on or before the last day of April of the current year, a claim which was incurred during the previous calendar year indicating an eligible individual was diagnosed with a high risk medical condition, the carrier shall give notice to the administrator within ninety (90) days of adjudication of the claim. Claims adjudicated after the last day of April of the current year but incurred during the previous year shall not be used as a basis for ceding during the current year.
- 9.1.8. Mid-Year Changes to Medical Conditions Eligible for Ceding. In the event Schedule A is amended during the year in accordance with Section 41-5503(1), Idaho Code to add a new high risk medical condition eligible for ceding, the date the administrator notifies the Carrier of the change to the Schedule A shall constitute the adjudication date for purposes of this Plan of Operation with respect to any individual whose claims became newly eligible for ceding as a result of the change to Schedule A. Carriers shall provide the notice required in Section 9.1.1 by the later of the date set forth in Section 9.1.1. or within (90) days of being notified of the modification to the Schedule A with respect to any such individual newly eligible for ceding.

### **9.2. General Rules – High Risk Pool Plans Issued Prior to April 1, 2017**

- 9.2.1. Notification. For each insured, including dependents, the carrier must give notice to the administrator of the inception of coverage under a basic, standard, catastrophic A or catastrophic B health insurance benefit plan within sixty (60) days from the later of (a) the date coverage became effective or (b) the date coverage was accepted by or on behalf of the insured. Notice must include all information required by the form(s) adopted by the pool and provided by the administrator.
- 9.2.2. Late Notification Charge. If notification is not sent within fifteen (15) days following the due date, a late notification charge equal to 100% of the monthly premium for each covered life, including dependents ("insured"), shall be imposed for each full month and each partial month that notice is delayed beyond the due date. The late notification charge is in addition to the premium earned on the covered lives. Late payment charges are addressed in Section 9.5. For purposes of this Subsection, "month" shall mean thirty (30) consecutive days.

Example 1: If coverage became effective and was accepted for an individual on Sunday, June 1, the notice must be sent within 60 days following June 1, i.e. by Thursday, July 31. If the carrier sends the pool administrator notice on Friday, August 15, such notice is within the 15 day grace period and there is no late notification charge. If, however, the notice is sent Saturday, August 16, or Monday August 18, the late charge will be equal to 1 full month's premium for the partial month the notice was delinquent.

Example 2: If coverage became effective and was accepted for a family of 2 adults and 3 children on Tuesday, July 1, the notice must be sent within 60 days, i.e. not later than August 30, except such day is a Saturday and the following days are a Sunday and a holiday -Labor Day - so the due date will be Tuesday, September 2. If the carrier does not send notice until October 3, the late notification charge will be equal to 2 months' combined premium for all 5 insureds, i.e. 1 full month's premium for the month (30 consecutive days) which elapsed from September 2 through October 2 plus an additional month's premium for the partial month (1 day) in October.

Example 3: Same facts as Example 2, except the coverage is not accepted by the insureds until July 8 (although effective July 1) and the carrier sends notice to the pool administrator on September 22. In this case, the last day for timely notification, i.e. "within 60 days", is the Monday following Saturday, September 6; and there is no late notification charge because the notice is sent within 15 days after Monday, September 8.

- 9.2.3. The carrier must pay all reinsurance premiums due in accordance with Section 9.5, Billing and Payment.
- 9.2.4. Reinsurance shall be effective on the same date as the Pool Benefit Plan coverage.
- 9.2.5. Any carrier issuing a Pool Benefit Plan shall receive reinsurance to the level of coverage provided in the plan, subject to retention and coinsurance requirements and subject to rescission of coverage under the general laws of insurance.
- 9.2.6. Each carrier reinsuring an individual or eligible dependent is responsible for ascertaining and certifying:
  - 9.2.6.1. that the individual or dependent, is eligible; and
  - 9.2.6.2. that the reinsurance premium rate level payable to the pool has been correctly determined.

Each carrier must also document these determinations in its reporting of reinsurance census data and reinsurance premiums to the administrator.

- 9.2.7. Reinsurance of an individual's coverage under the Pool Benefit Plan ceases at the termination of the individual's status as a reinsured individual or dependent except to the extent that coverage continues as required by law. If the carrier provides coverage for such persons beyond any of the dates indicated above, for contractual or other reasons, reinsurance will be available for a maximum of thirty (30) days beyond said date.
- 9.3. Determination of Individual High Risk Reinsurance Pool Premium. Reinsurance premium rates shall be set as determined by the board and approved by the Department.
- 9.4. Pool Benefit Plan Premium Rates. Premium rates for coverage under the Pool Benefit Plans (basic, standard, catastrophic A and catastrophic B health benefit plans), shall be established according to Section 41-5507, Idaho Code.
- 9.5. Billing and Payment
  - 9.5.1. The payment of reinsurance premiums will be handled on a "self-billed" basis. Monthly, the carrier will provide the administrator with a listing of all reinsured individuals, the reinsurance premium for each individual and such other information as may be required by the pool. The administrator will make any necessary corrections and send the corrected statement to the carrier.
  - 9.5.2. The reinsurance premiums charged by the pool for each individual will be determined by the board, pursuant to Section 9.3. Changes in rates will take effect not less than sixty (60) days after the board gives notice of a change in the tables of rates.
  - 9.5.3. The reinsurance premium rates for coverage under the high risk pool plans issued prior to April 1, 2017 will be determined by the table of rates in effect on the effective date of the Pool Benefit Plan covering that individual. Changes in rates will take effect not less than sixty (60) days after the board gives notice of a change in the tables of rates. However, no such changes will apply to an in-force reinsured Pool Benefit Plan until such plan's anniversary date, unless specified in writing by the board as part of its notice. Any change in the reinsurance rates applicable to any one reinsured individual, occasioned by a change in that person's age, shall take effect on the anniversary of the Pool Benefit Plan which falls on or follows the effective date of the change.
  - 9.5.4. Premiums are determined as of the first (1st) day of each month and are due and payable by the twentieth (20th) day of the month. A late payment charge of \$100.00 for each insured individual and each insured dependent shall be imposed for failure to pay premium by the fifth (5th) day of the following month. In addition, premium not received by the fifth (5th) day of the following month shall accrue interest at the rate of 1.5% per month from the first (1st) day of the same month until paid.
  - 9.5.5. Reinsurance premium amounts are to be paid based on whole month increments only. If a carrier's reinsured coverage is effective between the first (1st) and the fifteenth (15th) of the month, the entire month is paid in full. When coverage becomes effective between the sixteenth (16th) and the last day of the month, no premiums will be payable until the first month following the effective date.

- 9.5.6. Conversely, terminations effective between the first (1st) and the fifteenth (15th) of the month will be allowed refunds for the entire month, and terminations effective between the sixteenth (16th) and the last day of the month will not be allowed a premium refund.
- 9.5.7. Reinsurance premium is due monthly to the pool regardless of the carrier's ability to charge back or collect the premiums. The pool has no responsibility for the collection of premiums from insured individuals.

9.6. Reinsurance Claims

9.6.1. The pool shall indemnify carriers for covered claims subject to the following:

- 9.6.1.1. Claims incurred by individuals ceded for reinsurance in accordance with Section 9.1 shall be reimbursed in accordance with the parameters determined by the board and described at Schedule B.
- 9.6.1.2. With the Director's approval, the deductible amount, threshold amount, or retention percentage may be changed by the board.
- 9.6.1.3. For the purposes of this Section, "covered claims" shall mean only such amounts as are actually paid by the carrier for benefits provided for individuals reinsured by the pool. Covered claims shall not include:
- (a) Claim expenses or salaries paid to employees of the carrier, who are not providers of healthcare services;
  - (b) Court costs, attorney's fees or other legal expenses;
  - (c) Any amount paid by the carrier for:
    - (i) Punitive or exemplary damages; or
    - (ii) Compensatory or other damages awarded to any insured, arising out of the conduct of the carrier in the investigation, trial, or settlement of any claim or failure to pay or delay in payment of any benefits under any policy; or the operation of any managed care, cost containment, or related programs;
  - (d) Any statutory penalty imposed upon a carrier on account of any unfair trade practice or any unfair insurance practice.

9.7. General Claims Requirements

9.7.1. Claims Reporting. Within thirty (30) days after the close of each month, the carrier shall furnish to the pool, in a form approved by the board, the following information with respect to reinsured losses submitted to the pool by the carrier during said month:

- 9.7.1.1. the reinsured individual's identification number;
- 9.7.1.2. the individual's name and social security number;
- 9.7.1.3. the claimant's name and date of birth;
- 9.7.1.4. the claim incurred date and paid date;
- 9.7.1.5. the reinsurance claim amount;

- 9.7.1.6. the claim coding (e.g., CPT and ICD9) as required by the board or;
- 9.7.1.7. such other information as required by the board and provided for on the administrator's reinsuring claims documentation forms.
- 9.7.2. Carriers shall promptly investigate, settle or defend all claims arising under the risks reinsured in a manner consistent with the carrier's non-reinsured business. Carriers shall forward promptly to the pool copies of such reports of investigation as may be requested by the pool.
- 9.7.3. Carriers shall adjudicate all claims on reinsured risks in a manner consistent with the carrier's non-reinsured business.
- 9.7.4. Each carrier shall use its cost containment programs to control costs on reinsured business to the same extent it would use such programs on its non-reinsured business, including but not limited to utilization review, individual case management, and preferred provider provisions. The failure to follow such procedures may result in the denial or reduction of reinsurance claim payments, as determined by the board.
- 9.7.5. The pool shall have the right, at its own expense, to participate jointly with a carrier in the investigation, adjustment or defense of any claim. Carriers will be required to assure that their claim management practices are consistent for reinsured and non-reinsured risks. The failure to follow such procedures may result in the denial or reduction of reinsurance claim payments as determined by the board.
- 9.7.6. The pool shall have the right to inspect the records of the carrier in connection with the risks reinsured with the pool and the carrier shall submit to the pool any additional information it may require in connection with claims submitted to the pool for reimbursement. Carriers shall secure necessary authorization from an insured for this purpose.
- 9.7.7. All information disclosed to the pool by the carrier or to the carrier by the pool, in connection with this plan, shall be considered by both the carrier and the pool to be privileged information.
- 9.7.8. If any payment is made by the pool and the carrier is reimbursed by another insurance policy for the same expenses, the pool shall be reimbursed to the extent that the carrier is reimbursed. The carrier shall execute and deliver instruments and do whatever is necessary to preserve and secure such reimbursement rights.
- 9.7.9. MCO's and other carriers which pay for certain provider services on a basis other than fee for service will be allowed reimbursement for those costs on reinsured persons from the pool based on the negotiated reimbursement amount.
- 9.7.10. Except as approved by the board, reinsurance will be provided only for covered claims submitted within ninety (90) days from the date the expenses on which the claim is based were paid, and no more than twelve (12) months from the date the expenses were incurred, unless the carrier demonstrates that the claimant was not legally capable of submitting the claims. Notwithstanding the foregoing, reinsurance will be provided for covered claims paid during the retroactive coverage period prior to the date of the adjudication of the claim first identifying the high risk medical condition, provided the carrier submits all such covered claims to the plan administrator within (90) days of the

date the carrier timely provides notice of ceding in accordance with Section 9.1.1. or 9.1.8. .

9.7.11. Carriers shall not delay payment of otherwise valid claims due to the transfer of risk to the pool.

9.8. Computation of Time Period. In computing a period of time allowed by this Article, the date of the event after which the period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, a Sunday or a legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, a Sunday nor a holiday. A half-holiday shall be considered as other days and not as a holiday.

9.9. Notices. All notices and other communications required or permitted by this Article shall be deemed given when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or internet e-mail with confirmation of transmission by the transmitting equipment; or (c) deposited in the U.S. mail properly addressed and with sufficient postage.

9.10. Appeals. Carriers shall have the right to appeal an action taken by the Administrator in regard to ceding and reinsurance. Carrier appeals shall adhere to the following process:

9.10.1. The carrier notifies the Administrator of the action which the carrier desires to appeal;

9.10.2. The Administrator schedules discussion and resolution of the carrier appeal for the next meeting of the board;

9.10.1. The board votes on whether to grant or to deny the appeal.

## **ARTICLE 10 – AUDITING FUNCTIONS**

10.1. Annual Audit. Annually, the program will cause an audit to be conducted of the pool financial statements. The certified audit report shall be included in the annual fiscal report to the Director.

10.2. Audit Scope. The audit shall include the relevant operations of (i) the administrator and (ii) participating carriers. The audit report shall include the auditor's opinion as to whether the financial statements of the pool fairly present in all material respects, the financial position of the pool. Auditors of the pool shall also provide the Audit Committee and the board a report of any reportable conditions or material weaknesses in the internal controls and processes of the pool. At its discretion, the board or Audit Committee may request copies of audit programs and details of audit testing from the auditor.

10.3. Audit Program. The audit program shall include detailed testing of representative samples of the following items:

10.3.1. Timely notification to the administrator of inception of coverage for any individuals added to a high risk pool plan issued prior to April 1, 2017

10.3.2. Eligibility of insureds for coverage as defined in the Act.

10.3.3. Accurate and timely submission of reinsurance claims to the administrator including underlying payments by the carrier(s) to providers;

10.3.4. Accurate determination of amounts paid on reinsurance claims;

10.3.5. Accurate and timely payment of reinsurance premiums;

- 10.3.6. Accuracy in the carrier's filings and reports to the Director containing (i) the carrier's earned health insurance premium from health benefit plans issued in Idaho and (ii) the number of Idaho residents insured under the carrier's health benefit plans.
- 10.3.7. Accuracy in the calculation of any assessments to carriers based on premium revenue as reported by the carriers.
- 10.3.8. Accuracy in the carrier's identification of individuals diagnosed with a high risk medical condition.
- 10.3.9. Timely notification to the administrator of individuals for whom reinsurance is mandated under the Act.
- 10.4. Additional Audits. The board shall have the right to conduct such additional audit procedures of carriers and the administrator as it deems appropriate.
- 10.5. Privileged Information. All information disclosed in the course of the audit shall be considered privileged information by the administrator, the carriers, the auditing firm and the pool.
- 10.6. Auditor. All audits shall be conducted by a firm of Certified Public Accountants selected by the board. The audit firm must be independent and with no conflicting interests with any carrier, the pool or the Administrator; and the audit examinations must be made in accordance with the Generally Accepted Auditing Standards of the American Institute of Certified Public Accountants.

## **ARTICLE 11 – ASSESSMENTS**

- 11.1. Initial Capitalization and Interim Assessment. The board shall determine the initial capital needs and may assess each carrier accordingly. The board may, from time to time, make interim assessments on carriers. Interim assessments shall be allowed as offsets to future assessments.
- 11.2. Net Earnings. Each year, the pool's net earnings shall be determined. Net earnings are earned reinsurance premiums, investment income, premium tax revenue and prior assessments in excess of need, less administrative and investment expenses, incurred claims, expense allowances paid, taxes incurred, and agent/broker commissions earned. If the net earnings are negative (i.e., the pool has operated at a loss); the loss shall be recovered by assessments from the carriers as set forth below.
- 11.3. Assessment of Carriers
  - 11.3.1. Any net loss for the year shall be recouped by assessments of carriers based on premium earned from all health benefit plans, policies or certificates of coverage for specific disease and hospital confinement indemnity, including reinsurance by way of excess loss and stop loss coverage, and determined in accordance with Section 41-5508, Idaho Code.
  - 11.3.2. If the proceeds of an assessment exceed the actual net loss for any year, the excess shall be used by the board to offset future losses or to reduce pool premiums. As used in this paragraph, "future losses" includes reserves for incurred but not reported claims.
  - 11.3.3. If the proceeds of an assessment (based upon a good faith estimate of incurred but not reported claims) prove insufficient to offset the actual net loss for any year, such remaining net loss shall be carried forward to the succeeding year and considered in determining pool premium and/or estimated assessments

- 11.4. Late Payments. Assessments shall be paid when billed. If the assessment is not received by the administrator within thirty (30) days of the billing date, interest will be charged from the billing date at the rate of 1.5% per month. The board may suspend reinsurance rights or recommend the Director suspend or revoke the carrier's certificate of authority if payments are not made in accordance with this Article.
- 11.5. De Minimis Assessments. Any assessment of less than \$500 shall not be billed to a carrier, but will be accumulated as a deferred assessment until the cumulative amount deferred exceeds \$500. Any assessment of less than \$50 shall be forgiven.
- 11.6. Assessment Deferral. A carrier may seek from the Director, a deferment from all or part of an assessment imposed by the board. The Director may defer all or part of the assessment of a carrier if the Director determines that the payment of the assessment would place the carrier in a financially impaired condition. If all or part of an assessment against a carrier is deferred, the amount deferred shall be assessed against the other carriers in a manner consistent with the basis for assessment set forth in this Section. The carrier receiving the deferment shall remain liable to the pool for the amount deferred and shall be prohibited from issuing a health benefit plan until such time as it pays the assessments.

## **ARTICLE 12 – REPORTING REQUIREMENTS**

- 12.1. Information Required by Pool. Unless otherwise specified by the board, the following information shall be required by the pool for reinsured risks:
  - 12.1.1. Copy of the Idaho Individual Application;
  - 12.1.2. Identification of the reinsured individual, and any required authorizations for release of medical information, subrogation, third-party liability, etc.;
  - 12.1.3. Name, date of birth, sex, and the identification number of the individual being reinsured;
  - 12.1.4. Plan anniversary date;
  - 12.1.5. Plan version
  - 12.1.6. Effective date of the individual coverage;
  - 12.1.7. Status code as required by the board; and
  - 12.1.8. Hierarchical condition category (HCC) and the high risk medical code(s) with which the reinsured individual has been diagnosed.
  - 12.1.9. The above information may be changed or additional information may be required by the board.

## **ARTICLE 13 – FINANCIAL ADMINISTRATION**

- 13.1. Books and Records. The administrator shall maintain the books and records of the pool so that financial statements can be prepared to satisfy the Idaho Insurance Code, as amended. Further, the books shall satisfy any additional requirements as may be deemed necessary to meet the needs of the board, the Department and outside auditors.
  - 13.1.1. The receipt and disbursement of cash by the pool and financial statements shall be prepared on the accrual basis of accounting.

- 13.1.2. Non-cash transactions shall be recorded when the asset or the liability should be realized by the pool in accordance with generally accepted accounting principles.
- 13.1.3. Assets and liabilities of the pool, other than cash, shall be accounted for and described in itemized records.
- 13.1.4. The net balance due to/from the pool shall be calculated for each carrier and confirmed with carriers as deemed appropriate by the board or when requested by the respective carrier. These balances should be supported by a record of each carrier's financial transaction with the pool. These records include:
  - 13.1.4.1. Assessments, if applicable to the particular carriers.
  - 13.1.4.2. Allocated net earnings/losses of the pool based upon the assessments methodology contained in this Plan of Operation.
  - 13.1.4.3. Any adjustments to assessments as explained in this Plan of Operation.
  - 13.1.4.4. The amount of reinsurance premium due to the pool.
  - 13.1.4.5. The amount of reimbursement due from the pool to carriers.
  - 13.1.4.6. Adjustments to the amount due to/from the pool based upon corrections to the carrier submissions.
  - 13.1.4.7. Interest charges due from the carriers for late payment of amounts due to the pool.
  - 13.1.4.8. Such other records as may be required by the board.
- 13.1.5. The pool shall maintain a general ledger whose balances are used to produce the pool's financial statements in accordance with generally accepted accounting principles. The balances in the general ledger shall agree with the corresponding balances in subsidiary ledgers or journals.
- 13.2. Handling and Accounting of Assets and Money. Money and marketable securities shall be kept in bank accounts and investment accounts as approved by the board. The administrator shall deposit receipts and make disbursements from these accounts.
- 13.3. Bank Accounts. All bank accounts/checking accounts shall be established in the name of the Idaho Individual High Risk Reinsurance Pool, and shall be approved by the board. Authorized check signers shall be approved by the board.
- 13.4. Lines of Credit. All lines of credit shall be established in the name of the Idaho Individual High Risk Reinsurance Pool, and shall be approved by the board. Lines of credit shall be used to meet cash shortfalls.
- 13.5. Investment Policy. All cash shall be invested in available investment vehicles deemed appropriate by the board.
- 13.6. Department Reimbursement. Ongoing administrative expenses incurred by the Department solely to support the Idaho Individual High Risk Reinsurance Pool will be presented to the board for reimbursement.

## **ARTICLE 14 – PENALTIES AND DISPUTE RESOLUTION**

- 14.1. Good Faith and Due Diligence of the Carriers. Given numerous factual determinations and tasks to be performed by carriers relative to their participation in the pool, it is expected that all carriers will exercise the highest degree of good faith and due diligence in all aspects of their relationship with the pool. Errors will occur, however, and it is appropriate that the sanctions applicable to such errors be detailed.
- 14.2. Errors Related to Reinsurance.
  - 14.2.1. Reinsuring an individual ineligible for reinsurance (initial placement or failure to remove an individual becoming ineligible): Coverage for the individual shall be terminated as of the first date of ineligibility. Claims paid by the pool in excess of premiums received are to be returned to the pool with interest. Premium paid in excess of claims will be refunded without interest. An administrative charge established by the board may be assessed in such situations.
  - 14.2.2. Reinsuring an individual eligible for reinsurance at the incorrect premium rate (failure to use correct rates or to apply correct rates to persons reinsured): Reinsurance premiums for the persons involved shall be recalculated and immediate payment of additional premiums must be made, plus interest and an administrative charge. Excess payments will be refunded without interest subject to the limitation on premium refunds.
  - 14.2.3. Reinsuring incorrect Plan: Premiums will be recalculated on the basis of the correct plan and all additional premiums due will be paid immediately, with interest and the administrative charge. Excess premiums will be refunded without interest subject to the limitation on premium refunds.
  - 14.2.4. Incorrect claim payments or submissions: The claim will be recalculated and any amount due to the pool will be repaid immediately, with interest. Adjustments of claim payments for amounts recovered by the carrier under coordination of benefit, subrogation or similar provision shall not be considered errors for which interest or any administrative charge shall be due.
- 14.3. Errors Related to Assessments. All carrier errors related to the assessment shall require the immediate payment of additional amounts due plus interest calculated from the date such sum should have been paid, plus an administrative charge as established by the board.
- 14.4. Errors not Listed. All additional sums due to the pool as a result of errors made by carriers other than those listed above shall be paid immediately, with interest and with the applicable administrative charge.
- 14.5. Gross Negligence and Intentional Misconduct. If the board determines that the nature or extent of the errors related to reinsurance or otherwise by a particular carrier evidences gross negligence or intentional misconduct, the board may, after notice and a hearing, terminate some or all current reinsurance for the carrier or suspend the right of the carrier to sue the reinsurance mechanism for an appropriate period of time. All such actions shall require the concurrence of the Director before they become effective. The board will ensure, to the extent possible, that the suspension or termination of reinsurance for the carrier shall not adversely affect individuals already insured by the carrier.
- 14.6. Interest and Administrative Charges. All interest payments required under this Article shall be calculated from the date the incorrect payment occurred or correct payment should have been made through the date of payment. The rate of interest and the administrative charge shall be

established by the board and may be waived by the board. Errors reported by carriers within ninety (90) days of their occurrence shall not be subject to interest or any administrative charges.

- 14.7. Limitation on Premium Refunds. All premium refunds due under this Article shall be limited to a period of twelve (12) months from the date the error was corrected unless otherwise agreed to by the board.
- 14.8. Carrier Appeal of Disputes to Board. The administrator will act on behalf of the board in attempting to resolve disputes between a carrier and the pool; however, a carrier may request permission to appear before the board at any time, in connection with any dispute with the pool.

## **ARTICLE 15 – INDEMNIFICATION**

- 15.1. Neither the participation in the pool as reinsuring carriers, the establishment of rates, forms or procedures, nor any other joint or collective action required by the Idaho Insurance Code, as amended, shall be the basis of any legal action, criminal or civil liability, or penalty against the pool or any of its reinsuring carriers either jointly or separately.
- 15.2. To the fullest extent permitted by law, the Idaho Individual Health Reinsurance Pool ("pool") shall 1) indemnify any person against all liability and costs, including the amounts of judgments, settlements, fines or penalties, and expenses and reasonable attorney fees incurred in connection with the action, suit, or proceeding as they become due and 2) advance expenses incurred or to be incurred by such person in defending a civil, criminal, administrative or investigative action, suit or proceeding, threatened or commenced by reason of or arising out of the fact said person is or was a director, officer, employee, agent or volunteer of the pool, or is or was serving at the request of the pool or the Idaho Department of Insurance as a director, officer, employee, agent or volunteer of another program, committee, subcommittee or commission. Any such indemnification or advancement of expenses shall not be deemed exclusive of any other rights to which such person may be entitled under any law or agreement, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. Any indemnification or advancement of expenses so granted or paid by the pool shall continue as to a person who has ceased to be a director, officer, employee, agent or volunteer and shall inure to the benefit of the heirs and personal representative of such a person.
- 15.3. No director, officer, employee, agent or volunteer of the pool shall be liable, and no claim for relief or cause of action of any nature may arise against such person, for any act or omission related to the exercise or performance of such person's powers and duties, unless such act or omission constitutes willful or wanton misconduct or a knowing violation of law.
- 15.4. The obligations and undertakings set forth herein are for the express benefit of the indemnity and are in consideration of the services rendered and to be rendered by the indemnity. The indemnity is expected and shall be entitled to rely upon the benefit of this provision.
- 15.5. This indemnification shall not be provided on any matter in which the person is finally adjudged in the action, suit, or proceeding to have committed a breach of duty involving willful or wanton misconduct or a knowing violation of law.

## **ARTICLE 16 – AMENDMENT**

- 16.1. Amendments to this Plan of Operation may be suggested by any carrier and be adopted by the board at any time. Amendments to this Plan of Operation shall be subject to the approval of the Director.

## **ARTICLE 17 – TERMINATION**

- 17.1. The pool shall continue in existence subject to termination in accordance with the requirements of a law or laws of the State of Idaho or the United States of America. In case of enactment of a law or laws which, in the determination of the board and the Director shall result in the termination of the pool, the pool shall terminate and conclude its affairs in a manner to be determined by the board with the approval of the Director. Any funds or assets of any nature held by the pool following termination and payment of all claims and expenses of the pool shall be distributed to the carriers existing at that time in accordance with the then existing assessment formula.

## SCHEDULE A – ELIGIBLE HIGH RISK MEDICAL CONDITIONS

A high risk medical condition is defined for purposes of reinsurance ceding as the diagnostic codes (ICD-10 codes) that are included within the HHS Hierarchical Condition Categories (HHS-HCCs) approved by the Board. HHS maintains the HHS-HCCs and the corresponding ICD-10 codes for purposes of the individual marketplace risk adjustment model. The HHS-HCCs and their underlying ICD-10 codes are published at <https://www.cms.gov/cciiio/resources/regulations-and-guidance>. The Department of Insurance will publish on its website at <https://doi.idaho.gov> the full list of ICD-10 codes and any updates, when available, to assist carriers and the administrator in the ceding process.

<b>Hierarchical Condition Categories</b>
HCC 2: Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
HCC 3: Central Nervous System Infections, Except Viral Meningitis
HCC 4: Viral or Unspecified Meningitis
HCC 6: Opportunistic Infections
HCC 8: Metastatic Cancer
HCC 9: Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia
HCC 10: Non-Hodgkin Lymphomas and Other Cancers and Tumors
HCC 11: Colorectal, Breast (Age < 50), Kidney, and Other Cancers
HCC 19: Diabetes with Acute Complications
HCC 23: Protein-Calorie Malnutrition
HCC 27: Lipidoses and Glycogenesis
HCC 34: Liver Transplant Status/Complications
HCC 35.1: Acute Liver Failure/Disease, Including Neonatal Hepatitis
HCC 35.2: Chronic Liver Failure/End-Stage Liver Disorders
HCC 42: Peritonitis/Gastrointestinal Perforation/Necrotizing Enterocolitis
HCC 45: Intestinal Obstruction
HCC 54: Necrotizing Fasciitis
HCC 55: Bone/Joint/Muscle Infections/Necrosis
HCC 66: Hemophilia
HCC 68: Aplastic Anemia
HCC 69: Acquired Hemolytic Anemia, Including Hemolytic Disease of Newborn
HCC 71: Beta Thalassemia Major
HCC 73: Combined and Other Severe Immunodeficiencies
HCC 74: Disorders of the Immune Mechanism
HCC 75: Coagulation Defects and Other Specified Hematological Disorders
HCC 83: Alcohol Use with Psychotic Complications
HCC 87.2: Delusional and Other Specified Psychotic Disorders, Unspecified Psychosis
HCC 96: Prader-Willi, Patau, Edwards, and Autosomal Deletion Syndromes
HCC 97: Down Syndrome, Fragile X, Other Chromosomal Anomalies, and Congenital Malformation Syndromes
HCC 107: Quadriplegia
HCC 115: Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy
HCC 118: Multiple Sclerosis
HCC 121: Hydrocephalus

HCC 122: Coma, Brain Compression/Anoxic Damage
HCC 125: Respirator Dependence/Tracheostomy Status
HCC 126: Respiratory Arrest
HCC 127: Cardio-Respiratory Failure and Shock, Including Respiratory Distress Syndromes
HCC 128: Heart Assistive Device/Artificial Heart
HCC 130: Heart Failure
HCC 131: Acute Myocardial Infarction
HCC 132: Unstable Angina and Other Acute Ischemic Heart Disease
HCC 135: Heart Infection/Inflammation, Except Rheumatic
HCC 137: Hypoplastic Left Heart Syndrome and Other Severe Congenital Heart Disorders
HCC 138: Major Congenital Heart/Circulatory Disorders
HCC 139: Atrial and Ventricular Septal Defects, Patent Ductus Arteriosus, and Other Congenital Heart/Circulatory Disorders
HCC 145: Intracranial Hemorrhage
HCC 146: Ischemic or Unspecified Stroke
HCC 149: Cerebral Aneurysm and Arteriovenous Malformation
HCC 150: Hemiplegia/Hemiparesis
HCC 151: Monoplegia, Other Paralytic Syndromes
HCC 153: Atherosclerosis of the Extremities with Ulceration or Gangrene
HCC 154: Vascular Disease with Complications
HCC 156: Pulmonary Embolism and Deep Vein Thrombosis
HCC 158: Lung Transplant Status/Complications
HCC 159: Cystic Fibrosis
HCC 162: Fibrosis of Lung and Other Lung Disorders
HCC 163: Aspiration and Specified Bacterial Pneumonias and Other Severe Lung Infections
HCC 183: Kidney Transplant Status/Complications
HCC 184: End Stage Renal Disease
HCC 187: Chronic Kidney Disease, Stage 5
HCC 188: Chronic Kidney Disease, Severe (Stage 4)
HCC 218: Extensive Third Degree Burns
HCC 219: Major Skin Burn or Condition
HCC 226: Hip and Pelvic Fractures
HCC 234: Traumatic Amputations and Amputation Complications
HCC 242: Extremely Immature Newborns, Birthweight < 500 Grams
HCC 243: Extremely Immature Newborns, Including Birthweight 500-749 Grams
HCC 244: Extremely Immature Newborns, Including Birthweight 750-999 Grams
HCC 245: Premature Newborns, Including Birthweight 1000-1499 Grams
HCC 246: Premature Newborns, Including Birthweight 1500-1999 Grams
HCC 247: Premature Newborns, Including Birthweight 2000-2499 Grams
HCC 251: Stem Cell, Including Bone Marrow, Transplant Status/Complications
HCC 253: Artificial Openings for Feeding or Elimination

## **SCHEDULE B – REINSURANCE PARAMETERS**

Covered claims shall be reimbursed as follows.

Beginning January 1, 2018, and continuing through December 31, 2019:

- Attachment point: \$50,000
- Coinsurance rate: fifty percent (50%)
- Maximum annual reinsurance of \$250,000

Beginning January 1, 2020, and continuing through December 31, 2020:

- Attachment point: \$50,000
- Coinsurance rate: sixty percent (60%)
- Maximum annual reinsurance of \$250,000

Beginning January 1, 2021, and continuing through December 31, 2021:

- Attachment point: \$50,000
- Coinsurance rate: seventy percent (70%)
- Maximum annual reinsurance of \$500,000

Beginning January 1, 2022, and continuing through December 31, 2022:

- Attachment point: \$50,000
- Coinsurance rate: sixty-three percent (63%)
- Maximum annual reinsurance of \$500,000

Beginning January 1, 2023, and continuing through December 31, 2023:

- Attachment point: \$50,000
- Coinsurance rate: seventy percent (70%)
- Maximum annual reinsurance of \$665,000

Beginning January 1, 2024, and continuing through December 31, 2024

- Attachment point: \$40,000
- Coinsurance rate: seventy-five percent (75%)
- Maximum annual reinsurance of \$720,000

Beginning January 1, 2025, and continuing until such time as specified by the board in accordance with 41-5505(2), Idaho Code:

- Attachment point: \$35,000
- Coinsurance rate: seventy-five percent (75%)
- Maximum annual reinsurance of \$723,750

## **Idaho Individual High Risk Reinsurance Pool Administrative Services Agreement**

This agreement is entered into as of the \_\_\_\_\_ day of October, 2025, by and between the Idaho Individual High Risk Reinsurance Pool (“IIHRRP” and \_\_\_\_\_ (the “Administrator”).

### **Recitals**

- A. IIHRRP solicited proposals through a Request for Proposals for Administrator Services dated July 14, 2025 (the “RFP”).
- B. Administrator was selected as the preferred administrator services provider.
- C. IIHRRP is an independent public body corporate and politic of the state of Idaho that exists to promote the availability and affordability of individual insurance coverage in Idaho, as further described in the RFP. IIHRRP has provided the Administrator with copies of (i) IIHRRP’s approval from the United States Department of Health & Human Services Centers for Medicare & Medicaid Services (“CMS”) of its Application for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act (“Section 1332 Waiver Application”), and (ii) IIHRRP’s Amended and Restated Plan of Operation (“Plan of Operation”). Together those documents describe the framework for the IIHRRP reinsurance program (“Section 1332 Framework”).
- D. IIHRRP and the Administrator desire to enter into an Administrative Services Agreement for provision of administrative services as described herein and in the RFP beginning as of January 1, 2026.

### **Agreement**

Now, therefore, in consideration of the foregoing and the mutual promises hereinafter set forth, the parties hereto agree as follows:

#### *Article 1: Term and Termination*

*Section 1.1 Initial Term.* The term of this Agreement shall be for two (2) years commencing on January 1, 2026, unless terminated sooner in accordance with the terms of this Agreement (the “Initial Term”).

*Section 1.2 Extension.* The parties may, upon mutual consent, extend the term of the agreement for up to three (3) years (the “Extension Period”). The parties must agree to any such Extension Period on or before July 1, 2027.

*Section 1.3 Termination.* This Agreement may be terminated upon mutual consent of IIHRRP and the Administrator.

*Section 1.4 Termination by IIHRRP.*

(a) IIHRRP may terminate this Agreement for convenience upon sixty (60) days’ notice to the Administrator.

(b) In addition, IIHRRP may, in its sole and absolute discretion, terminate this Agreement upon written notice to the Administrator at any time after the occurrence of any of the following events:

(i) Administrator defaults in the performance or observance of any of the material terms and conditions of this Agreement and fails to cure such default within thirty (30) days of notice of breach by IIHRRP; and

(ii) Administrator is subject to a petition, voluntary or involuntary, under any present or future bankruptcy law which, in the case of an involuntary petition, is not dismissed or discharged within thirty (60) days following the date of its filing.

*Section 1.5 Effect of Change in Law.* In the event that changes are made to the law, regulations, or rules that materially increase the obligations of the Administrator under this Agreement, the Administrator and IIHRRP shall enter into good faith negotiations regarding any increases in service fees required in connection therewith. In the event the parties are unable to reach agreement regarding service fees for increases in scope, the Administrator may terminate this Agreement upon ninety (90) days’ notice to IIHRRP, and upon such notice of termination, the Administrator shall have no duty (contractual or otherwise) to perform such increased obligations or to comply with such changed law, regulations or rules.

*Section 1.6 No Waiver.* No waiver of any failure, breach, violation or default as described above shall be construed as a waiver of any subsequent default, nor shall IIHRRP’s failure to terminate this Agreement in any one or more instances affect its rights to thereafter terminate this Agreement upon occurrence of the same, similar or any other of the events described above.

*Section 1.7 Survival.*

(a) No expiration or termination of this Agreement shall cancel or void any section of this Agreement which, by its nature, extends beyond such expiration or termination, nor shall such expiration or termination operate to release either party from any obligation or liability which has accrued to such expiration or termination.

(b) Notwithstanding anything to the contrary herein contained, after expiration or earlier termination of this Agreement all obligations described in Article 4 and Article 5 shall remain in force until such obligations have been discharged.

*Section 1.8 Post Termination Obligations.* The Administrator agrees that, upon termination of this Agreement, it will:

(a) cooperate fully with IIHRRP to assist in an orderly transfer of the management and operation of the Administration of IIHRRP's reinsurance program to a successor administrator;

(b) promptly upon the date of termination, deliver to IIHRRP, or to such third parties, as IIHRRP may designate, all data, information, financial information and all books and records, including all Confidential Information and Personal Data received, produced or maintained in connection with the Services rendered hereunder and the administration of IIHRRP's reinsurance program, regardless of the format or media in which such information is contained;

(c) assign to IIHRRP or its designees any and all contracts and leases relating to IIHRRP's reinsurance program entered into by Administrator within Administrator's authority under this Agreement, with IIHRRP or its designee agreeing to assume all of the obligations under such contracts and leases on and after the date of termination; and

(d) transfer to IIHRRP or its designee any and all cash, cash equivalents, investments, operating accounts, investment accounts and securities received, held or maintained by the Administrator relating to IIHRRP's reinsurance program, with a final accounting for the transferred balances from the last financial reports delivered to IIHRRP.

To the extent required by IIHRRP, the Administrator agrees to manage the run out of the reinsurance program during the year following the termination of the Term of this Agreement under the terms and conditions set forth herein to the extent submission and payment of claims for the final year of the Term continues into the following calendar year.

*Article 2: Services*

*Section 2.1 Services Provided to IHRRP.* The services to be provided by the Administrator are as follows (“Services”):

- (a) Pursuant to Section 8.3 of the Plan of Operations, the Administrator shall:
- Prepare and submit monthly reports, meeting minutes and an annual report to the Board of Directors.
  - Establish procedures and install the systems needed to properly administer the operations of the pool in accordance with the Idaho Insurance Code and the Plan.
  - Maintain on behalf of the pool, one or more bank accounts for the transaction of business. These bank accounts will be approved by the board.
  - Collect reinsurance premium and collect all other amounts due to the pool on a timely basis.
  - Transmit all cash collected on behalf of the pool to the established financial institutions on a timely basis.
  - Perform reinsurance reimbursement for claims paid.
  - Issue checks or drafts on or approve charges against bank accounts of the pool.
  - Keep all accounting, administrative and financial records of the pool in accordance with the Plan.
  - Serve as a communications resource for carriers in reviewing their operations under Chapter 55 and the Plan.
  - Calculate the assessment in accordance with the methodology specified in Chapter 55 and the Plan, notify carriers of amounts due, and collect appropriate amounts due.
  - Invest available cash in marketable securities as approved by the Board.
  - Prepare an annual estimate of operating costs for the administration of pool operations.
  - Perform other functions as agreed to by the Board and the Administrator in accordance with the Plan.
- (b) In addition to the foregoing, the Administrator shall, on behalf of IHRRP, perform the Services as described in Exhibit A, “Description of Services,” including the preparation and delivery of Work Product, as described in Section 2.5 below.
- (c) The Administrator agrees to comply with all policies and reporting requirements regarding all Services to be performed hereunder as communicated to the Administrator in writing by IHRRP from time to time during the term of this Agreement.

*Section 2.2 Affiliates.* The Services under this Agreement shall be performed by the Administrator and not through any subcontracting of services or similar arrangements.

*Section 2.3 Subcontractors.*

- (a) The Administrator shall not subcontract for any of the Services provided under this Agreement without the written consent of IIHRRP, except for service firms engaged in reproduction, typing and printing.
- (b) Any subcontractors must be engaged under a written contract with the Administrator that includes provisions requiring the subcontractor to comply with this Agreement.
- (c) The Administrator shall be solely responsible for reimbursing any subcontractors, and IIHRRP shall have no direct obligation to any such subcontractors.

*Section 2.4 Timeframe and Performance Benchmarks.*

- (a) Periodically following execution of this Agreement, IIHRRP and the Administrator shall review and agree upon such (i) deliverables, (ii) timeframes, and (iii) performance benchmarks for the Administrator's provision of the Services as may be required to implement the Plan of Operation and Section 1332 Framework. The results of this process shall be memorialized, from time to time, and such documents shall be considered an Addendum to the Description of Services set forth in Exhibit A hereto, to the extent signed by the parties, and in such event shall be incorporated into the Services as defined herein.
- (b) Prior to establishing timeframes and evaluation benchmarks, the Administrator may begin to provide Services hereunder at the direction of IIHRRP's Board of Directors and in accordance with the Plan of Operation and Section 1332 Framework.
- (c) The parties shall negotiate in good faith to establish such deliverables, timeframes and benchmarks. In the event that the parties are unable to reach mutual agreement on a material term, IIHRRP shall have the right to terminate this Agreement without further notice, notwithstanding anything set forth herein. In the event Services are provided in advance of establishing mutually agreed deliverables, timeframes and performance benchmarks, the Administrator shall be entitled to payment in full for all such Services rendered prior to the termination date.

*Section 2.5 Ownership of Work Product.*

(a) Unless otherwise provided in subsection (b), below, and subject to any restrictions on distribution contained herein, all (i) Confidential Information (as defined herein) and (ii) software, flowcharts, storyboards, artwork, models, slogans, logos, tag lines, specifications, names, lists, reports, analyses, charts, tables, schedules, studies, printed materials, brochures, email, fliers, inserts, databases, web sites, web pages and all other materials prepared by the Administrator for IIHRRP pursuant to this Agreement (the “Work Product”) shall be and remain the property of IIHRRP, and any and all rights, title, and interest (including copyright and any other intellectual property or proprietary right) to such Work Product are hereby irrevocably assigned to IIHRRP. Any works of authorship subject to copyright law in the assigned Work Product shall first be deemed “works made for hire” and failing such designation, shall be assigned to IIHRRP pursuant to such assignment. The Administrator hereby agrees to execute any additional documents which may be necessary to evidence such assignment.

(b) The Administrator shall retain all rights, title and interest (including, without limitation, all copyrights, patents, service marks, trademarks, trade secrets and other intellectual property rights) in and to all technical or internal designs, methods, ideas, concepts, know-how, techniques, generic documents and templates that have been previously developed by the Administrator or are developed during the course of the Administrator’s performance of the Services, provided that such generic documents or templates do not contain any Confidential Information or proprietary data of IIHRRP. Rights and Ownership by the Administrator of original technical designs, methods, ideas, concepts, know-how, and techniques shall not extend to or include all or any part of IIHRRP’s proprietary data or Confidential Information. To the extent that the Administrator may include in the materials developed hereunder any pre-existing Administrator proprietary information or other protected Administrator materials, the Administrator agrees that IIHRRP shall be deemed to have a fully paid-up non-exclusive license to make copies of such Administrator-owned materials as part of this engagement for its internal business purposes and provided that such Administrator materials cannot be modified or distributed outside IIHRRP without the written permission of the Administrator or except as otherwise permitted hereunder.

(c) The Administrator represents and warrants that all materials to be prepared by the Administrator pursuant to this Agreement shall be original, developed from materials in the public domain, and/or properly licensed from a third party and that all materials to be prepared under and services to be provided by the Administrator

pursuant to this Agreement shall not infringe or violate any copyright, trademark, patent, trade secret, or other intellectual property or proprietary right of any third party.

(d) The Administrator acknowledges and agrees that all data and information obtained or provided to the Administrator in connection with its services hereunder shall be and remain the sole and exclusive property of IIHRRP. Administrator shall not disseminate such materials, except as provided herein in connection with the Services, nor shall Administrator use such materials for its own purposes or for the account of any other person or entity. IIHRRP grants to Administrator a non-exclusive, limited, non-transferable license to use IIHRRP Materials solely for the purpose of performing its obligations under this Agreement and subject to all instructions of IIHRRP. Administrator shall return IIHRRP Materials upon termination of this Agreement or earlier at the request of IIHRRP in substantially the same condition, normal wear and tear excepted, or destroy or delete them at IIHRRP's direction and provide written certification thereof. Administrator shall not allow any other party to access IIHRRP Materials.

Administrator shall not reproduce or create any derivative works from any software provided by IIHRRP to Administrator, or disassemble, decompile, reverse engineer or make any other attempt by any means to discover or obtain the source code of any software provided by IIHRRP, unless such actions have been specifically authorized in writing by IIHRRP as part of the Services.

(e) Upon termination of this Agreement for any reason, the Administrator shall promptly provide to IIHRRP (or, at IIHRRP's direction, destroy) all IIHRRP property in the Administrator's possession, including without limitation (i) all Work Product and (ii) all originals and any copies of any medical data, health records, personal information, and any similar information provided to the Administrator in connection with the performance of the Services. Notwithstanding the above, Administrator may maintain one copy of all such IIHRRP property in order to comply with applicable work product documentation standards, subject to the continued confidentiality protections provided herein.

*Section 2.6 Amendment to Services Provided to IIHRRP.*

(a) From time to time, IIHRRP may request that the Administrator provide a service that is in addition to the Services, and the Administrator may, in its discretion, agree. The terms of such additional service(s), including applicable fees, shall be set forth in a written supplement to Exhibit A and Exhibit B hereto.

(b) IIHRRP may, at any time, by written notice, make changes within the scope of Services hereunder (such as adjusting timetables, eliminating deliverables, etc.). If such changes would necessitate a material change to the agreed-upon schedule and/or Fee Schedule for the Services, the parties shall determine and implement an equitable adjustment in the Fee Schedule or timeframes, to be incorporated in a written supplement to Exhibit B hereto.

(c) In the event that changes are made to the scope of Services that materially increase the obligations of the Administrator under this Agreement, the Administrator and IIHRRP shall enter into good faith negotiations regarding any increases in service fees required in connection therewith and, on agreement, shall amend the Fee Schedule. In the event the parties are unable to reach agreement regarding service fees for increases in scope, the Administrator may terminate this Agreement upon ninety (90) days' notice to IIHRRP.

*Section 2.7 Disaster Recovery and Business Continuity.* Administrator shall maintain plans to continue business in the event of an interruption to its business or unavailability of any site from which Services are being performed (the "Disaster Recovery and Business Continuity Plans" or "DR Plans"). Administrator agrees that upon reasonable notice, IIHRRP may review the specifics of Administrator's DR Plans for the Services with Administrator. Administrator shall test its DR Plans for the Services on an annual basis and send a report with respect to the results of each such test to IIHRRP. The occurrence of a Force Majeure Event (defined below) or disaster shall not excuse Administrator from having in place reasonable safeguarding plans and procedures designed to protect all IIHRRP Confidential Information in its possession or control. In the event of a natural or other disaster beyond Administrator's reasonable control that interrupts Administrator's performance of any such Services for any period, Administrator shall promptly respond to such disaster in accordance with the procedures contained in the DR Plans in order to resume performance of such Services.

### *Article 3: Service Fees*

*Section 3.1 Fees for Services Provided by the Administrator.* In consideration for the Services performed by the Administrator hereunder, IIHRRP shall pay the Administrator according to the fee schedule attached as Exhibit B "Fee Schedule" (the "Fee Schedule"). Except for reimbursement expressly set forth in the Fee Schedule, all applicable rates include all direct and indirect expenses of providing Services hereunder, including printing expenses, claims administration expenses, management expenses, building overhead expenses, other actual operating and administrative expenses of the Administrator, labor, materials, taxes, profit,

overhead, insurance and all other costs and expenses incurred by the Administrator, unless otherwise noted in Exhibit B.

*Section 3.2 Settlement of Fees.* IIHRRP shall pay amounts due to the Administrator not later than thirty (30) days from the date of the receipt of an invoice from the Administrator (the “Invoice Date”). The Invoice Date shall be determined according to Section 9.1.

*Section 3.3 Audit by IIHRRP.* All Administrator costs incurred in the performance of this Agreement will be subject to audit by IIHRRP. The Administrator shall permit, at a mutually agreeable time, IIHRRP or its authorized representatives to inspect, examine, make excerpts from, transcribe, and copy the Administrator’s books, work, documents, papers, materials, accounts, and any and all data relevant to this Agreement and IIHRRP operations, at any reasonable time, and to audit and verify statements, invoices or bills submitted by the Administrator pursuant to this Agreement. The Administrator shall provide such assistance as may be required in the course of such audit. The Administrator shall retain such records and make them available for inspection hereunder for a period of four (4) years after expiration or termination of the Agreement.

#### *Article 4: Confidentiality*

##### *Section 4.1 Confidential Information.*

(a) “Confidential Information” means any information created, maintained or received by the Administrator from or on behalf of IIHRRP or in performance of the Services under this Agreement, other than (i) information that is or comes to be generally available to the public through no breach of this provision by the Administrator, (ii) information independently developed by the Administrator without resort to information from IIHRRP, (iii) information appropriately received by the Administrator from another source who, to the knowledge of Administrator, is not under an obligation of confidentiality to IIHRRP, or (iv) information required by law or regulation to be disclosed.

(b) All confidential information shall be held in confidence by the Administrator. The Administrator agrees that Confidential Information shall not be disclosed to any third party, and shall exercise all reasonable precautions to prevent the disclosure of Confidential Information to anyone except the officers, employees, agents and subcontractors of the Administrator as necessary to provide the Services. The administrator acknowledges and agrees that Work Product is Confidential Information of IIHRRP. The foregoing restrictions shall continue to

apply after the expiration or termination of this Agreement, regardless of the reasons therefor.

(c) Confidential Information shall remain the sole and exclusive property of IIHRRP and, except as expressly granted in this Agreement, IIHRRP does not grant any license or right to or under any Intellectual Property Rights in its Confidential Information under this Agreement.

(d) Upon the termination of this Agreement, all Confidential Information in the Administrator's possession shall be promptly returned to IIHRRP or, if authorized by IIHRRP in advance, destroyed. If destroyed, destruction shall be certified in writing to IIHRRP. The return and/or destruction of Confidential Information, as provided above, shall not relieve the Administrator of its other obligations under this Agreement. The Administrator may retain, subject to the terms of this Agreement, a copy of Confidential Information as required for compliance with its internal recordkeeping requirements.

(e) If the Administrator receives a subpoena or other validly issued administrative or judicial process requesting Confidential Information or is required by applicable law to disclose the Confidential Information, the Administrator will, to the extent permitted by applicable law, promptly notify IIHRRP, and if requested by the Administrator reasonably cooperate (at the Administrator's expense) with the Administrator in the defense or opposition of such demand. Unless the demand is timely limited, quashed or extended, the Administrator will then be entitled to comply with such demand to the extent required by applicable law.

#### *Section 4.2 Personal Data*

(a) "Personal Data" means any information relating to an identified individual (or an individual whose identity could be discovered based on the information) that Administrator and/or Administrator's officers, employees, agents and subcontractors have access to, receive, create, transmit or maintain on behalf of IIHRRP. Administrator acknowledges and agrees that Personal Data is Confidential Information of IIHRRP.

(b) In addition to and without limiting its obligations under Section 4.1 above, Administrator agrees as follows:

(i) Administrator shall comply with all applicable industry standards and applicable law relating to the protection of Personal Data, to the extent such applicable law applies to the Administrator and IIHRRP;

- (ii) Except to the extent necessary to carry out Administrator's express obligations under this Agreement, Administrator shall not use Personal Data for any purpose;
- (iii) Except to the extent necessary to carry out Administrator's express obligations under this Agreement, Administrator shall not disclose any Personal Data to any person or entity, including, but not limited to, any of Administrator's employees, agents, or subcontractors;
- (iv) If the Administrator proposes to disclose Personal Data to any person or entity to assist the Administrator to perform its duties under this Agreement, Administrator shall first enter into a written confidentiality agreement, with such person or entity under which that person or entity would be restricted from disclosing, using or duplicating such Personal Data, except as contemplated under this Agreement. Notwithstanding any such confidentiality agreement, Administrator shall remain liable for any failure of such person or entity to comply with such confidentiality agreement.
- (v) If requested by IIHRRP, Administrator shall cause any of the Administrator's officers, employees, agents and subcontractors performing Services to enter into a non-disclosure agreement with Administrator to protect the Personal Data in a manner reasonably satisfactory to IIHRRP, and Administrator's agreements with such persons shall contain a covenant requiring execution of such an agreement on request of IIHRRP.
- (vi) Administrator represents and warrants that it has established and shall maintain a written information security program that includes reasonably appropriate administrative, technical and physical safeguards designed to meet the following objectives: (1) protect the security and confidentiality of Personal Data; (2) protect against any anticipated threats or hazards to the security or integrity of Personal Data; and
- (3) protect against unauthorized access to or use of Personal Data (the "Information Security Program"). Administrator shall provide Administrator with copies of its written policies and procedures relating to its Information Security Program upon request, and shall notify Administrator of any material changes to its Information Security Program. As part of its Information Security Program, Administrator shall take appropriate measures not to retain Personal Data for longer than it needs such information to perform its obligations hereunder, and that it properly disposes of Personal Data, whether such information is in paper, electronic or other form.

4.3 *Data Security Breach.* In the event Administrator becomes aware or discovers there has been any unauthorized access, use or disclosure (or attempted unauthorized access, use or disclosure) to or of any unsecured Personal Data, the occurrence of which arises out of any act or omission of, or while such Personal Data is in the possession, custody or control of, Administrator or Administrator's officers, employees, agents and subcontractors (a "Data Security Breach"), Administrator shall, at its sole cost and expense and without limiting IIHRRP's rights and remedies in law or at equity, take the following actions:

- (a) immediately notify IIHRRP of such Data Security Breach;
- (b) promptly report to IIHRRP, to the extent possible the following information:
  - (i) a description of the affected Personal Data; (ii) a description of the facts pertaining to the Data Security Breach, including without limitation, the date of the breach and the date of discovery of the breach, (iii) the names of the individuals who committed or were involved in the Data Security Breach, (iv) the names of the unauthorized individuals or entities to whom Personal Data has been disclosed, and (v) such other information as IIHRRP may reasonably request including, without limitation, the information, data and documentation required by IIHRRP to timely comply with applicable law;
- (c) take reasonable steps to remedy the circumstances that permitted any the Data Security Breach to occur and to prohibit further Data Security Breaches of Personal Data and provide IIHRRP with notice thereof;
- (d) share with IIHRRP the results of any computer forensics analysis of any Data Security Breach conducted by Administrator or any expert retained by Administrator;
- (e) permit IIHRRP (at its expense) to conduct an investigation, during normal business hours upon prior written notice, and in a manner that does not unduly interfere with Administrator's operations, of the scope and content of any unauthorized access;
- (f) cooperate with IIHRRP as reasonably necessary to facilitate compliance with any applicable law regarding unauthorized access, use or disclosure of Personal Data; and,
- (g) pay reasonable costs and expenses incurred by IIHRRP in responding to the Data Security Breach, including, without limitation, (i) paying the cost of notifying affected individuals that information about them was subject to a Data Security Breach; (ii) performing all responsibilities arising under applicable law as a result

of such Data Security Breach (e.g., providing government authorities with notification of the Data Security Breach and providing affected individuals with access to credit counseling services), (iii) performing all additional actions reasonably necessary to mitigate or remediate the financial, reputational or other harm to the individual(s) who are the subject of the Data Security Breach and to IIHRRP (the “Data Breach Mitigation Costs”). Any notice sent concerning a Data Security Breach shall be mutually agreed upon by the parties, such agreement not to be unreasonably withheld, conditioned or delayed.

*Section 4.4 Remedies for Breach of Confidentiality/Personal Data Obligations.* The Administrator agrees that any breach or threatened breach of this Article of this Agreement by a party could cause not only financial harm, but also irreparable harm to the other party; and that money damages may not provide an adequate remedy for such harm. In the event of a breach or threatened breach of this Article of this Agreement by the Administrator, IIHRRP shall, in addition to any other rights and remedies it may have at law or in equity, be entitled to seek equitable relief, including, without limitation, an injunction (without the necessity of posting any bond or surety) to restrain such breach.

*Section 4.5 General.* Administrator shall keep accurate books and records relating to Administrator’s (a) infrastructure (facilities, equipment, hardware, networks); software (operating systems, applications, and utilities); personnel; procedures (automated and manual); and data used, stored, and/or processed by Administrator pursuant to this Agreement (collectively, “Administrator’s System”); and (2) financial, operational, and security controls relating to this Agreement and Administrator’s System. IIHRRP or a contractor of IIHRRP, at no cost to Administrator, is entitled to inspect and audit Administrator’s books, records, operations, and facilities relating to this Agreement and Administrator’s System upon reasonable prior written notice during normal business hours (or such other time as may be required under the circumstances) to ensure Administrator’s compliance with this Agreement, compliance with Administrator’s Information Security Program (defined above), or any other security controls, policies, or procedures required hereunder or required in connection with any regulatory requirements of IIHRRP relating to this Agreement or Administrator’s System.

*Section 4.6 Administrator Control Reports.* Administrator will engage, at IIHRRP’s expense, an independent public accounting firm certified by the American Institute of Certified Public Accountants (“AICPA”) to prepare annually (or otherwise at the Board’s request) an Agreed Upon Procedures Report relating to IIHRRP’s operations, the Administrator’s System and internal controls used to administer

IIHRRP. Any review or audit underlying each AUP Report shall be conducted in accordance with AICPA's Attestation Standards shall utilize the AICPA audit guide entitled "Reports on Controls at an Administrator over Security, Availability, Processing Integrity, Confidentiality, or Privacy." Without limiting the generality of the foregoing, any review or audit underlying each AUP Report shall be conducted and each AUP Report shall be prepared in light of the security controls described in this Agreement and Applicable Law. Each AUP Report shall include without limitation a report on Administrator's management's description of Administrator's System used to administer IIHRRP and the suitability of the design and operating effectiveness of controls, and all elements or components required by the AICPA to be contained therein, including Administrator management's description of Administrator's System used administer IIHRRP; Administrator management's assertion letter; auditor's opinion; and auditor's tests of controls and results of tests. Administrator shall provide Client with a copy of each AUP Report and the related working papers submitted by the auditor regarding any of the matters set forth in this paragraph within thirty (30) days of Administrator's receipt of such report or papers. If any of the foregoing audits, reviews, or reports is no longer the recommended best practice standard by which Administrator is audited to assess the effectiveness of controls relating to security, availability, processing integrity, confidentiality, or privacy, then audits, reviews, and reports hereunder will be performed and provided in accordance the then-current best practice standard. Audits, reviews, and reports hereunder shall be performed and prepared at such frequency and times as Administrator shall determine, but shall be performed at least once annually and provided to IIHRRP together with IIHRRP's annual audit report.

*Section 4.7 Remediation.* If any audit, review, or report hereunder reveals that (a) Administrator's described controls have not been placed into operation during the period of review; or (b) Administrator's described controls are not suitably designed to achieve or do not achieve related control objectives; or (c) there are any other failures or material relevant exceptions relating to Administrator's System, Administrator shall as promptly as possible, but in no event later than thirty (30) days from its receipt of the applicable report, cure all such failures and/or material exceptions and provide IIHRRP with reasonable assurances of the same. Any failure to cure a failure or material exception hereunder shall constitute a material breach of this Agreement.

*Article 5: Indemnification*

*Section 5.1 Generally.* The Administrator shall indemnify, defend, keep and save harmless IIHRRP and its directors, officers, agents and employees against any and all suits, claims, losses, costs, expenses, damages and liabilities, including reasonable attorneys' fees and associated costs, arising from, or caused by, any of the conditions listed below, whether direct or as a result of any claims by third parties:

- (a) any failure to perform Services in accordance with the material terms, conditions or requirements of this Agreement;
- (b) actions arising out of any injury to persons or property that may occur, or that may be alleged to have occurred, arising from the negligent performance of this Agreement by Administrator;
- (c) any allegation that materials or services prepared or provided by the Administrator under this Agreement infringe or violate any copyright, trademark, patent, trade secret, or any other intellectual-property or proprietary right of any third party;
- (d) any unauthorized access, use or disclosure to or of any unsecured Personal Data, the occurrence of which arises out of any negligent act or omission of, or while such Personal Data is in the possession, custody or control of, the Administrator, its officers, employees, agents or subcontractors; this indemnity being in addition to, and not in lieu of, or in limitation of, the provisions of Section 4.3(g);
- (e) the fraud, willful misconduct or negligence of the Administrator, and its subcontractors, and
- (f) any action taken by Administrator or any of its officers or employees which is beyond the scope of Administrator's authority under this Agreement.

IIHRRP shall promptly provide Administrator with written notice of any claim or suit brought against it by a third party which might result in such indemnification and Administrator shall have the option of defending any claim or suit brought against IIHRRP with counsel selected by Administrator and reasonably approved by IIHRRP. IIHRRP shall cooperate with Administrator or its counsel in the preparation and conduct of any defense to any such claim or suit.

*Section 5.2 Attorney's Fees and Expenses.* The Administrator further agrees to defend any and all such actions, suits or claims and pay reasonable charges of attorneys and other reasonable costs and expenses of defenses as they are incurred.

The Administrator may hire its own independent counsel at its cost. If any judgment is rendered against IIHRRP or any of the other individuals enumerated above in any such action, the Administrator shall, at its expense, satisfy and discharge the same.

*Section 5.3 Survival.* The provisions of this Article 5 shall survive termination or expiration of the Agreement.

*Article 6: Insurance and Indemnification*

*Section 6.1 Required Insurance.* Within thirty (30) days of the date hereof, Administrator shall provide evidence of the insurance coverage, in the forms and with the coverage limits, specified in Exhibit C attached hereto.

*Article 7: Representations and Warranties*

The Administrator hereby represents and warrants as follows:

*Section 7.1 Organization.* Administrator is duly organized and existing in good standing under the laws of its state of incorporation and is in compliance with its articles of incorporation and bylaws.

*Section 7.2 Capacity; Authority; Validity.* Administrator has all necessary power and authority to enter into this Agreement and to perform all of the obligations to be performed by it under this Agreement. This Agreement and the consummation by Administrator of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of Administrator. This Agreement has been duly executed and delivered by Administrator, constitutes the valid and binding obligation of Administrator and is enforceable in accordance with its terms.

*Section 7.3 Conflicts; Defaults.* Neither the execution and delivery of this Agreement by Administrator, nor the consummation of the transactions contemplated herein by Administrator, shall (a) conflict with, result in the breach of, constitute a default under or accelerate the performance required by the terms of any contract, instrument or commitment to which Administrator is a party or by which Administrator is bound; (b) violate the certificate of incorporation, bylaws, or any other equivalent organizational document of Administrator; or (c) require any consent or approval under any judgment, order, writ, decree, permit or license to which Administrator is a party or by which Administrator is bound, other than, in the case of (a) above, breaches, defaults or accelerations that would not prevent or reasonably be expected to prevent Administrator from executing this Agreement or impact Administrator's compliance with the terms of this Agreement. Administrator

is not subject to any agreement (i) requiring fundamental changes in the performance of the Services; and (ii) with any governmental authority that would prevent the consummation of the transactions contemplated by, or its ongoing performance of, this Agreement.

*Section 7.4 Litigation.* There is no claim, litigation, proceeding, arbitration, investigation or material controversy pending before any governmental authority to which Administrator is a party and by which it is bound, that would reasonably be expected to prevent Administrator's compliance with the terms of this Agreement.

*Section 7.5 No Consents, Etc.* No consent of any person or entity (including, without limitation, any stockholder or creditor of Administrator) and no consent, license, permit, approval, authorization or exemption by notice of, report to or registration, filing or declaration with, any governmental authority is required in connection with the execution or delivery of this Agreement by Administrator, the validity of this Agreement with respect to Administrator, the enforceability of this Agreement against Administrator, the consummation by Administrator of the transactions contemplated hereby, or the performance by Administrator of its obligations hereunder.

*Section 7.6 Personnel.* Administrator represents and warrants that: (a) all Administrator officers, employees, agents and subcontractors working in the U.S. are authorized to work in the U.S.; (b) it and each Administrator officers, employees, agents and subcontractors or both will obtain at its or their expense all necessary visas, licenses, permits, bonds, documents, or papers of any kind that may be required of any of them to work in the U.S.; (c) with respect to all Administrator officers, employees, agents and subcontractors it is responsible for all wages, salaries, taxes and tax withholding, unemployment insurance, workers' compensation, retirement, insurance, benefits, and any other compensation, contribution, benefit, or withholding imposed by any Applicable Law governing the relationship between employer and employee; (d) it has conducted reasonably appropriate due diligence on Administrator officers, employees, agents and subcontractors, including, where appropriate, screening for acts that might indicate behavior that may expose IIHRRP to risk such as fraud, embezzlement, misappropriation of assets; and (e) Administrator officers, employees, agents and subcontractors will be adequately experienced, qualified and trained to perform their respective obligations under the Services.

*Section 7.7 Services.*

(a) Administrator represents and warrants that: (i) the Services will be performed in a timely and workmanlike manner and in accordance with commercially reasonable industry and professional standards, as well as the terms of this Agreement and the Services; (ii) the Work Product will be free from material defects in materials, title and workmanship; (iii) the Work Product, except as otherwise agreed by the parties in writing, is the original work product of Administrator and Administrator has obtained all rights and consents necessary to grant the rights granted to IIHRRP hereunder, free and clear of all encumbrances or restrictions; (iv) Administrator has obtained all necessary third party rights and consents in order to perform the Services and deliver the Work Product and neither the Services nor the Work Product infringes any Intellectual Property Rights of any third party; and (v) the Work Product shall operate in accordance with the terms of this Agreement, the Services and any applicable specifications or documentation.

(b) In the event of a material breach of the warranty provided under this Section (a “Services Warranty Breach”), Administrator shall, at no cost to IIHRRP, provide the remedial services necessary to cure the breach. If Administrator fails to cure a Services Warranty Breach within a reasonable period time, IIHRRP may, in its sole discretion and in addition to any other remedies it may have in law or equity, immediately terminate the Agreement, without any further obligation or liability of any kind with respect thereto, at which time Administrator shall immediately reimburse IIHRRP for any Fees paid pursuant to this Agreement directly attributable to the non-conforming Services or Work Product.

(c) Administrator is engaged to perform the Services as an independent contractor and under no circumstance as an employee or joint venture partner. Administrator shall serve as an agent of IIHRRP with such agency limited to the scope of Services described herein. The parties each acknowledge and agree that IIHRRP, and not Administrator, has the final discretionary authority to determine what benefits will be paid by IIHRRP. Accordingly, IIHRRP will defend Administrator against any third-party claims relating to IIHRRP and indemnify Administrator against any expense or liability (including reasonable attorneys’ fees) arising from such claims; provided, however, that IIHRRP will not be required to defend or indemnify Administrator hereunder, and Administrator will defend and indemnify IIHRRP against any expense or liability (including reasonable attorneys’ fees), if and to the extent such expense or liability was caused by either Administrator’s breach of its obligations under this Agreement, or Administrator’s negligent act or omission. Except as provided in the preceding sentence, IIHRRP and Administrator will each be responsible for its own acts and omissions and those

of its respective agents. Rights of indemnification under 7.7(c) shall survive termination of this Agreement.

*Section 7.8 Compliance with Law.* Administrator shall in the performance of the Services under this Agreement comply with, and cause all Administrator officers, employees, agents and subcontractors to comply with, all applicable law. For the purposes of this section, “Applicable Law” means all applicable statutes, laws, regulations, ordinances, executive orders, rules, judgments, orders, decrees, directives, guidelines (to the extent mandatory), policies (to the extent mandatory) and other similar directives, whether now or hereafter in effect, of any federal, state, or local or foreign government, any political subdivision, and any governmental, quasi- governmental, judicial, public, or statutory instrumentality, administrative agency, authority, body, or other entity having jurisdiction over Administrator, Administrator officers, employees, agents and subcontractors IIHRRP or the Services, including without limitation, Idaho Code §§ 67-2347 and 67-2359.

#### *Article 8: Taxes and Assessments*

*Section 8.1 Taxes.* Unless otherwise specifically contemplated in this Agreement, the Administrator shall be solely and exclusively responsible for payment of any and all state, federal and international taxes, withholding, benefits payments or other payments due on the charged pursuant to income derived from the Fee Schedule attached as Exhibit B.

*Section 8.2 Reimbursement.* In the event that a state or other jurisdiction, in accordance with existing or future law, determines that the Administrator is liable for payment of any taxes or assessments (other than taxes based upon net income) with respect to any aspect of the performances of the Services under this Agreement, IIHRRP agrees to reimburse the Administrator for the amount of any such taxes or assessments. Any such amount shall be due and payable upon the Administrator’s proper written notification to IIHRRP.

*Section 8.3 Willful Misconduct or Negligence.* IIHRRP shall not be liable for any taxes or assessments that result from the Administrator’s willful misconduct or negligence.

*Section 8.4 Consent.* The Administrator shall not pay any claim or assessment for taxes with respect to any aspect of the Services without the prior written approval of IIHRRP.

**Commented [MW1]:** These laws (which don’t let the state contract with people who are boycotting Israel or with the government of China) apply to all public entities of the state.

*Article 9: Federal Procurement Compliance*

*Section 9.1 Audit.* CMS, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, or records of the Administrator that are directly pertinent to this Agreement, for the purpose of making audit examination excerpts and transcriptions. Further, all required records will be maintained by the Administrator for a period of five years after IIHRRP formally closes out the Section 1332 Framework term.

*Section 9.2 Environmental Notices.* The Administrator shall comply with the requirements of Section 306 of the Clean Air Act (42 U.S.C. § 1857h), Section 508 of the Clean Water Act (33 U.S.C § 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 C.F.R. part 15).

*Section 9.3 Debarment and Suspension.* The Administrator shall comply with the requirements of debarment and suspension regulations implementing Executive Order 12549, Debarment and Suspension (1986) and Executive Order 12689, Debarment and Suspension (1989) at 2 C.F.R. Part 180 and the Department of Homeland Security's regulations at 2 C.F.R. Part 3000 (Nonprocurement Debarment and Suspension).

*Section 9.4 Contracting Notices.* The Administrator shall comply with the requirements of the Byrd Anti-Lobbying amendment, 31 U.S.C. § 1352; 2 C.F.R. Part 200, Appendix II, ¶ I; 44 C.F.R. Part 18; PDAT Supplement, Chapter IV, 6.c; Appendix C, ¶ 4.

*Article 10: Miscellaneous*

*Section 10.1 Notices.* All notices and other required communications regarding this Agreement shall be given to the other party in writing and may be given by personal delivery to a representative of the parties or by mailing the same postage prepaid, addressed as follows:

To the IIHRRP:

Idaho Individual High Risk Reinsurance Pool

c/o Michael Witry, Deputy Attorney General

PO Box 83720

Boise, ID 83720-0043

michael.witry@doi.idaho.gov

To the Administrator:

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The address to which mailings may be made may be changed from time to time by notice mailed as described above. Any notice given by mail shall be deemed given on the day after that on which it is deposited in the United States Mail as provided above.

*Section 10.2 Status of Administrator.* Neither the Administrator nor any party contracting with the Administrator shall be deemed to be an employee of IIHRRP. The Administrator is and shall be an independent contractor and independent third party service provider, and the legal relationship of any person performing services for or on behalf of the Administrator shall be one solely between that person and the Administrator. Administrator shall serve as an agent of IIHRRP with such agency limited to the scope of Services described herein.

*Section 10.3 IIHRRP Warranties.* IIHRRP makes no warranties, representations or agreements, either express or implied, beyond those explicitly stated in this Agreement.

*Section 10.4 Jurisdiction and Venue.* In the event of any dispute arising out of or relating to the engagement of the Administrator by IIHRRP, the parties agree this contract shall be governed by the laws of the state of Idaho. The proper venue for any suit arising out of this Agreement shall be the courts of Ada County, Idaho.

*Section 10.5 Publicity.* Neither party shall use the other party's name, trademarks, or service marks, or refer to the other party directly or indirectly in any media release, public announcement or public disclosure, including in any promotional or marketing materials, customer lists, referral lists, websites or business presentations, without the other party's prior written consent for each such use or release, which consent shall be given in such party's sole discretion.

*Section 10.6 Assignment.* All of the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns and legal representatives. The Administrator shall not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of IIHRRP. IIHRRP may assign this Agreement to any entity which assumes IIHRRP's rights and obligations hereunder.

*Section 10.7 Severability.* If any provision of this Agreement shall be deemed invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.

*Section 10.8 No Third Party Beneficiaries.* This Agreement is not for the benefit of any person or entity other than the parties.

*Section 10.9 Limitation of Liability.* Neither party, nor its officers, directors, agents or employees, shall be liable to the other party for lost profits of the other or for any other type of incidental, special or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of the party whose liability is limited hereunder, or in the event of a breach by the Administrator under Article 4 of this Agreement.

*Section 10.10 Retention of Information.* The Administrator shall maintain all records as to premiums (if any), reimbursements and administrative expenses for a period of seven (7) years following the end of each calendar year. Upon termination of the Agreement, such records will be transferred to the Pool or successor administrator upon request of IIHRRP. The Administrator retains the right to continuing access, upon reasonable notice to IIHRRP, to such records, as necessary, to fulfill the Administrator's business obligations as Administrator.

*Section 10.11 Force Majeure.* Under no circumstances shall a party be liable for any delay in performing its obligations under this Agreement, if, and so long as, its performance is prevented or hindered by a Force Majeure Event, so long as it is taking reasonable action to accomplish such performance as promptly as possible under the circumstances and uses commercially reasonable efforts to provide written notice to the other party identifying the Force Majeure Event. If a Force Majeure Event prevents, hinders or delays performance under this Agreement for a period of sixty (60) days or longer, either party may terminate this Agreement, in whole or in part, by providing thirty (30) days written notice to the other party. "Force Majeure Event" means acts of war, acts of God, earthquake, fire, flood or extreme weather conditions, embargo, riot, sabotage, terrorist acts or other extraordinary and unexpected manifestations of physical occurrences.

*Section 10.12 Investments.* The Administrator shall invest available cash as directed by the Board. The Administrator shall be under no duty to (a) question or make inquiries as to any action or direction of the Board, (b) give directions regarding investment, (c) review the securities subject to the investment direction of the Board, or (d) to make any suggestions to the Board with respect to investment and reinvestment of assets of IIHRRP.

*Section 10.13 Entire Agreement.* This Agreement, including any attachments and Exhibits, and the Plan of Operation and Section 1332 Framework constitute the entire Agreement between the parties with respect to the subject matter hereof and may not be amended except by the procedures described herein. In the event of a conflict between the terms and conditions of this Agreement and the Exhibits hereto, the terms of this Agreement shall prevail. In the event of a conflict between the terms and conditions of this Agreement and the Plan of Operation and Section 1332 Framework, the terms of this Agreement shall prevail.

*Dated* this \_\_\_\_\_ day of October, 2025.

\_\_\_\_\_

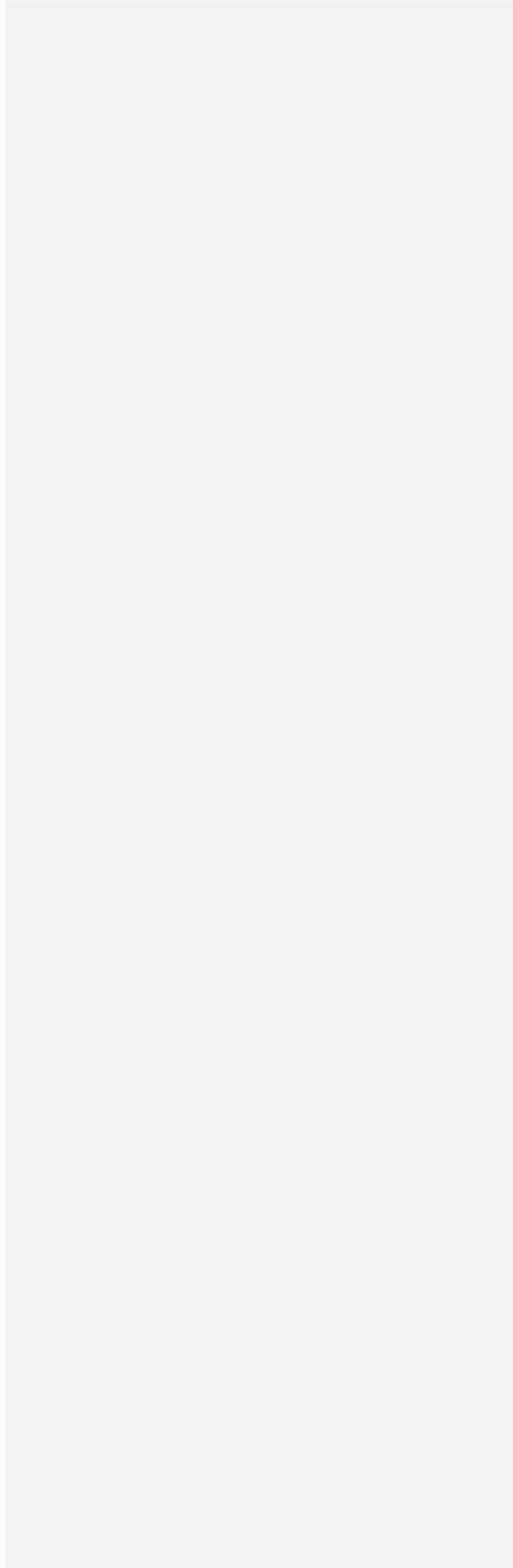
Hyatt Erstad

Idaho Individual High Risk Reinsurance Pool

*Dated* this \_\_\_\_\_ day of October, 2025.

\_\_\_\_\_

Contractor



## **Exhibit A: Description of Services**

*Management Services.* The Administrator will be responsible for managing all aspects of the IIHRRP reinsurance program, under the direction of the Board, and working in conjunction with its legal counsel, actuary and the other professional service providers described herein, with the ability to exercise judgment in program and organizational planning to ensure the efficient and effective operation of IIHRRP, respond to the needs of member insurers, coordinate service providers and assure compliance with all applicable laws, rules and regulations.

- Administering of the day-to-day operations of IIHRRP.
- Implementation and oversight of the IIHRRP reinsurance program.
- Implementation and oversight of the IIHRRP assessment process, including assessment calculation, billing, processing and collection.
- Managing the federal Payment Management Services (“PMS”) draw down process, and preparation and submission of FFRs required in connection with IIHRRP’s Section 1332 Grant.
- Working effectively and efficiently with member insureds in the implementation and administration of the IIHRRP reinsurance program, including interim reporting and submission and processing of claims.
- Assessing ceded life eligibility based upon the list of conditions established by the Board.
- Assisting the Board and IIHRRP’s actuarial consultants and counsel in the determination of assessment levels, reinsurance program parameters, attachment points, monthly reports of incurred but not reported claims, coinsurance levels and all financial modeling associated therewith, including the provision of all data necessary for actuarial analysis of the IIHRRP reinsurance program and determination of appropriate assessments, reinsurance cost-sharing parameters, and IBNR estimates.

- Establishing procedures and install and maintain the systems needed to properly administer the operations of IIHRRP in accordance with applicable law.
- Accurately, and in a timely manner, assembling and filing all reports required under applicable laws, rules and regulations, together with any other required filings and reports which are not within the expertise or contracted services of any Service Provider (e.g. CMS required PMS reporting).
- Monitoring and proposing revisions to, if necessary, IIHRRP's Plan of Operation.
- Acting as a communications resource for member insurers regarding the reinsurance program operated by IIHRRP.
- Maintaining all records pertaining to IIHRRP and the operation of its business in accordance with record retention policies adopted by the Board.

#### *Financial Services*

- Providing all finance and accounting services necessary for the operation of the IIHRRP reinsurance program, as described herein.
- Preparing and maintaining all financial information and reports of IIHRRP, including timely preparation and presentation to the Board of accurate, easy-to-understand financial reports, and such interim reporting as the Board may direct.
- Maintaining general ledger systems and administer all accounts payable and accounts receivable.
- Preparing, implementing, and monitoring budgets.
- Maintaining and accounting for IIHRRP funds.
- Managing billing, payment, collection process for assessments and 1332 Grant proceeds.

- Working with IIHRRP's independent accountants in the preparation of its annual audited financial statements, and managing the certification and filing with any necessary state and federal authorities.
- Establishing on behalf of IIHRRP required accounts for the transaction of IIHRRP business, as approved by the Board. Recommend to the Board and implement, from time to time, appropriate procedures for cash management and investment planning and management with the financial institutions(s) designated by the Board. Manage cash collection on behalf of IIHRRP.
- Recommending to the Board and apply for, from time to time, appropriate grants or other sources of funding or credits.
- Performing reinsurance reimbursement for claims paid consistent with the timelines established by the Plan.
- Issuing checks, drafts, electronic payments and/or approve charges against bank accounts of IIHRRP.
- Collecting and providing all information required in order to calculate assessments in accordance with the IIHRRP Plan of Operation.
- Investing available cash in accordance with investment guidelines approved by the Board and report to the Board all cash management and investment activities results.
- Assisting IIHRRP in establishing and maintaining any necessary lines of credit or other credit facilities necessary for the operation of IIHRRP's business, as determined by the Board, if any.
- Performing other necessary functions as directed by the Board.

*Technology and Systems.*

- Providing all necessary technology, systems, software and related support required in connection with IIHRRP operations.
- Maintaining a complete database of all information related to the business of IIHRRP and its reinsurance program, including insureds,

member insureds, assessments, ceded lives, premium calculation (if any), billing and collection and such other information as is relevant to IIHRRP operations.

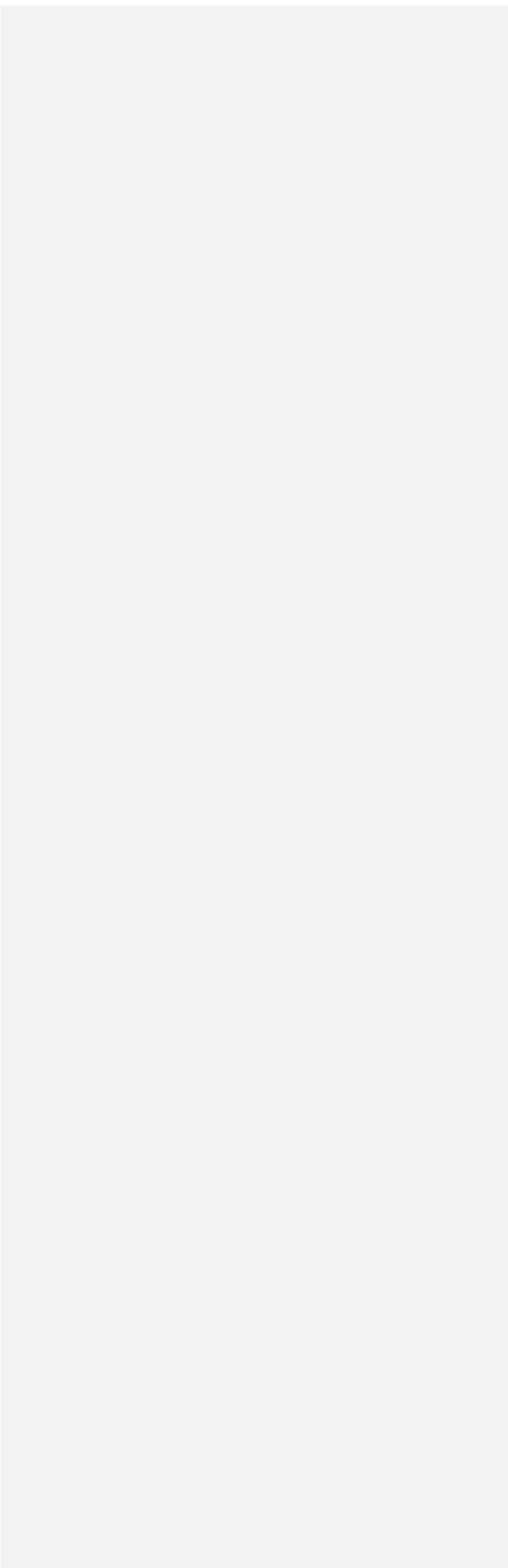
*Planning and Compliance.*

- Serving the Board in an advisory capacity, developing recommendations and submitting reports as needed or requested.
- Working with IIHRRP legal counsel to maintain compliance by IIHRRP with all laws and regulations applicable to IIHRRP and the operation of its reinsurance program, including without limitation all filing and reporting requirements, and with the provisions of Chapter 55, the Plan of Operation, and its 1332 Waiver.

*Government and Public Relations.*

- Assisting the Board with regulatory, governmental and public relations matters, as directed by the Board and counsel.

**Exhibit B: Fee Schedule**



## Exhibit C: Insurance Requirements

A Insurance Coverage. During the term of the Agreement, and at its own cost, Administrator shall obtain and maintain the following insurance coverage. With respect to claims-made policies, coverage will be maintained for at least an additional 2 years after completion of all Services. The amounts as specified are minimums only. The actual amounts above the minimums shall be determined by Administrator. In addition, for any Services that are authorized to be subcontracted, Administrator shall require each Administrator to procure and maintain all insurance as outlined herein.

- i. Professional Errors & Omissions insurance covering financial losses suffered by IIHRRP due to error, omission or negligence of Administrator including its employees and agents in the performance of the Services with a minimum per occurrence limit of not less than one million dollars (\$1,000,000) and three million dollars (\$2,000,000) in the aggregate.
- ii. Technology errors and omissions insurance covering any failure of Administrator's Deliverables or Services to perform as promised under the Agreement, including, without limitation, (1) replacement or restoration of electronic data, (2) intellectual property endorsement (excluding any patent coverage), and (3) cyber risk, privacy breach and/or network security damages and mitigation costs with limits of not less than \$1,000,000 per occurrence and combined annual aggregate liability limit of not less than \$2,000,000.
- iii. Commercial General Liability coverage including coverage for Premises/Operations, Contractual Liability, Products/Completed Operations, and Personal Injury and Advertising Injury, with limits of not less than \$1,000,000 per occurrence and \$2,000,000 per occurrence. Administrator shall maintain Products/Completed Operations coverage for a period of at least three (3) years after completion of all Services provided under this Agreement.
- iv. Workers' Compensation Insurance for its employees in accordance with the statutory requirements of the state where the work is being performed.
- v. Fidelity and computer crime insurance in an amount of one million dollars (\$1,000,000) per occurrence, or such other amount as may be reasonably required by IIHRRP's Board, such insurance to extend to loss Administrator or IIHRRP might suffer as a result of fraudulent or dishonest acts of Administrator's directors, officers, employees, agents or Administrators in performing any or all of the

Services under this Agreement. Administrator will ensure that such insurance covers with a \$10,000 deductible theft, forgery, robbery, theft of money, criminal conduct, and any fraudulent activity.

vi. If Administrator will be using motor vehicles in the performance of Services, then Automobile Liability insuring any auto, including hired autos, and non-owned autos with limits of not less than \$1,000,000 per occurrence and \$2,000,000 per occurrence.

B Each insurance policy shall be placed with an insurer that has an A.M. Best's Rating of not less than "A" and a policyholder surplus of at least \$100,000,000.

C The Commercial General Liability policy shall be endorsed to add IIHRRP as an additional insured and contain a standard separation of insured clause.

D Each policy shall be endorsed to provide that the insurer will give IIHRRP a minimum of thirty (30) days prior written notice of cancellation and intent not to renew or per policy provisions. If Administrator intends to make a material change in policies from that listed in this Exhibit, Administrator shall give IIHRRP a minimum of thirty (30) days prior written notice of the change, or per policy provisions, including without limitation any material reduction in the policy limits of any policy or material reduction in the scope of coverage.

E With respect to policies written on a "claims-made" basis, such insurance shall provide for a retroactive date not later than the commencement of Services under this Agreement. Administrator and/or Administrators shall provide evidence of renewals of any claims made policies each year, including for two (2) years after the completion of services. If an event occurs, arising from the performance of this Agreement, which is covered under the claims made policy, Administrator and/or Administrator shall promptly notice the carrier and provide a copy of the notice of claim to IIHRRP. IIHRRP may, with notice to Administrator and/or Administrator, provide notice of claim under any claims made policy if Administrator and/or Administrator fail to do so within a reasonable time. All of the insurance required hereunder will be primary to any or all other insurance coverage in effect for IIHRRP.

F In addition to, but not in place of, the indemnification obligations outlined in Article 5 of the Agreement, it is the intent of the parties that any claims against IIHRRP arising out of the Agreement will be paid, up to the limits of liability, by the insurance policies listed in this Exhibit.

# Procurement Policy for Idaho Individual High Risk Reinsurance Pool

## I. Purpose

The purpose of this policy is to establish guidelines that meet or exceed the procurement requirements for purchases of goods (apparatus, supplies, materials, and equipment), services, and construction or repair projects.

## II. Policy

- A. **Application of Policy.** This policy applies to contracts for purchases of goods and services. The requirements of this policy also apply to any subrecipient of the funds.
- B. **Compliance with State Law.** The Idaho Individual High Risk Reinsurance Pool (“the Pool”) will not accept any funds that would obligate the Pool to violate state law.
- C. **Contract Award.** The Board shall award contracts only to the lowest responsive responsible bidder possessing the ability to perform successfully under the terms and conditions of the contract.
- D. **No Evasion.** No contract may be divided to bring the cost under bid thresholds or to evade any requirements under this Policy or state and federal law.
- E. **Contractors’ Conflict of Interest.** Parties that assist in the development or drafting of specifications, requirements, statements of work, invitation for bids or requests for proposals shall be excluded from competing for such requirements.
- F. **Approval and Modification.** The administrative procedures contained in this Policy are administrative and may be changed as necessary at the staff level to comply with state and federal law.

## III. General Procurement Standards and Procedures:

The Board shall procure all contracts in accordance with the requirements of this Section of the Policy.

- A. **Necessity.** Purchases must be necessary to perform the scope of work and must avoid acquisition of unnecessary or duplicative items. The Procurement Committee should check with the federal and state surplus property agencies prior to buying new items when feasible and less expensive. Strategic sourcing should be considered with other departments and/or agencies who have similar needs to consolidate procurements and services to obtain better pricing.

- B. Clear Specifications.** The Procurement Committee shall draft all solicitations, which shall incorporate a clear and accurate description of the technical requirements for the materials, products, or services to be procured, and shall include all other requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals. Technical requirements must not contain features that restrict competition.
- C. Notice of Federal Funding.** All bid solicitations must acknowledge the use of federal funding for the contract if the project is federally funded. In addition, all prospective bidders or offerors must acknowledge that funding is contingent upon compliance with all terms and conditions of the funding award.
- D. Compliance by Contractors.** All solicitations shall inform prospective contractors that they must comply with all applicable federal laws, regulations, executive orders, and terms and conditions of the funding award.
- E. Fixed Price.** Solicitations must state that bidders shall submit bids on a fixed price basis and that the contract shall be awarded on this basis unless otherwise provided for in this Policy. Cost plus percentage of cost contracts are prohibited. Time and materials contracts are prohibited in most circumstances. Time and materials contracts will not be used unless no other form of contract is suitable and the contract includes a “Not to Exceed” amount. A time and materials contract shall not be awarded without express written permission of the federal agency or state pass-through agency that awarded the funds.
- F. Use of Brand Names.** When possible, performance or functional specifications are preferred to allow for more competition leaving the determination of how to reach the required result to the contractor. Brand names may be used only when it is impractical or uneconomical to write a clear and accurate description of the requirement(s). When a brand name is listed, it is used as reference only and “or equal” must be included in the description.
- G. Lease versus Purchase.** Under certain circumstances, it may be necessary for the Procurement Committee to perform an analysis of lease versus purchase alternatives to determine the most economical approach.
- H. Documentation.** Documentation must be maintained by the Board detailing the history of all procurements. The documentation should include the procurement method used, contract type, basis for contractor selection, price, sources solicited, public notices, cost analysis, bid documents, addenda, amendments, contractor’s responsiveness, notice of award, copies of notices to unsuccessful bidders or offerors, record of protests or disputes, bond documents, notice to proceed, purchase order, and contract. All documentation relating to the award of any contract must be made available to the granting agency upon request.

- I. **Cost Estimate.** For all procurements costing \$250,000 or more, the Procurement Committee shall develop an estimate of the cost of the procurement prior to soliciting bids. Cost estimates may be developed by reviewing prior contract costs, online review of similar products or services, or other means by which a good faith cost estimate may be obtained.
- J. **Contract Requirements.** The Procurement Committee must prepare a written contract incorporating the provisions referenced in Section II.C of this Policy.
- K. **Debarment.** No contract shall be awarded to a contractor included on the federally debarred bidder's list.
- L. **Contractor Oversight.** The Board must maintain oversight of the contract to ensure that contractor is performing in accordance with the contract terms, conditions, and specifications.
- M. **Open Competition.** The Procurement Committee must prepare solicitations in a way to be fair and provide open competition. The procurement process shall not restrict competition by imposing unreasonable requirements on bidders, including but not limited to unnecessary supplier experience, excessive or unnecessary bonding, specifying a brand name without allowing for "or equal" products, or other unnecessary requirements that have the effect of restricting competition.
- N. **Geographic Preference.** No contract shall be awarded on the basis of a geographic preference.

#### IV. Specific Procurement Procedures

The Board Chair shall solicit bids in accordance with the requirements under this Section of the Policy based on the type and cost of the contract.

- A. **Service Contracts Purchase Contracts costing less than \$10,000** shall be procured using the "micro-purchase" procedure as follows:
  - 1. The Board may award the contract without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
  - 2. To the extent practicable, purchases must be distributed among qualified suppliers.
- B. **Service Contracts and Purchase Contracts costing \$10,000 up to \$90,000** shall be procured using the "small purchase" procedure as follows:
  - 1. The Procurement Committee shall obtain price or rate quotes from an "adequate number" of qualified sources (a federal grantor agency might issue guidance interpreting "adequate number," so the Pool should

review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).

2. Cost or price analysis is not required prior to soliciting bids.
3. The Board shall award the contract on a fixed-price basis (a not-to-exceed basis is permissible for service contracts where obtaining a fixed price is not feasible).
4. The Board shall award the contract to the lowest responsive, responsible bidder.

**C. Service Contracts Purchase Contracts costing \$90,000 and above shall be procured using the “sealed bid” procedure as follows:**

1. The Procurement Committee shall conduct Cost or price analysis prior to soliciting bids.
2. The Procurement Committee shall make complete specifications or purchase descriptions available to all bidders.
3. The bid must be formally advertised in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
4. The Board shall open bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
5. The Board shall award the contract to the lowest responsive, responsible bidder on a fixed-price basis. Any and all bids may be rejected only for “sound documented reasons.”

**D. Service Contracts costing \$250,000 and above may be procured using the “competitive proposal” procedure when the “sealed bid” procedure is not appropriate for the particular type of service being sought. The procedures are as follows:**

1. A Request for Proposals (RFP) must be publicly advertised. Formal advertisement in a newspaper is not required so long as the method of advertisement will solicit proposals from an “adequate number” of qualified firms.
2. The Procurement Committee shall identify evaluation criteria and relative importance of each criteria (criteria weight) in the RFP.
3. The Procurement Committee shall consider all responses to the publicized RFP to the maximum extent practical.
4. The Board must have a written method for conducting technical evaluations of proposals and selecting the winning firm.

5. The Board shall award the contract to the responsible firm with most advantageous proposal taking into account price and other factors identified in the RFP.
6. The Board shall award the contract on a fixed-price or cost-reimbursement basis.

**E. Procurement Using Federal Funds.** All federally funded projects, loans, grants, and sub-grants, whether funded in part or wholly, are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (Uniform Guidance) codified at 2 C.F.R. Part 200 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. All contracts paid for in whole or in part with federal funds shall be in writing. The written contract must include or incorporate by reference the provisions required under 2 C.F.R § 200.326 and as provided for under 2 C.F.R. Part 200, Appendix II.

## V. Exceptions

Non-competitive contracts are allowed *only* under the following conditions and with the written approval of the federal agency or state pass-through agency that awarded the federal funds:

- A. Sole Source.** A contract may be awarded without competitive bidding when the item is available from only one source. The Procurement Committee shall document the justification for and lack of available competition for the item. A sole source contract must be approved by the Board.
- B. Public Exigency.** A contract may be awarded without competitive bidding when the Board finds that there is a public exigency. A public exigency exists when there is an imminent or actual threat to public health, safety, and welfare, and the need for the item will not permit the delay resulting from a competitive bidding.
- C. Inadequate Competition.** A contract may be awarded without competitive bidding when the Procurement Committee determines competition to be inadequate after attempts to solicit bids from a number of sources as required under this Policy does not result in a qualified winning bidder.
- D. Federal Contract.** A contract may be awarded without competitive bidding when the purchase is made from a federal contract available on the U.S. General Services Administration schedules of contracts.
- E. Awarding Agency Approval.** A contract may be awarded without competitive bidding with the express written authorization of the federal agency or state pass-through agency that awarded the federal funds so long as awarding the contract without competition is consistent with state law.