

EXHIBIT A - STATEMENT OF WORK

1. PURPOSE OF THIS REQUEST FOR QUOTATION

A. The purpose of this Request for Quotation (RFQ) is to acquire the services of a vendor who will create, maintain, support, and market an online insurance verification system for the Department of Motor Vehicles (DMV).

B. BACKGROUND

Effective January 1, 2006, California Vehicle Code (CVC) § 16058(a) established the Vehicle Registration Financial Responsibility Program (VRFRP) which required insurance companies to electronically report to the Department of Motor Vehicles all existing and new Private Passenger Automobile Liability (PPAL) insurance policies and any changes (including cancelled policies) to previously reported policies. California Regulations were adopted which required the reporting to occur at a minimum of once every 30 days. Cancelled policies must be reported within 45 days of the date of cancellation. In most cases, large companies report policy information on a daily or weekly basis. Carriers that offer commercial policies are not required to report policy information, but some do so voluntarily.

CVC § 4000.38, implemented on October 1, 2006, established a Vehicle Registration Financial Responsibility Suspension Program for vehicles owners who:

- Fail to obtain and/or maintain liability insurance coverage;
- Fail to provide evidence of financial responsibility within 30 days after the issuance of the registration certificate upon initial registration or transfer of ownership; or
- Provide fraudulent evidence of financial responsibility.

2. CURRENT AND PROPOSED ENVIRONMENT

A. Overview of the Current System

Insurance companies are assigned an identifying number for their company by the National Association of Insurance Commissioners (NAIC). Some insurance companies have more than one NAIC. There are approximately 156 PPAL and 226 commercial insurance NAICs authorized to provide liability insurance in California. Electronic insurance is reported to DMV by approximately 114 insurance companies who report 333 different NAICs. Some insurance companies report insurance for their own company, but also, by agreement, report electronic insurance for other companies. Further, there are service companies who specialize in reporting electronic insurance on behalf of insurance companies. Although commercial insurance reporting is voluntary, an increasing number of commercial NAICs voluntarily participate in this process, although most of the companies report only PPAL.

When insurance information is received by use of DMV's electronic insurance process, the policy information updates the DMV's California Automobile Liability Insurance (CALI) database. This method of collecting insurance through a file sent to the DMV and maintained in the CALI database is referred to as "Electronic Insurance."

The department tracks records of new vehicles, vehicles that have changed ownership, and vehicles whose insurance policy has been reported as cancelled for 45 days. If insurance or replacement insurance is not found on the CALI database at the end of the tracking period, a Notice of Intent to Suspend letter is mailed to non-compliant vehicle owners giving them an additional 30 days to provide evidence of valid insurance. Tracking will end, and no action will be taken against the vehicle if insurance is received before the suspension takes place at the end of 30 days. If insurance is not received, the vehicle registration is suspended, and a Notice of Suspension letter is mailed to the vehicle owner. To reinstate a suspended registration, vehicle owners must submit evidence of insurance and pay a reinstatement fee.

Tracking vehicle records for insurance compliance is accomplished by use of a DMV-built Tracking Database (TDB). The TDB receives records of non-complying vehicles and generates Vehicle Insurance Program (VIP) letters, such as the Notice of Intent to Suspend letter. The TDB also receives insurance by interfacing with CALI and On Line Verification (OLV), which allows a method to collect reinstatement fees, and opens or ends vehicle insurance suspension actions.

OLV differs from Electronic Insurance since OLV is a point-in-time verification initiated by the customer through an online web application. It is most often initiated by the customer in response to the receipt of a Notice of Intent to Suspend or Notice of Suspension letter. Using OLV, the customer enters the required data into the web application. The data is sent to the identified insurance company for verification, and a "confirmed" or "unconfirmed" message is relayed from the insurance company database. If the insurance is confirmed using OLV, the TDB is updated showing that insurance has been received. In contrast to OLV, if insurance is received through the electronic insurance process, the Vehicle Identification Number (VIN) is added to CALI and the TDB receives the insurance information from CALI through an automated batch process. Insurance verification received through OLV is not added to CALI.

The following diagram depicts the process flow identifying the business function and the IT infrastructure. DMV's technical infrastructure for this program resides at the State Data Center of the California Department of Technology (CDT).

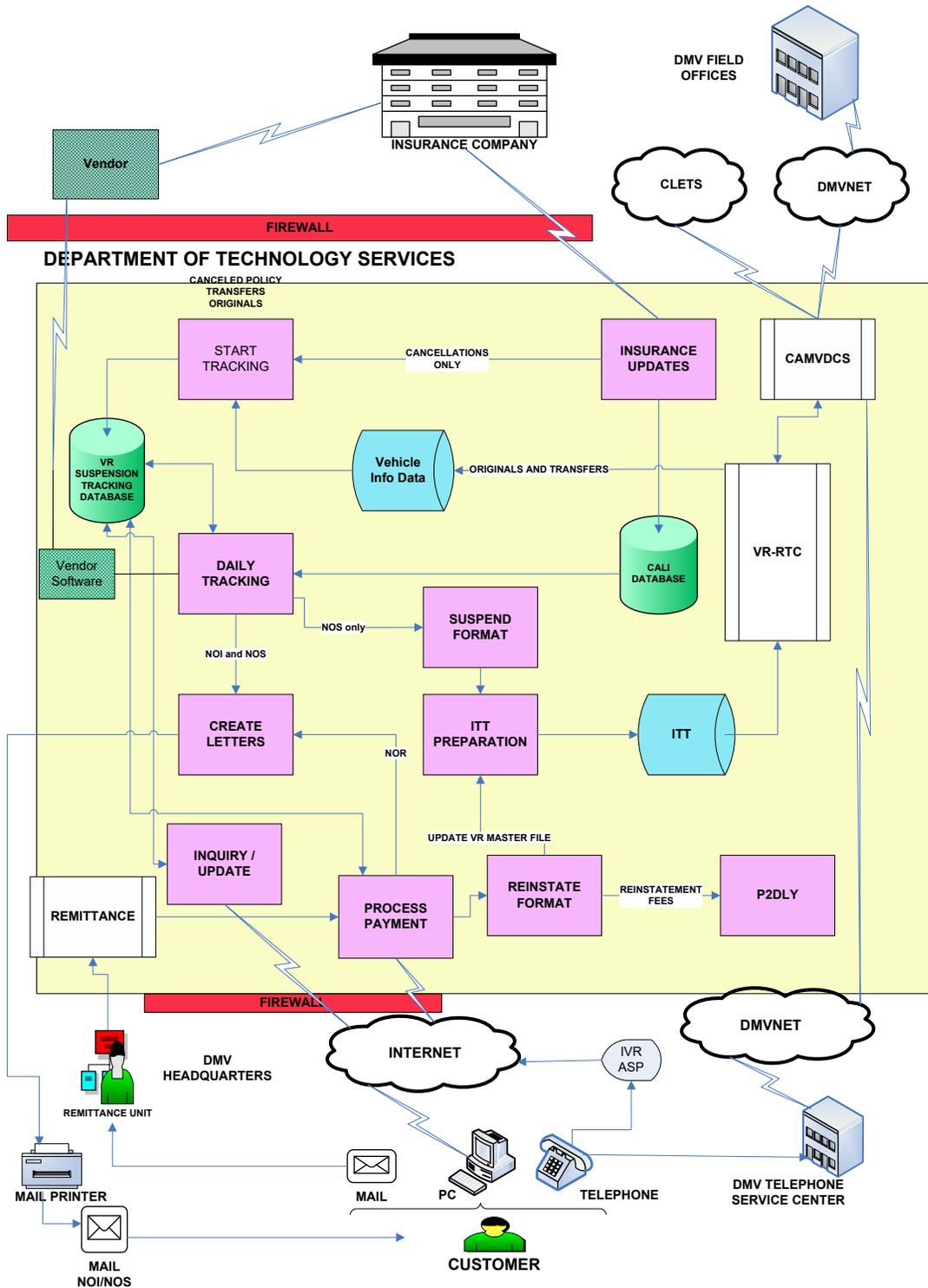


Figure 1 – VIP Web Services Reporting Agent Overall Flow Diagram

B. Technical Architecture

The primary DMV technical environment is comprised of three-tier architecture. The first tier consists of the DMVA system. The DMVA system is an in-house developed application system that is deployed across Headquarters processing units and 170 DMV field office locations. The system uses a localized processor to access driver license or vehicle-related data from DMV master files that are centrally located within a State data center. Once a record is downloaded from central files, the DMVA application allows staff to perform tasks such as renewing a vehicle registration or driver license. Updated records are subsequently reapplied to master files using a combination of batch and on-line processes.

The middle tier of the architecture is the network layer. DMV field office locations are linked to centralized systems via a frame relay network. A major portion of the message traffic flows through a DMV-developed message switch, referred to as the California Motor Vehicle Data Communications System (CAMVDCS). The system runs under the Customer Information Control System (CICS) monitor at the central State data center. Transactional workload from around the state, as well as the nation, is routed through CAMVDCS to DMVA application systems.

The third tier consists of “backend” processing systems and associated data repositories. DMV application systems support DMVA processors, law enforcement access, and a variety of county, state, and national user entities.

Overall, the DMV technical environment processes nearly 1.5 Million daily transactions. The major data resources are comprised of driver license data (over 24 million entries) and vehicle registration data (approximately 40 million entries). The DMV system operational requirements are 24x7 with sub-second backend processing times.

The department has established additional applications and databases that interface with the core architecture. DMV’s CALI represents such a database. Participating insurance companies submit policy changes, additions and cancellations to DMV for inclusion in a DB2 database of insured vehicles. CALI is accessed by several application systems, such as registration renewal, and the TDB.

C. VIP Web Services System Overview

The VIP Web Services Solution is the online interface between the insurance company and the DMV Insurance Verification Web Page. The solution operates in the background and communicates with the DMV Insurance Verification Web Page via formatted messages. Figure 2, below, diagrams and explains the process.

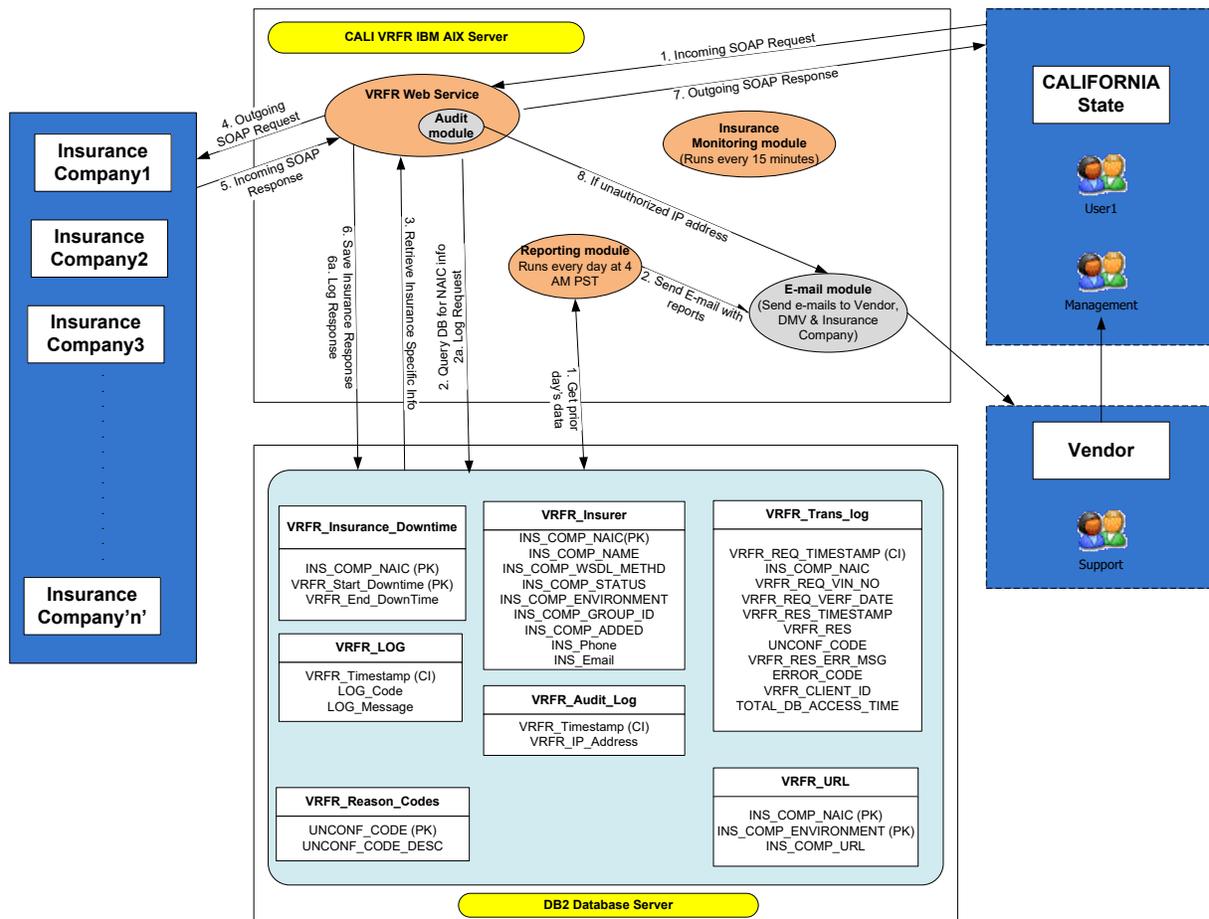


Figure 2 – VIP Web Services Solution and Reporting Module Overall Flow Diagram

The VIP Web Services Solution (Online Insurance Verification, or OLV) consists of the following:

1. VIP Web Service System, which calls the Audit Module
2. VIP Insurance Monitoring Agent, which calls the Email Module
3. Reporting Module

The VIP Web Service System (Figure 2) has the ability, as shown in the flow diagram to:

1. Take incoming insurance requests in the form of Simple Object Access Protocol (SOAP) requests, from the DMV Insurance Verification Web Page and from the Insurance Monitoring Module, and perform validations on the input parameters;
2. Request insurance specific data from the database;

3. Retrieve insurance specific data from the database;
4. Perform outgoing insurance verification requests in the form of SOAP requests to configured insurance companies;
5. Receive incoming insurance verification responses in the form of SOAP responses from the Insurance companies;
6. Log the responses into the database, and Audit Module;
7. Respond back to the DMV Insurance Verification Web Page/Insurance Monitoring Tool with 'Confirmed', 'Unconfirmed with possible reason codes' or 'error messages', and;
8. If an unauthorized IP address is identified as having initiated the insurance verification request, an Anomalous Activity e-mail is sent to the DMV and the vendor.

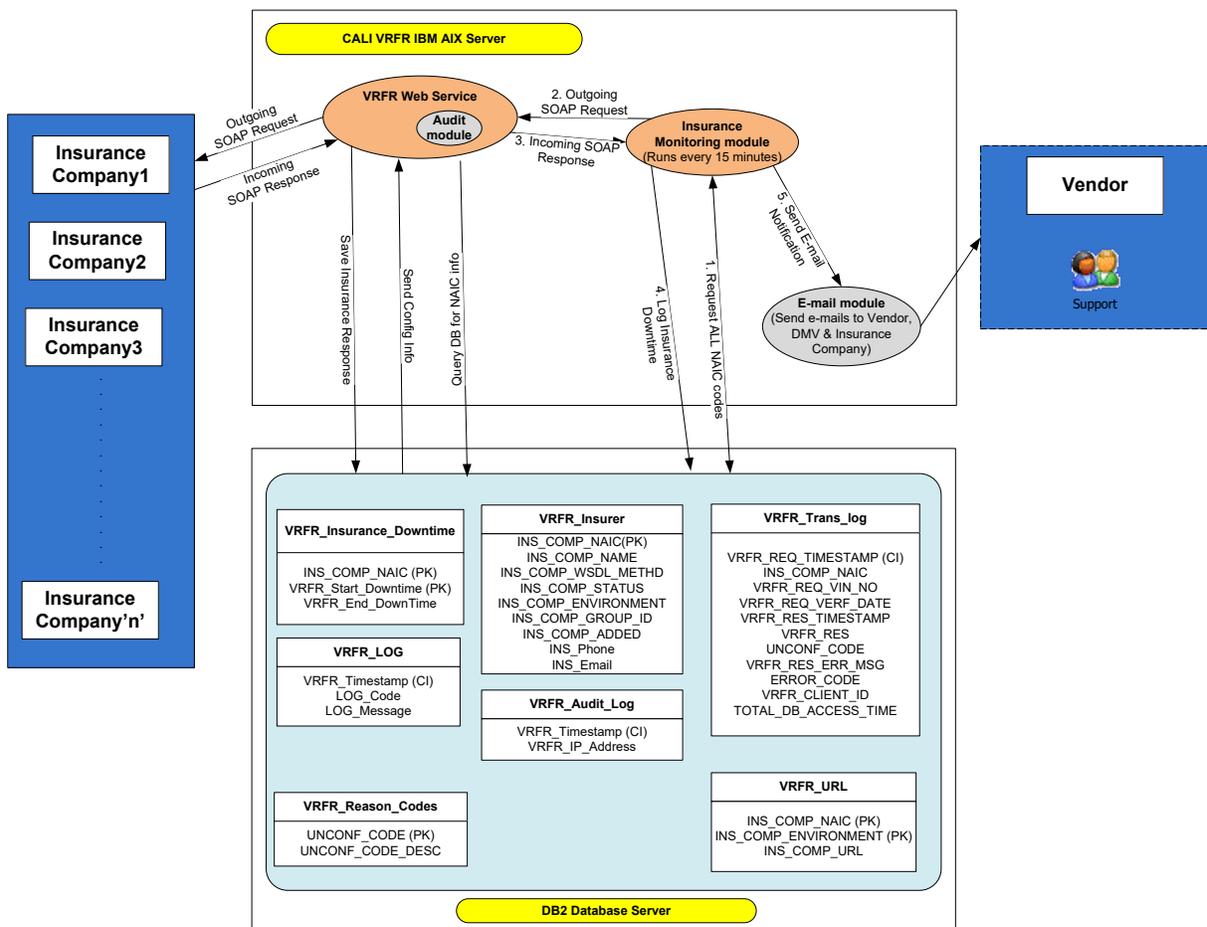


Figure 3 – Insurance Monitoring Module Overall Flow Diagram

The Insurance Monitoring Module (see Figure 3) runs every 15 minutes:

1. Retrieves the entire list of configured insurance companies
2. Sends SOAP requests one-by-one to the VIP WebService,
3. Receives the SOAP responses from the VIP WebService
4. Logs an open/close of insurance company downtimes based on the responses

5. Sends out e-mail notifications based on the responses received, using the E-mail Agent

The Reporting Module (Figure 2) runs every Monday morning at 4:00 AM Pacific time and resides on the database server. It provides reports in comma separated files for the reports listed below:

1. Monthly and Weekly WEB Inquiries Report
2. Daily and Monthly Late Processing Report
3. Weekly Insurance Downtime Report
4. Weekly Service Level Agreement (SLA) Report
5. The above listed reports will be sent to the DMV every week by 8:00 AM Pacific time. The first three reports will contain the data for the previous week and the last report will contain data for the week that is 2 weeks prior to the current week.

D. VIP Infrastructure Specifications

The VIP Web Service Solution resides on a server in CDT and communicates over the state's network and the Internet.

The software specifications for the VIP Web Service System solution are:

- WebSphere Applications Server (WAS) version 8.5.5, with Web Services Feature Pack
- JAVA 7,
- Operating System AIX 7.1,
- DB2 8.1 database

E. Overview of the System

When OLV became available in California, the law did not change to require insurance companies to participate. OLV remains a voluntary process for insurers and participation does not relieve companies from the requirement to report policy information electronically to DMV. Currently, there are 333 National Association of Insurance Commissioners (NAIC) numbers electronically reported to DMV from 114 separate insurers. There is a total of 156 PPAL and 226 Commercial Insurance NAICs licensed to provide insurance in California.

Although participation in OLV is not required, it is recommended. DMV mails an average of 395,000 VIP letters each month to inform customers that insurance has not been received and to warn them their vehicle registration may become suspended. VIP letters point customers to DMV's website and encourages the use of OLV to report their insurance.

The number of attempts by customers to use OLV has increased between 2018 and 2019, as shown in the table below. Note: the decrease in 2020 is attributable to the COVID-19 pandemic.

2018	2019	2020
93,355	95,115	77,743

F. Technical Architecture

OLV software:

- Resides on a server at CDT;
- Operating System: AIX Version 7.1;
- Java Development Tool: WebSphere Applications Server (WAS) version 8.5.5, with Web Services Feature Pack;
- Inquiries generated from a Web Client built in Java, following J2EE standards using XML;
- Users of OLV will be authenticated through Tivoli Access Manager for eBusiness (TAMe) managed by DMV;
- DMV developed the User Interface that will be used for inquiring through the OLV Software;
- The contractor will be required to configure (i.e. modify software) the software to meet the specifications associated with the technical environment;
- The contractor will be required to maintain OLV software to be able to support the latest version of the AIX Operating System, WAS, and any other software necessary to operate the Web Service.
- The contractor will be required to monitor for changes in IICMVA's Model Guide for Web Services and take all necessary steps to ensure CADMV conforms to any changes and continues to operate uninterrupted.

G. Confidentiality

Confidentiality is commonly associated with securing information or data from all but authorized users within the operational environment. In order to maintain confidentiality, appropriate safeguards must be utilized to:

- Allow only authorized customers to conduct transactions in a safe and secure manner to completion.
- Prevent any unauthorized user from accessing any transaction data in part or whole which would compromise the confidentiality of the data.
- Limit vendor access to the portions of the network used for DMV access to employees who have signed a DMV information security statement.

The current DMV network security provisions will be used with the proposed solution. Security provisions will continue to be applied to the network (router/switch) software, as well as on hardware when they become available to prevent any exploitation of security. Encrypted passwords will continue to be defined for every router and switch connected to the DMV's network. Furthermore, the department maintains a permanent privacy policy, in adherence with the Information Practices Act (IPA) of 1977 (Civil Code Section 1798 et seq.), on its sites. This privacy policy covers provisions regarding privacy and confidentiality of data and end-users.

The vendor will have responsibility for maintaining the confidentiality of the transaction or data during the processing of each transaction as well as when data is transmitted to the insurance company or the DMV system. Using industry standard best practices, the vendor will ensure compliance with the State's and DMV's confidentiality standards at all points of each transaction.

H. Statistics

- As of 2021, there were 156 Private Passenger Automobile Liability (PPAL), and an additional 226 Commercial Insurance NAICs licensed to provide insurance in California.
- Both PPAL and Commercial NAICs are encouraged to participate, but PPAL are more likely to comply.
 - **NOTE - Since OLV is voluntary, not all insurance companies are willing to participate in the OLV Web Services process. Bidder is expected to be aware and bid accordingly.**
- For a NAIC to be qualified, the insurance company must provide automobile liability insurance meeting the requirements of the California Vehicle code sections 16056 or 16056.1.
- In 2018, there was an average of 93,355 attempts to verify insurance using the Web Service OLV tool each month. By 2019, the number of attempts monthly climbed to 95,115. In 2020, the number decreased to 77,743 attempts per month. This decrease was attributed to a reduced number of suspension actions from the department. Insurance companies were working with their customers to avoid suspensions during COVID crisis.
- DMV mails an average of 395,000 Vehicle Insurance Program letters each month advising customers of their vehicle insurance status. These letters advise customers that one method to update their vehicle status is by using the tools available at DMV.CA.GOV, and this is the most common way customers become aware of the OLV option.
- DMV estimates 40 million vehicles are registered to operate annually.
- DMV estimates (perhaps 1.75 to 2.25 million) customers purchase a new vehicle from automotive dealers annually.
- DMV estimates 4 to 6 million vehicles are transferred from one vehicle owner to another vehicle owner annually.
- DMV estimates more than 500,000 vehicles enter the state from other states annually.
- DMV is not able to estimate the number of non-insured vehicles currently operating on California highways.
- All California PPAL insurance is required by law to electronically report policy information to DMV. This is separate from the OLV process described here.
- Commercial insurance is exempt from electronic reporting, and attempts are made to remove commercially insured vehicles from tracking for insurance. However, commercially insured vehicles are not exempt from having insurance. Many commercially insured vehicles are tracked for insurance and must provide it manually by sending a copy of their insurance card to DMV or may provide it by use of OLV if their NAIC participates.
- OLV is provided through the Web Services Software available at DMV.CA.GOV. This tool is not to be confused with electronic insurance. OLV is not required by law; instead, it is a voluntary process that an insurance company may elect to participate in. If the company chooses not to participate, their policies cannot be confirmed using the OLV tool.
- There are 114 insurance companies reporting electronic insurance for a total of 333 NAICs reported electronically.
- OLV is not electronic insurance. It is a secondary check for insurance verification used in in the following instances:

- When information has not yet been, or will not be electronically reported to DMV by carriers;
- To validate paper evidence of insurance documents submitted to DMV;
- To allow customers to submit evidence of insurance through the web-based tool and receive an immediate validation;
- If PPAL policy information has been reported electronically to DMV, the VIN will appear in the CALI and the owner will be eligible to renew the registration through alternative service delivery methods (i.e., Internet, Self-Service Terminals, and the Interactive Voice Response System). Whenever a policy has been reported as cancelled, it is removed from CALI. At that point, DMV starts a 45-day tracking period at the end of which the CALI database is checked for a replacement policy. If a policy exists, the vehicle record is no longer tracked. DMV starts a 45-day tracking period by use of the DMV developed Tracking Database (TDB) to check each newly registered vehicle for insurance compliance when an insurance company has not yet reported the vehicle as having insurance coverage. At the end of the 45-day tracking period, DMV again checks the CALI database for PPAL policy information.
- DMV is required to suspend, cancel, or revoke a vehicle registration (California Vehicle Code Section 4000.38) if the Department determines any of the following circumstances has occurred:
 - (1) The registration was obtained by providing false evidence of financial responsibility to the department.
 - (2) Upon notification by an insurance company that the required coverage has been canceled and a sufficient period of time has elapsed since the cancellation notification, as determined by the department, for replacement coverage to be processed and received by the department.
 - (3) Evidence of financial responsibility has not been submitted to the department within 30 days of the issuance of a registration certificate for the original registration or transfer of registration of a vehicle.

3. DESCRIPTION OF SYSTEM AND/OR SERVICES REQUESTED

Contractor agrees to create, maintain, support, and market an online insurance verification system for DMV's Web Services Application. The Contractor also agrees to provide any necessary services to configure (which may include making modifications to meet DMV requirements), install, update, modify, deploy, and maintain the Vehicle Insurance Program (VIP) Web Services Application, and to market the application to the insurance industry to enroll new participating companies, as described herein.

The Contractor shall:

1. Create, implement, maintain, and support service for an Online Insurance Verification (OLV) application seamlessly without interruption of service for currently enrolled insurance companies;
2. Develop and execute an effective marketing campaign to increase insurance company participation:
 - a. Identify and engage insurance companies;
 - b. Obtain the cooperation of insurance companies;
 - c. Inspire continued insurance company participation.
3. Maintain or exceed current service levels in the event of increased participation resulting from vendor effort, from a change in DMV's regulatory environment, or for any other reason which may increase the usage of the OLV solution.
 4. Correctly answer all insurance company questions, including technical questions related to OLV participation.
 5. Provide contractor-designed informational documents to interested insurance companies that:
 - a. Describe the benefits of enrolling in the OLV process;
 - b. Identify the process as being based upon Insurance Industry Committee on Motor Vehicle Administration (IICMVA) standards;
 - c. Describe the enrollment and testing process.
 6. Provide contractor-designed form(s) to gather technical and business information from enrolling insurance companies.
 - a. Necessary information to be gathered from insurance company includes, but is not limited to, insurance company name, National Association of Insurance Commissioners (NAIC) identification number, business and technical contacts within the insurance company, technical support contact information within the insurance company, web address (Uniform Resource Locator - URL), Internet Protocol (IP) addresses, Web Services Description Language (WSDL) format, and test record Vehicle Identification Numbers.
 7. Create, update, and maintain a test/lab environment of DMV's OLV processing environment for testing purposes.
 8. Guide newly enrolling insurance companies through the enrollment process:
 - a. Assist insurance companies in identifying any programming changes or updates necessary;
 - b. Test insurance records to verify for correct response;

- c. Exchange security certificates to establish secure communication. A security certificate is a data file that once installed on a web server allows secure connections from the server to a browser.
9. Test, troubleshoot, and repair software to maintain and/or establish reliable ongoing service.
10. Write code and implement for updating software, for example:
 - a. Write code for adding new URL.
 - b. Write scripts to update tables for adding new insurance companies.
11. Prepare written requests and implementation plans for adding insurance companies to OLV behind DMV's firewall.
12. Deliver requests for adding insurance companies, including scripts, insurance company information, and VIN test records to DMV via Secure File Transmission (SFT) for testing and for loading behind DMV's firewall.
13. Monitor changes in the IICMCA standards, write any necessary code to update to the new standard, and provide that code via SFT to DMV to load behind DMV's firewall.
14. Monitor status of enrolled companies to identify connectivity or other issues requiring attention to maintain availability of OLV.
15. Maintain ongoing contact with insurance companies to identify needed changes, such as updating a URL or replacing a security certificate.
16. Provide timely and ad hoc reports.
17. Integrate newly enrolled companies into reports.

a. TERM OF CONTRACT

This Agreement shall become effective upon approval by the DMV and shall remain effective for two years. This Agreement is of no effect unless approved by the DMV and no work shall begin until that time.

b. CONTRACTOR'S RESPONSIBILITIES

1. The Contractor shall assume responsibility for completion of work identified in Exhibit A, Statement of Work and in accordance with Exhibit H, Information Security and Privacy Provisions.
2. The Contractor's staff listed in this contract must have legal authority to work in the United States during the term of the entire contract.
3. The Contractor's staff listed in this contract must undergo and clear a background check prior to that individual commencing any work under this contract. The background check must be processed by an authorized Department of Justice (DOJ) Live Scan site. Failure of the proposed staff to pass the background check will ban that individual from commencing any work under this contract and the Contractor must propose a replacement staff person. The DMV will provide authorized DOJ Live Scan at DMV Headquarters in Sacramento, CA at no additional cost to the Contractor's staff listed in this contract. If the Contractor staff listed in this contract do not use the DOJ Live Scan at DMV Headquarters, the Contractor is responsible for any costs incurred to complete the required background check. The DMV will not pay for any DOJ Live Scan conducted at a site other than the Sacramento Headquarters.

4. The Contractor shall prepare all deliverables, where applicable, in accordance with the State's, and DMV's, applicable business and information technology documentation standards and requirements, including format and content.
5. If requested, the Contractor will attend project meetings and periodic briefings for DMV's management as indicated by the DMV Contract Manager (refer to Section F, #6 for identification of DMV Contract Manager).
6. If the Contractor staff are determined to be part of the conflict of interest program, then the staff listed in this contract shall comply with Government Code 87302 and the Fair Political Practices Commission rules. The Contractor shall not permit any staff to work on this contract unless the staff is in compliance with Government Code 87302 and the Fair Political Practices Commission rules (<http://www.fppc.ca.gov/the-law/fppc-regulations/regulations-index.html>).
7. If the Contractor staff are determined to be part of the conflict of interest program, then the staff (and replacement staff) listed in this contract shall comply with Conflict of Interest Program, Article 12 (commencing with section 11146) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, requires that all staff in designated conflict of interest (COI) positions attend ethics orientation training within six months of becoming a filer, and at least once during every consecutive period of two calendar years commencing on the first odd-numbered year thereafter. The purpose of the orientation is to familiarize Contractor staff with California's ethics policies in order to help avoid conflict of interest situations. No compensation for completion of the ethics training or related expenses will be provided.
8. The Contractor's staff listed in this contract shall:
 - a. Complete the Department of Motor Vehicles online Security Awareness Program.
 - b. Provide a signed hardcopy of Exhibit F, Confidentiality Statement prior to commencement of work on this contract.
 - c. Provide a signed hardcopy of Exhibit G, DMV Acceptable Use Statement, (DMV 350) prior to work on this contract.
 - d. Complete the Department of Motor Vehicles Telework/Remote Access Security Standard Training (when applicable).
9. The Contractor Official responsible for overseeing completion of services, approval of Deliverable Acceptance Document (DED), Deliverable Acceptance Documents (DAD), approval of Personnel Change Orders (PCO), and to whom all communications relative to those services be addressed is:

Name:	
Telephone Number:	
Email Address:	

10. It is DMV policy that "User authentication and access authorization decisions will be performed within a security layer that is separate from the application business logic". Before application business logic is initiated, the security layer will verify the user's authorization to perform the requested process. For any proposed applications that will be used by DMV employees or Government and Industry Partner employees, the Contractor must integrate the web-based application with the Secure Access Infrastructure (SAI)

(ISAM and ISIM) deployment, including security header contents and proposed access groups or the non-web based application will utilize Microsoft Active Directory (AD) or some other repository that utilizes Lightweight Directory Access Protocol (LDAP).

11. Contractor staff shall provide, with each deliverable, detailed Network and/or System Architecture Diagrams for any network/system created or altered.
12. When the Contractor's staff is required to work at the DMV's headquarters campus during the COVID-19 pandemic, the staff shall respond to the two (2) DMV COVID-19 Screening Questions listed below:

Question #1: In the last 14 days has a medical official advised you to self-quarantine, or have you visited an area where it is known you should currently self-quarantine (recent travel to any restricted countries, etc.)?

Question #2: Do you have any symptoms related to COVID-19, such as cough, difficulty breathing, or fever over 100.4 Fahrenheit?

Each staff must submit its response via email to the DMV Contract Manager, prior to arriving at the DMV headquarters campus, every time the staff enters the DMV headquarters building. All Contractor staff shall wear a face covering upon entry to the DMV headquarters campus unless otherwise directed in writing, by the DMV Contract Manager. If any changes to this policy are made by DMV, the Contractor will be notified in writing.

13. Contractor will comply with the Department of Transportation Federal Motor Carrier Safety Administration Non-Discrimination Assurances located at: https://www.dmv.ca.gov/portal/uploads/2020/05/fmcsa_titlevi_appendixaande.pdf
14. The Contractor shall provide to the DMV Contract Manager a copy of the insurances listed below within 10 calendar days after contract award. The State requires that the Certificate Holder on the Certificate Insurance include the DMV's address as: Department of Motor Vehicles, 2415 1st Avenue, Sacramento, CA 95818, and the DMV Contract Number **TCXX-XXX**.

A. General Provisions Applying To All Insurance Policies

1. Coverage Term:

Coverage needs to be in force for the entire term of this Contract. If insurance expires during the term of this Contract, a new certificate of Insurance must be received by the DMV at least ten (10) DMV business days prior to the expiration of the insurance. Any new insurance must comply with the original terms of this Contract.

2. Policy Cancellation of Termination and Notice of Non-Renewal:

The Contractor shall provide to the DMV, within five (5) DMV business days following receipt by the Contractor, a copy of any cancellation or non-renewal of insurance required under this Contract. In the event the Contractor fails to keep the required insurance coverage in effect at all times, the DMV may, in addition to any other remedies it may have, terminate this Contract upon the occurrence of such event.

3. Deductible

The Contractor is responsible for any deductible or self-insured retention contained within their insurance program.

4. Primary Clause

Any required insurance specified under this Contract shall be primary, and not excess or contributory to any other insurance carried by the DMV.

5. Insurance Carrier Required Rating

All insurance companies must carry a rating acceptable to the Department of General Services (DGS), Office of Risk and Insurance Management (ORIM). Per DGS ORIM, an acceptable rating is "A" or better, and financial size category of "VII" or better to the latest edition of the A.M. Best Key Rating Guide. If the Contractor is self-insured for a portion or all of its insurance, a review of the Contractor's financial information, including a letter of credit, may be required.

6. Endorsements

Any required endorsement must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

7. Inadequate Insurance

Inadequate insurance or lack of insurance does not negate the Contractor's obligations under this Contract.

B. Commercial General Liability

1. Throughout the term of this Contract, the Contractor shall provide the DMV with a valid certificate of insurance stating that there is commercial general liability insurance presently in effect for the Contractor with limits of not less than \$1,000,000.00 per occurrence for bodily injury and property damage liability combined. The policy shall include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal and advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Contractor's limit of liability.

2. The insurance policy shall include the following additional insured endorsement that shall be supplied under form acceptable to DGS, ORIM:

The State of California, its officers, agents and employees are included as additional insured, but only with respect to work performed for the State of California.

C. Automobile Liability

By signing this Contract, the Contractor certifies that the Contractor and any of their employees or subcontractors using a vehicle in the performance of work under this Contract possesses valid automobile liability coverage in accordance with California Vehicle Code Sections 16450 to 16457, inclusive. The DMV reserves the right to request proof at any time.

D. Workers Compensation

1. Throughout the term of this Contract, the Contractor shall provide the DMV with a valid certificate of insurance stating that there is workers compensation insurance presently in effect for the Contractor, if the Contractor employs any person, in any manner, that is subject to the Workers Compensation Laws of California. The Contractor shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of this Contract. Employer's liability limits of not less than \$1,000,000.00 are required. If the Contractor does not employ any person, in any manner, so as to not become subject to the Workers Compensation Laws of California, the Contractor shall complete and submit to the DMV Contract Administrator, a Workers Compensation Exemption Certification form.
2. In the event the Contractor becomes subject to the Workers Compensation Laws of California during the term of this Contract as a result of hiring employees to perform required services under this Contract, the Contractor shall provide the DMV within ten (10) calendar days of hiring employee, with a valid certificate of insurance stating that there is workers compensation insurance presently in effect for the Contractor. The Contractor shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of this Contract. Employer's liability limits of not less than \$1,000,000.00 are required.
3. The Contractor's workers compensation insurance policy shall be endorsed with a waiver of subrogation in favor of the State of California in the event the Contractor employs any person, in any manner, that is subject to the Workers Compensation Laws of California.

c. DMV'S RESPONSIBILITIES

1. Provide access to business and technical documentation as necessary for the contractor to complete the tasks identified under this contract.
2. Provide access to the DMV staff, management, offices and operation areas as required to complete the tasks defined under this contract.
3. If needed, invite the contractor to appropriate project meetings.
4. The DMV Contract Manager responsible for overseeing the Contractor's performance, the Contractor's completion of requested services, approval of the Personnel Change Order Authorizations, approval of invoices, and to whom all communications relative to those services be addressed will be identified at contract award.
5. The DMV Contract Manager is responsible for forwarding approved invoice(s), and monthly standard reports to the Information Technology (IT) Acquisitions Unit for auditing purposes.

d. SERVICE LEVEL REQUIREMENTS

DMV seeks a Contractor to provide a high level of service quality. The Minimum Acceptable Service Levels (MASLs) for the Contractor's service are described herein. MASL's are specified for services, performance targets and committed service level (objectives) that DMV will use to monitor the overall effectiveness of Contractor's services. The definitions and severity levels provided are essential for Contractor to meet the service level objectives critical to DMV's VIP program success.

A. SERVICE LEVEL ROLES AND RESPONSIBILITIES

Service level roles and responsibilities of the Contractor will include, but are not limited to, the following:

- Create, maintain, support, and market an OLV application seamlessly without interruption of service for currently enrolled insurance companies;
- Respond to each query DMV sends to attempt to find a match to the vehicle information on the insurance companies' databases to verify insurance compliance and return a response;
- Do not retain DMV-submitted information in any database or tracking system other than for the period of time necessary to process the inquiry, send a response, and collect statistical data for reports;
- Provide responses to each on-line inquiry in 5 seconds or less from the point the inquiry is sent from DMV;
- Inquire of insurance related information via a secure environment;
- Provide DMV VIP reports, information, and operation performance data within the time frames specified;
- Receive batch files to query against the insurance companies' databases on a nightly basis;
- Respond to batch files no later than 6:00 am Pacific Time (PST/PDT) each day;
- Ensure that all large insurance companies (companies issuing more than 50,000 PPAL Insurance policies) are participating. For all other insurance companies, ensure the company understands the process so they will be prepared to handle customer service issues that may arise from the lack of participation;

B. MEASUREMENTS OF CONTRACTOR'S SERVICE LEVEL ROLES AND RESPONSIBILITIES:

1. Conduct a Kick-off meeting to create, maintain, and support for DMV's OLV Web Services Solution as follows:
 - Service Level Requirement: Contractor must fulfill 100% of Requirements.
 - A late day will occur for each day Contractor is unable to successfully process the "first inquiry." Failure to meet this requirement, as

determined by the DMV, the Contractor will be subject to Section L, Deficiency Charges.

- Measurement Interval: If Contractor is unable to implement maintenance and support, Contractor may request that DMV evaluate fulfillment.
2. Receive and respond to each on-line query DMV sends to inquire against the Insurance Company's database to verify insurance policies as follows.
 - Service Level Requirement: 100% of the on-line inquiries submitted will be responded to within 5 seconds.
 - Calculation: Count and provide to DMV the number of inquiry records sent from DMV to Contractor and measure the deviation from completion of 100% sent to Contractor and 100% of responses received back to DMV within the 5 seconds.
 - A late processing period will occur when Contractor sends a response to an inquiry record later than the 5 second requirement. Failure to meet this requirement, as determined by the DMV, the Contractor will be subject to Section L, Deficiency Charges.
 - Measurement Interval: Daily whenever an on-line inquiry is sent to the contractor.
 - Reporting Cycle: Each business day, a late processing log will be generated and delivered to the DMV Contract Manager, and late day counts by inquiry will be summarized monthly.
 3. OLV Web Service must be available 98% of the time during each month during the term of the contract as follows.
 - Service Level Requirement: OLV Web Service must be available 98% of the time during each month during the term of the contract.
 - Calculation: Total fully operational days in the month versus the number of days down.
 - A late event will occur each month the OLV Web Service availability is less than 98% of the available days. Failure to meet this requirement, as determined by the DMV, the Contractor will be subject to Section L, Deficiency Charges.
 - Measurement Interval: Calendar Month
 - Reporting Requirement: Each day, Contractor will provide DMV with a downtime report. If no downtime occurs, the report will reflect no downtime to report.
 4. Inform DMV by email within one hour of problem/error if system problems prevent the processing of inquiries and batch files as follow:
 - Service Level Requirement: Contractor will inform DMV within one hour of any service level issue that prevents the processing of on-line inquiries or batch files.
 - Calculation: Contractor will log and count the time between when the web service fails to respond to an online inquiry submitted and the time when DMV is notified by email of the down condition.

- A late processing event will occur each time Contractor fails to notify DMV within one hour. Failure to meet this requirement, as determined by the DMV, the Contractor will be subject to Section L, Deficiency Charges.
 - Measurement Interval: Monday through Saturday 24/7 (except State holidays)
 - Reporting Requirement: Each day, Contractor will report the number outages for processing an on-line inquiry.
5. If service cannot be immediately restored, Contractor must provide DMV by email a plan for resolution. The plan must be received by DMV within 4 hours of the time the service failure is identified as follows.
- Measurement: VIP Service Failure Report (as indicated in bullets below and also including an Estimated Time for resolving the service failure)
 - Service Level Requirement: Contractor will inform DMV by email within four hours of an outage; a plan for resolution to service that prevents the processing of on-line or batch inquiries.
 - Calculation: Contractor will log and count and provide to DMV the time between when a service failure has been identified and when the resolution plan is received by DMV.
 - A late processing event will occur each time Contractor fails to notify DMV within 4 hours of an occurrence. Failure to meet this requirement, as determined by the DMV, the Contractor will be subject to Section L, Deficiency Charges.
 - Measurement Interval: Monday through Saturday 24/7 (except State holidays)

C. IMPLEMENTATION AND DELIVERABLES

VIP Service will be delivered in the following two phases:

1. Takeover Phase
 - Assessment of existing environment and business model;
 - Determination and implementation of method to continue uninterrupted service for currently enrolled insurance companies; subject to DMV approval.
 - Development of DMV reports, to include weekly, monthly and ad hoc production statistics, down-time statistics, upcoming issues reports (i.e. expiring security certificate tracking), and marketing progress reports; and
 - Electronic delivery of new or updated training and training materials upon DMV request.

2. Operational Phase

- Support and maintenance of VIP Web Service software (Through July 31, 2023);
- Exchange of inquiries and responses between VIP Web Service software and DMV;
- Ongoing marketing efforts to voluntarily enroll new insurance companies into the process; and
- Regular delivery of DMV reports as identified by the DMV Contract Manager.

The Operational Phase continues through the end of the contract.

D. PREVENTIVE MAINTENANCE

The Contractor shall provide maintenance, upgrades (including security certificates), new releases, and technical support for all software provided and/or developed, including ongoing telephone support, and/or on-site problem determination and resolution as follows:

The Contractor will provide for a Principal Period of Maintenance period Monday – Friday, 6:00 a.m. through 6:00 p.m. Pacific Time (“normal business hours”) for all software; and with a written notice, submitted to the contractor with at least three business days lead time, support will also be provided on specified Saturdays, Sundays, and federal and state holidays

System software maintenance and updates will be conducted between or after normal business hours and will not exceed 4 hours at any one time, unless expressly approved in writing by DMV. System software maintenance and updates will be coordinated with DMV’s Information Systems Division (ISD) and Vehicle Insurance Program Administrator.

The contractor will support system software and agrees to provide any software upgrades to the system, when available.

E. TECHNICAL SUPPORT ESCALATION PROCESS

A. The contractor will provide technical support via telephone Monday – Friday, 6:00 a.m. through 6:00 p.m. Pacific Time (“normal business hours”); support will also be provided on specified Saturdays, Sundays, and federal and state holidays.

B. DMV staff will perform preliminary troubleshooting before calling the contractor’s technical support.

C. The contractor will respond to technical support calls or inquiries made by DMV. DMV will determine and assign the level of severity for the problem. Depending upon the severity of the problem, the Contractor’s problem resolution response time will be as follows:

Severity Level 1 is defined as urgent situations, when any part, portion, or module of the system is down and DMV is unable to use any portion of the system, or when

any issue or problem occurs that may possibly endanger the DMV's technical environment. The contractor's technical support staff will accept DMV's call for assistance at the time DMV places the initial call. If such staff is not immediately available, the contractor will return DMV's call within 30 minutes. The contractor will resolve Severity Level 1 problems as quickly as possible, but at least, within four hours unless the contractor has notified DMV of the reason for the delay and DMV approves the delay.

Severity Level 2 is defined as a critical software system component(s) that has significant outages and/or failure precluding its successful operation. The system may operate but is severely restricted (for example, a frequently used subcommand gives an incorrect response). The contractor's technical support staff will accept DMV's call for assistance at the time DMV places the initial call. If such staff is not immediately available, the contractor will return DMV's call within one hour. The contractor will resolve Severity Level 2 problems as quickly as possible, but at least, within six hours unless the contractor has notified DMV of the reason for the delay and DMV approves the delay.

Severity Level 3 is defined as a minor problem that exists with the system, but the majority of the functions are still usable, and some circumvention may be required to provide service (for example, an infrequently used subcommand gives an incorrect response). The contractor's technical support staff will accept DMV's call for assistance at the time DMV places the initial call; however, if such staff is not immediately available, the contractor will return DMV's call on average within one hour. The contractor will resolve Severity Level 3 problems as quickly as possible, but will not exceed one business day. The contractor will notify DMV of any problem that exceeds one business day allowing DMV and the contractor to agree on an acceptable time frame for resolution.

Severity Level 4 is defined as a very minor problem or question that does not affect the contractor system's function (for example, the text of a message is worded poorly or misspelled). The contractor's technical support staff will accept DMV's call for assistance at the time DMV places the initial call; however, if such staff is not immediately available, the contractor will return DMV's call within one hour. The contractor will resolve Severity Level 4 problems as quickly as possible, but will not exceed two business days. The contractor will notify DMV of any problem that exceeds two business days allowing DMV and the contractor to agree on an acceptable time frame for resolution.

General Assistance: For general software support/help desk calls not covered by the above severity level descriptions, the contractor's technical support staff will accept DMV's call for assistance at the time DMV places the initial call; however if such staff is not immediately available, the contractor will return DMV's call within one hour.

D. On-site Response Time: DMV defines the on-site response time as the total elapsed time from when it has been determined by the DMV that an on-site technician is necessary to resolve an issue/problem until the time when the contractor's qualified service technician is present at DMV Headquarters to perform the necessary problem resolution.

2. Help Desk/Technical Support

- A. The contractor will maintain a help desk or assign a dedicated client analyst(s) to provide technical support to DMV staff for the system. The help desk is defined as a dedicated staff, or client analyst(s), for the support of the contractor's automated system (24 hours per day, 7 days per week including any period of time declared or otherwise recognized as a holiday).
- B. The contractor help desk and/or dedicated client analyst(s) will:

(1) Provide qualified and accurate technical assistance in response to DMV staff inquiries regarding system software functions.

(2) Provide system-troubleshooting assistance to DMV staff

3. Enhancements/Upgrades/Modifications

A. For the life of the contract, the contractor will provide maintenance, upgrades, new releases, and technical support for all software provided and/or developed, including ongoing telephone support, on-site problem determination, and resolution.

B. The contractor will provide a method by which DMV can submit requests for software enhancements to be included in future versions/releases of the software.

F. SECURITY REQUIREMENTS

All services including maintenance, support and marketing must comply with the DMV's security policies to assure appropriate level of confidentiality, integrity, and availability. The DMV's Information Protection Services Office (IPSO) will define applicable DMV information security policies and assure compliance. The IPSO will conduct a pre-implementation security review to be included into the DMV's standard audit process. Areas of security are expected to include:

- Privacy and continued protection of DMV and insurance company data;
- Safeguards for system access such as firewall system support and intrusion detection/monitoring;
- The use of encryption for all data communication interfaces whenever Personal Identifier Information (PII) is involved;
- Segregation of production and testing environments; and
- Data backup/recovery and disaster recovery planning.

G. STAFF QUALIFICATIONS AND SKILL REQUIREMENTS

The Contractor shall provide all personnel necessary to fulfill its responsibilities in successfully implementing and maintaining its solution through the end of the contract. This includes, but is not limited to:

- Sufficient competent personnel available who possess the Information Technology (IT) skills and knowledge necessary to maintain and support OLV;
- Demonstrated competence in keeping abreast of changing state and federal mandates (e.g., state and federal IT policy and dealing with government on IT maintenance and support contracts);
- Demonstrated ability to successfully market OLV, or a similar process to insurance companies, and ability to maintain the relationship with insurance companies so that continued participation in the OLV process is likely; and
- Proven track record of successful experience in similar IT endeavors.

H. PERSONNEL CHANGES

1. The Contractor will act as the prime contractor under this contract. In addition to identifying all classifications and personnel proposed to work under this contract, the Contractor must also identify their sub-contractor affiliation as applicable. Contractor agrees to notify the DMV's Contract Manager when any personnel are added or removed under the terms of this contract and their sub-contractor affiliation as applicable. Each Contractor personnel replacement will require approval by DMV in accordance with the Personnel Change Order process described in paragraph 3 below, before services can be rendered. An amendment to the contract is not required for Contractor personnel changes.
2. The Contractor shall assume responsibility for all functions identified in the Statement of Work. The DMV reserves the right, in its sole discretion, to disapprove the continuing assignment of Contractor personnel provided to the DMV under this contract. If the DMV exercises this right, the Contractor must terminate the personnel from the contract within three (3) working days of notice by the DMV and must provide qualified replacement personnel who meet the minimum requirements set forth in the contract. (if the Contractor decides to replace personnel, they must provide resumes for replacement staff within five (5) working days **from the date it is known that the personnel will be replaced** as well). The replacement personnel will have the skills and experience, which meet or exceed the skills of the previous personnel. The DMV Contract Manager will approve or reject the replacement personnel. In the event such replacement is disapproved by the DMV Contract Manager, the Contractor shall continue to submit resumes until the DMV Contract Manager approves such replacement. A failure to provide suitable replacement personnel, as determined solely by the DMV, shall constitute a breach of this agreement and shall entitle the DMV, at its sole election, to pursue all of its available legal remedies. Upon approval of the replacement personnel's resume by the DMV Contract Manager, a Personnel Change Order Authorization (SOW Attachment II) must be initiated. **The Personnel Change Order Authorization must be initiated when contractor personnel leave the contract (removal of personnel) or are added to the contract (addition or replacement of personnel).**

3. Replacement of the DMV Contract Manager and Contractor Official may be completed through the Personnel Change Order Authorization process.

4. Contractor personnel changes must be initiated by the Contractor through the use of Statement of Work, Attachment II, Personnel Change Order Authorization. Each Personnel Change Order Authorization must include the replacement personnel's resume accepted by the DMV Contract Manager. The replacement personnel will not begin work until the DMV Contract Manager, DMV IT Acquisitions Manager, DMV IT Acquisitions Analyst, and the Contractor Official have approved the Personnel Change Order Authorization.

I. ESCALATION PROCEDURES

The parties acknowledge and agree that certain technical and project-related problems or issues may arise, and that such matters shall be brought to DMV's attention. Problems or issues shall normally be reported in regular status reports. However, there may be instances where the severity of the problems justifies escalated reporting. To this extent, the Contractor Contract Manager will notify the DMV Contract Manager and any other appropriate DMV personnel. DMV personnel notified, and the time period taken to report the problem or issue, shall be at a level commensurate with the severity of the problem or issue, to be determined by the DMV Contract Manager (first level contact) and the DMV Registration Operations Division Deputy Director or designee (second level contact).

At a minimum, the following escalation process shall be followed for non-technical support which is defined below:

1st level of escalation:

Triggers:

- Project output / samples are not consistent with the requested status/quality
- Exceeded deadlines
- Actions are not efficient or were not implemented

Action(s):

- Meeting with Contractor (Project Manager) about the deviation and its causes.

Consequence(s):

- Definition of necessary actions for troubleshooting
- Monitoring of the status reports concerning the implementation and the success

If actions are processed and successful at 1st level, no further process shall follow. If not successful, proceed to 2nd level of escalation.

2nd level of escalation:

Triggers:

- Declarations by DMV of 1st level of escalation are not efficacious

Action(s):

- Meeting with Contractor (senior management) to address problems and define necessary actions for the troubleshooting
- If necessary, conduct an on-site-analysis by Contractor's project team

Consequence(s):

- Take actions for efficient troubleshooting by next level of authority with Contractor.
- Monitoring of status reports concerning implementation and success.

If actions are processed and successful at 2nd level, no further process shall follow.
If not successful, proceed to 3rd level of escalation.

3rd level of escalation:

Triggers:

- Declarations by DMV of 2nd level of escalation are not efficacious

Action(s):

- High-level Meeting with Contractor (Head of Company)
- If necessary, place project "On Hold "

Consequence(s):

- Analysis by the Contractor
- Supply action plan as result of the high-level meeting with Contractor

If actions are processed and successful at 3rd level, no further process shall follow.
If not successful, proceed to Cure Notice.

Cure Notices

DMV may issue a cure notice to inform the Contractor in the event the DMV considers a failure of the Contractor to be a condition that is endangering performance of the contract. The cure notice may specify a time frame for the Contractor to remedy the condition. If the condition is not corrected within this period, the Contractor may face the termination of its contract for default.

Triggers for a Cure Notice

Cure notices may be triggered by the any of the following conditions, or other conditions that arise in performance of the contract:

- The Contractor continues to miss agreed-upon deadlines;
- Quantifiable evidence is lacking to show that work is being accomplished;

- Quality of deliverables does not meet DMV's standards;
- The Contractor is non-responsive to DMV requests; or
- The Contractor does not replace key staff in a timely manner

J. REPORTS

The Contractor must prepare monthly written status reports and a quarterly written report to provide feedback to the DMV Contract Manager on current status and future activities. Reports shall include, but not be limited to the following information:

1. Summary of the work completed during the reporting period;
2. Summary of the work planned for the next reporting period;
3. Status of existing insurance company enrollment, and future enrollments;
4. List and description of issues or problems encountered during the reporting period, solutions, and/or proposed solutions; and

If requested, the Contractor's Project Manager shall participate in periodic in-person or telephone conference briefings for DMV's management.

K. AMENDMENTS

1. Should, during the course of the resulting contract, it become necessary to modify the terms of the Statement of Work, those modifications may be made by mutual agreement by the contracting parties through a written amendment to the contract. A contract amendment shall not be effective unless in writing and until fully executed by both parties. Any oral understanding or agreement not incorporated through the proper contractual process shall not be binding on either the Contractor or the DMV. All amendments will follow the rules and regulations set forth by the State Contracting Manual Volume 3.
2. Contractor resources will not be expended, at a cost to the DMV, in excess of the authorized contract cost without written authorization from the DMV, in the form of a written contract amendment. Additionally, a contract amendment is required in the event that additional work is required that both parties agree was unanticipated, is necessary to successfully complete the project, and is within the project scope. All contract amendments will be processed utilizing the guidelines of the current rules from the State Contracting Manual Volume 3 and a contractor cannot begin work until they have received a fully executed copy of the written amendment from the DMV Information Technology Acquisitions Unit. Any amendment to a contract that increases the dollar amount of the contract, and/or adds additional tasks not in the scope of the contract, will be required to follow the Non-Competitive Bid (NCB) process as described in the State Contracting Manual – Volume 3.

L. DEFICIENCY CHARGES

Deficiency charges are intended to encourage timely delivery of deliverables and provide for a reliable and responsive OLV service. The purpose of the deficiency charge provision is to ensure adherence to the requirements of the Contract and to set an amount in advance of a breach to compensate the DMV for damages which would be sustained by the DMV in the event the Contractor fails to perform services as agreed. Deficiency charges are intended to be a reasonable estimate of the damages and costs the DMV would sustain as a result of a breach. They are not intended to be punitive. DMV and

Contractor, therefore, presume that in the event that the Contractor fails to perform certain agreed upon services in a timely manner, DMV may assess Contractor to pay such amounts as deficiency charges, and not as a penalty.

For the sake of computing deficiency charges, DMV may assess Contractor in several areas, for service failures as follows. DMV may assess a deficiency charge of \$2,500 per day if Contractor fails to successfully implement a takeover of the maintenance of the OLV process without interruption of service for existing NAICs on August 1, 2021, as required in SOW Exhibit A.

After implementation, should Contractor fail to perform agreed upon tasks in a timely manner, DMV may assess other deficiency charges. For example, if responses to inquiries fail to meet the service level requirements, or service is available for less than the required service level in a given month, or service failures are not reported to DMV within the specified timeframes, DMV may assess Contractor a deficiency charge of \$100 for each day service levels fail to meet the requirements. Service Level Requirements are specified in Section 5: Service Level Requirements.

Definitions

The definitions that follow apply to the calculation of deficiency charges.

At-Risk Amount

The “At-Risk Amount” refers to the total amount of monies that would otherwise be paid to Contractor that are eligible to be off-set by deficiency charges in a given period in which Service Level Requirements are not met according to schedule. For Operating Service level failures, the At-Risk Amount will be equal to ten percent (10%) of Contractor’s estimated costs. Deficiency charges may exceed the At-Risk Amount for any Measurement Interval less than one year. The sum of all deficiency charges may never exceed the total At-Risk Amount for the Contract period.

Service Level Performance Failure

DMV will determine that a "Service Failure" has occurred when Contractor fails to meet any of the Minimum Service Level Requirements as stated in Section 5.

Failure Month

DMV will use “Failure Month” as the factor for purposes of calculating deficiency charges. The Failure Month is the month during which DMV will be eligible to withhold deficiency charges from payments due to Contractor due to a Service Failure.

For Service Failures, the Failure Month is determined based on Service Failures that occurred in one or more Measurement Intervals within a month. The Failure Month is determined depending upon the Measurement Interval of the impacted Service Level Agreement. Where a Measurement Interval is less than one month, the Failure Month is the month in which a Service Failure occurred for one or more Measurement Intervals.

Measurement Interval for Service Levels

“Measurement Interval” means the period in which a given service is measured (e.g., one minute, one hour, one day, one month, or one year).

Administration of Deficiency Charges

Liquidated Damage Cap

The total amount of deficiency charges, either for project delays or for service level delays, may not exceed 10% of the Total Contract Value.

Payment of Deficiency Charges

DMV shall calculate deficiency charges owed to DMV and will subtract deficiency charges from the total payments made by the DMV for this Contract. If imposed, payment of deficiency charges will be subtracted from the Contractor’s monthly invoiced costs.

DMV shall calculate deficiency charges owed to DMV for on a monthly basis. The deficiency charges will be aggregated and subtracted from the Contractor’s fees on a monthly basis.

Calculation of Deficiency Charges

DMV shall calculate deficiency charges according to the following formulas for Contractor’s service level performance

Fee for the late finish of the takeover, or for failing to implement the takeover without disruption of OLV services for currently participating insurance companies – DMV will calculate deficiency charges for the number of days after the 15th day of the term start date and multiply the number of late days by \$2,500 per day. For example, should Contractor implement the maintenance 18 days after the term start date, then DMV may impose a fee equal to three days times \$2,500 per late day, which would amount \$7,500.

Fee for failing to meet service level agreements as identified in Service level Requirements – DMV will calculate deficiency charges by counting each day when the OLV system fails to respond to online inquiries or batch inquiry files according to the Minimum Service Level Requirement, and then DMV will multiply the number of such untimely response days counted during any given month by a \$100 per day fee. For example, if the OLV system fails to achieve the minimum service levels as identified in Section 5: Service Levels, during six days in a given month, then DMV may impose a deficiency charge equal to six days times \$100 per day, which would amount to \$600 for a one month period.

M. BUDGET DETAIL AND PAYMENT PROVISIONS

- A. For services approved by the DMV Contract Manager, and upon receipt and approval of the invoices, the DMV agrees to compensate the Contractor in accordance with the rates specified in Cost Worksheets. Incomplete or disputed invoices shall be returned to the Contractor, unpaid, for correction.
- B. The invoice will not be authorized for payment until the Status Reports required are received by the DMV Contract Manager. The DMV may dispute an invoice which does not comply with these requirements, including requirements for invoices and status reports, and a dispute notice given on that basis shall satisfy the requirements of the California Prompt Payment Act.
- C. The Contractor shall be responsible for all costs and supplies associated with printing, sorting and mailing of reports, marketing materials and other documentation associated with this contract.
- D. The value of the contract will be paid in ongoing monthly installments in arrears for maintenance, support and marketing upon completion of satisfactory service as stipulated in this contract.
- E. A cost per insurance company National Association of Insurance Commissioners (NAIC) supported during the month, will be paid monthly in arrears and upon completion of satisfactory services as stipulated in this contract. A NAIC will be considered supported and payable if either:
 - a) The NAIC is currently in production; or
 - b) The NAIC has been successfully tested in Vendor test environment, and all necessary documentation has been delivered to DMV for inclusion in OLV as of the last day of the invoice period.
- F. Invoices shall be itemized per Exhibit J Cost Worksheets, shall include this Agreement Number, and shall be signed and submitted in triplicate not more frequently than monthly in arrears to:

Department of Motor Vehicles
P.O. Box 932382
Sacramento, CA 94232-3820
Attn: Accounts Payable M/S E-109
- G. Invoices shall include the following information:
 - a) Agreement Number.
 - b) Itemized expenses per Exhibit J Cost Worksheets.
 - c) Service dates
 - d) Vendor name, address and phone number.

When there is a deficiency charge identified in Section L, *Deficiency Charges*, the invoice shall include:

- a) Description of Deficiency.
- b) Duration of the downtime/deficiency.
- c) Total credit received.

H. The DMV Contract Manager shall provide written approval of all services and deficiency charges on all invoices, subject to DMV approval.

N. PROMPT PAYMENT CLAUSE

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

O. BUDGET CONTINGENCY CLAUSE

1. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional or legislative appropriation of funds, for the mutual benefit of both parties in order to avoid program and fiscal delays that would occur if the Agreement were executed after that determination was made.
2. This Agreement is valid and enforceable only if sufficient funds are made available to the DMV by the United States Government or the California State Legislature for the purpose of this program. In addition, this Agreement is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress or the State Legislature that may affect the provisions, terms or funding of this Agreement in any manner.
3. It is mutually agreed that if the Congress or the State Legislature does not appropriate sufficient funds for the program, this Agreement shall be amended to reflect any reduction in funds.
4. The DMV has the option to terminate the Agreement under the 30 day termination clause or to amend the Agreement to reflect any reduction of funds.

P. MATERIAL/SUPPLIES

Contractor costs associated with the purchase and installation of materials/supplies are considered as a component of the Contractor's rate for services that include wages, overhead, general and administrative expenses and profit.

Q. TRAVEL AND PER DIEM

Travel and per diem expense claims are not applicable to this agreement. The DMV will not reimburse any firm, contractor, or persons for travel and/or per diem.

EXHIBIT B – Personnel Change Order Authorization

CHANGE ORDER NO. ____	
<u>Contractor Name</u> = _____ <u>Contract Number</u> = _____	
<u>Start Date</u> = _____ or upon approval by the DMV IT Acquisitions Manager, whichever occurs later	
<u>Description of Change</u> :	
<u>New Contractor Personnel (including phone number and email address)</u> :	
<u>Personnel Classification</u> :	<u>Hourly Rate</u> :
	<u>Resume Attached</u> : Yes <input type="checkbox"/> <u>No of Pages</u> : _____
<u>Reason for Change</u> :	
<p><u>Approval:</u></p> <p>Changes identified above are in accordance with the terms and condition of the contract. By signing below, the Contractor Official has confirmed that the proposed staff meets Section i Staff Qualifications Requirements in Exhibit A, Statement of Work. The DMV Contract Manager's signature below indicates that he/she has confirmed that the proposed staff meets the requirements listed in Exhibit A, Statement of Work.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Contractor Official (Print name & Sign)/Date DMV Contract Manager (Print Name & Sign)/Date</p> <p>By signing below, the DMV IT Acquisitions Manager & DMV IT Acquisitions Analyst have confirmed that the proposed staff meets the personnel classification requirements.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">DMV IT Acquisitions Manager/Date DMV IT Acquisitions Analyst/Date</p>	

Note: The DMV Contract Manager will submit Personnel Change Order Authorization forms to the IT Acquisitions Analyst to obtain DMV IT Acquisitions Manager approval

EXHIBIT C - System Remedial Support Plan

Section 2 of the Statement of Work describes the set of services required by the contractor providing the VIP Web Services Solution. Specifically, Contractor will address how we

“Deliver requests for adding insurance companies, including scripts, insurance company information, and VIN test records to DMV via Secure File Transmission (SFT) for testing and for loading behind DMV’s firewall.”

The following steps have recently been taken or will take place in the new contract period to ensure those services are provided in an effective and high quality fashion.

- Contractor will ensure that a single person is responsible for client communication. All communication will be reviewed by another member of the team for quality of response and back-up.
- Contractor will track all email responses for promptness and report with our other reporting provided to DMV management. Our responsiveness will be reviewed at a weekly Operating Committee meeting.
- Contractor has modified our forms for quality testing our submissions by adding verification of the Business Requirements document with all source documents and will have sign off by two individuals.
- Contractor will institute a scoring system to measure each installation based on the thoroughness of the submission, quality, and reaction to install issues.

Contractor expects to add new NAICs and believe these steps will ensure those submissions are completed on time and with the highest of quality.

EXHIBIT D
VIP Web Services Solution -Marketing Plan

Contractor will implement a program to ensure existing NAICs stay on the VIP Web Services Solution and to enroll new NAICs. The program is completely voluntary so the NAIC will need to clearly understand the value proposition to join and stay with the program. Bidder will continue dedicating a person to oversee the marketing effort and a support person to work with prospects to enroll them into the program and oversee the on-boarding.

Contractor will build interest in the VIP Web Services Solution through active participation in trade organizations that can help with identifying NAICs and providing introductions to contacts for solicitation. Some of the organizations may actually help with promotional information. Bidder will continue to be active in the following organization:

- a. Insurance Research Council
- b. NAIC (National Association of Insurance Commissioners) Assoc. Membership
- c. IICMVA

The marketing program will consist of

- d. Initial email describing program. The information will include basic information on the program, maybe a message from the California DMV and a compelling reason to participate (this will depend on the segmentation).
- e. In 14 days, the Contractor will send a second email with another compelling reason to join the VIP Web Services Solution (this will depend on the segmentation). The Contractor will also send the forms and discuss the ease of entering the program.
- f. If the Contractor does not get a response from the contact, the Contractor will seek an alternative contact and start the process again with a slightly revised message.
- g. Once the Contractor receives a positive response then the Contractor will have a series of timed messages that will go out to move the prospect from interest to securing the Trading Partner form and getting the commitment to go forward.
- h. If the Contractor does not get the prospect to move forward, the Contractor will have a series of messages that will go out less frequently (e.g., quarterly) which will keep in touch with the prospect. This will take the form of a Newsletter that would include information such as Cost Data, Traffic report, Updates to IICMVA, Bidders news, and testimonials.

Contractor will also react to leads that are discovered through conferences and other introductions to immediately follow up for interest in the program. The marketing plan will be submitted to DMV quarterly.

Messaging and Marketing Support

Contractor will develop all emails and train the staff supporting the campaigns on the value proposition and information to support our campaigns. The information will include reporting of inquiries into the VIP Web Services Solution, Cost data on phone call support, and customer dissatisfaction.

Contractor will also work with the California DMV to develop a piece for use with marketing campaigns to bolster the support from the insurance companies.