

Stephens Insurance, LLC

August 27, 2009

Mr. Ernie Passailaigue
Arkansas Lottery Commission
500 President Clinton Avenue Suite 215
Little Rock, AR. 72201

RE: Surety Bonding Program- RFP Questions- RFP 09-00008.

Dear Mr. Passailaigue,

Stephens Insurance, LLC. is very interested in participating in the Surety Bonding Program as described in the RFP. In order to secure the most accurate and responsible pricing strategy for this program, we hope to clarify a few items from the RFP.

1. Is a specific bond form required. If so, is a copy of the bond form available?
2. What is the maximum anticipated bond amount and how will the bond amount be calculated? i.e. will the requirement be a percentage of the sales from 2 billing periods?
3. What is the average bond amount expected?
4. Will the bonds have a mandatory expiration date?
5. Does the lottery want original signed bonds for each retailer or will they accept electronic copies?
6. Can/Will the lottery commission be able to provide electronic copies of credit/background check information for retailers to assist in determining risk?
7. Is the lottery commission willing to provide acknowledgement to the vendor for cancellation notices received from the vendor?
8. Does the surety/vendor have the option of cancelling a retailer for underwriting criteria or claim frequency?
9. Can the vendor cancel the contract with the lottery commission if deemed necessary? i.e. unreasonable claims resulting in unfavorable margins.
10. Will the lottery commission require the retailer to maintain a lottery funds only bank account, preferably with overdraft protection?

Thank you for your time and consideration. I look forward to your response.

Sincerely,



Elizabeth Brown
Assistant Vice President, Bond Department Manager
Stephens Insurance, LLC.

Insurance products offered through Stephens Insurance, LLC
Securities offered through Stephens Inc., Member NYSE/SIPC