

ACTUARIAL AND UNDERWRITING COMMITTEE MARCH 15, 2016
BOARD OF GOVERNORS MEETING MARCH 16, 2016

EXECUTIVE SUMMARY

A critical part of proper underwriting and premium development is identification of address-specific underwriting data. Citizens utilizes web services from a third-party vendor to automate the identification of location-related risk characteristics and wind-only eligibility of a property, based on the location's address.

There are two (2) types of property data sets used by Citizens:

- All Inclusive Geographic Information Systems (GIS) information; and
- Wind-Only Territory information.

The all-inclusive GIS information is used to determine property characteristics for underwriting purposes and to support a real-time underwriting and rating application and periodic batch request. The wind-only territory information is used to support an online lookup application and a rating application.

These capabilities support strategic initiatives and activities associated with Citizens efforts to reduce risk and return policies to the private market.

For the past five years, Insurance Services Office, Inc. has provided these services to Citizens. The current contract with Insurance Services Office, Inc. expires on May 15, 2016.

Citizens issued an Invitation to Negotiate (ITN) # 15-0027 on August 26, 2015. On September 30, 2015, Citizens received one response, from Insurance Services Office, Inc. (ISO). The recommended contract is for three years, with an optional two year renewal, at Citizens discretion.

RECOMMENDATION

Citizens' staff recommends that the Actuarial and Underwriting Committee approve and recommend that Citizens' Board:

- a) Approve the recommended award to Insurance Services Office, Inc. and resulting contract, including the renewal period, for ITN No. 15-0027 for Property Characteristics Web Services as set in this Executive Summary; and
- b) Authorize staff to take any appropriate or necessary actions consistent with this Executive Summary.