

EXECUTIVE SUMMARY

Underwriting, premium development, and reinsurance all critically depend on accurately calculating each property's estimated replacement cost value or actual cash value. Citizens' agents and underwriting staff use third party software to accomplish this. The software service must have the ability to calculate both replacement cost value and actual cash value for the following Citizens products:

- Residential
- Residential High-Value
- Commercial Residential
- Commercial Non-Residential
- Mobile Homes
- Condominiums

The software service relies on database and user-submitted information about the home, including but not limited to square footage, year built, and quality grade, to calculate an estimated replacement cost value and, if applicable, actual cash value. These values are used to determine the appropriate coverages for the policy.

For the past six years, Xactware Inc. has provided these services to Citizens. The current contract with Xactware Inc. expires on May 14, 2016.

Citizens issued an Invitation to Negotiate (ITN) # 15-0026 on September 29, 2015. On October 27, 2015, Citizens received three responses from vendors that were evaluated and scored. One solution was moved forward to negotiations, with a subsequent recommendation by the negotiation committee to award the contract to Insurance Services Office, Inc. and its wholly owned subsidiary, Xactware Solutions, Inc. The recommended contract is for three years, with an optional two year renewal, at Citizens discretion.

RECOMMENDATION

During the March 15, 2016 A&U Committee Meeting Citizens' staff will recommend that the Actuarial and Underwriting Committee approve and recommend that Citizens' Board:

- a) Approve the awarding of the Replacement Cost Estimating Services contract to Insurance Services Office, Inc.; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

ACTION ITEM

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| CONTRACT ID: | Replacement Cost Estimation Services RECOMMENDED VENDOR: INSURANCE SERVICES OFFICE, INC. |
| BUDGETED ITEM: | Yes |
| CONTRACT AMOUNT: | The total amount of the contract, including renewal term, is not to exceed \$5,102,006.00. |
| PURPOSE / SCOPE: | <p>Purpose: Underwriting, premium development, and reinsurance all critically depend on accurately calculating each property's estimated replacement cost value or actual cash value. Citizens' agents and underwriting staff use third party software to accomplish this. The software service must have the ability to calculate both replacement cost value and actual cash value for the following Citizens products:</p> <ul style="list-style-type: none"> • Residential • Residential High-Value • Commercial Residential • Commercial Non-Residential • Mobile Homes • Condominiums <p>Scope: The software service relies on database and user-submitted information about the home, including but not limited to square footage, year built, and quality grade, to calculate an estimated replacement cost value and, if applicable, actual cash value. These values are used to determine the appropriate coverages for the policy.</p> |
| CONTRACT TERM(S): | The contract term is anticipated to be three (3) years, with, at Citizens' discretion, an optional two (2) year renewal term. |
| PROCUREMENT METHOD: | Citizens posted a competitive solicitation, an Invitation to Negotiate (ITN) No.:15-0026, on September 29, 2015. Citizens received three responses from vendors that were evaluated and scored. One solution was moved forward to negotiations, with a subsequent recommendation by the negotiation committee to award the contract to Insurance Services Office, Inc. and its wholly owned subsidiary, Xactware Solutions, Inc. |
| RECOMMENDATION: | <p>During the March 15, 2016 A&U Committee Meeting Citizens' staff will recommend that the Actuarial and Underwriting Committee approve and recommend that Citizens' Board:</p> <p>a) Approve the recommended award to Insurance Services Office, Inc. and resulting contract, including the renewal period, for ITN No. 15-0026 for Replacement Cost Estimating Services as set forth in this Action Item; and</p> <p>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</p> |
| CONTACTS: | John Rollins, Chief Risk Officer |