

ACTION ITEM

CONTRACT ID	Rate Comparison Services Request for Proposals RFP 20- 0004 RECOMMENDED VENDOR: MILLIMAN INC.
BUDGETED ITEM	Yes
CONTRACT AMOUNT	\$135,000 in total, with annual fees of \$27,000 for Years 1-2 and optional renewal years 3-5.
PURPOSE / SCOPE	<p>This Action Item seeks Board approval for Citizens to enter into a contract with Milliman, Inc. for Rate Comparison Services. These services provide a web-based software solution for analyzing and reporting on Citizens' rate competitiveness in the Florida property insurance market. The services perform this comparison by evaluating the rates of Citizens' policy data portfolio and comparing them to the rates of Florida property insurers. This comparison is delineated by insurer and by line of business, including for Homeowners (HO-3), Dwelling Fire (DP-3), and Condo Unit Owners (HO-6). The services also include tools for differentiating the competitive position of each insurer by multiple relevant characteristics such as geographic territory or year built.</p> <p>Citizens' Corporate Analytics Team uses these services to perform rate comparisons and report on Citizens' rating position within the marketplace. The services provide charts, maps and data output that are easy to understand and can be professionally presented. If Citizens were to build the processes for performing this comparison without the requested Rate Comparison Services, it would take a substantial amount of resources to monitor competitor rate filings, produce accurate rating information by carrier, and continuously update rating information when the Office of Insurance rate filings are approved.</p>
CONTRACT TERM	Two-year initial term with three one-year optional renewal periods (total five-year contract term)
PROCUREMENT METHOD	<p>This contract was negotiated on best terms and conditions after issuing Request for Proposal No. 20-0004 for Rate Comparison Services on March 19, 2020. Milliman, Inc. was the only vendor to submit a proposal under the RFP. Citizens staff determined that negotiating on best terms and conditions with Milliman was in the best interest of Citizens and the state, pursuant to s. 287.057(5), F.S.</p> <p>It is not expected that resoliciting at this time would yield additional vendors willing to participate in a competitive solicitation. It is essential that the services provide Florida specific rate comparisons delineated by insurer and by line of business. This requires analysis of Florida rate filing information for each carrier, which narrows the pool of vendors capable of providing the required services. Citizens' marketing efforts identified 8 vendors potentially capable of providing the required services. Staff made multiple attempts to encourage participation by those eight potential vendors. In addition, the Florida Vendor Bid System generated 1,653 notices to registered vendor contacts.</p>

ACTION ITEM

RECOMMENDATION	Staff recommends that the Actuarial and Underwriting Committee approve and recommend that the Board of Governors: a) Approve a contract with Milliman, Inc. for an initial term of two (2) years with three (3) one (1) year renewals, for a total amount not to exceed \$135,000, as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Jennifer Montero, Chief Financial Officer

Executive Summary

Actuarial & Underwriting Committee, June 18, 2020

Board of Governors Meeting, June 24, 2020

Rate Comparison Services

Topic

Citizens is requesting approval to enter a contract with Milliman Inc. for Rate Comparison Services. These services provide tools for analyzing and reporting on Citizens' rate competitiveness in the Florida property insurance market.

History

Citizens is requesting approval to enter into a contract with Milliman Inc. for Rate Comparison Services. These services are a web-based software solution that is used to evaluate and report on the competitiveness of Citizens rates in Florida. The services perform this comparison by evaluating the rates for Citizens' policy data portfolio and comparing them to the rates of individual Florida property insurers. This comparison is delineated by insurer, as well as by line of business including for Homeowners (HO-3), Dwelling Fire (DP-3), and Condo Unit Owners (HO-6). The services also include tools for differentiating the competitive position of each insurer broken down by relevant characteristics such as geographic territory, coverages, or year built.

These services provide charts, maps and data output that are easily digestible. It allows for Citizens' corporate analytics team to easily decipher our rating position and professionally present our status. If Citizens were to build the processes for performing this comparison without the requested Rate Comparison Services, it would take a substantial amount of resources to monitor competitor rate filings, produce accurate rating information by carrier, and continuously update rating information when the Office of Insurance rate filings are approved.

Citizens initially purchased these services from Milliman, Inc. in 2018, when Citizens' Board of Governors requested a competitive rate comparison to be provided at the December meeting. Citizens began performing this rate comparison annually to understand Citizens' place in the market. Citizens contracted with Milliman Inc. in 2018 and 2019 on a year to year basis as a pilot to ensure the results met the needs of Citizens. The latter of these two contracts expires in September of 2020. After entering the second one-year contract with Milliman in 2019, Citizens proceeded with a competitive solicitation that resulted in the requested new contract beginning in 2020.

This requested contract was negotiated on best terms and conditions after issuing Request for Proposal No. 20-0004 for Rate Comparison Services on March 19, 2020. Milliman, Inc. was the only vendor to submit a proposal under the RFP. Citizens staff determined that negotiating on best terms and conditions with Milliman was in the best interest of Citizens and the state, pursuant to s. 287.057(5), F.S.

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It is not expected that resoliciting at this time would yield additional vendors willing to participate in a competitive solicitation. It is essential that the services provide Florida specific rate comparisons delineated by insurer and by line of business. This requires analysis of Florida rate filing information for each carrier, which narrows the pool of vendors capable of providing the required services. Citizens' marketing efforts identified 8 vendors potentially capable of providing the required services. Staff made multiple attempts to encourage participation by those eight potential vendors. In addition, the Florida Vendor Bid System generated 1,653 notices to registered vendor contacts.

The contract includes an initial two (2) year term and three (3) one (1) year renewal terms. The total amount of the contract is not to exceed \$135,000, including renewals.

Recommendation

Staff recommends that the Actuarial and Underwriting Committee approve and recommend that the Board of Governors:

- a) Approve a contract with Milliman Inc., for an initial term of two (2) years with three (3) one (1) year renewals, for the total amount not to exceed \$135,000, as set forth in this Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.