

# Executive Summary

Actuarial & Underwriting Committee Meeting, December 15, 2020

Board of Governors Meeting, December 16, 2020

## Property Characteristics and Data Services

### Topic

Citizens is requesting approval to enter a contract with Insurance Services Office, Inc. (“ISO”) for Property Characteristics and Data Services. These services are needed for identifying geographic location related risk characteristics of properties that Citizens currently insures or may insure in the future.

### History

Property Characteristics and Data Services are a critical part of properly underwriting and classifying risk. As a part of the underwriting process, Citizens initiates two types of requests for Property Data:

1. All-Inclusive Requests: these requests are used to determine eligibility and premium for Citizens residential and commercial insurance policies, and
2. Wind-Only Requests: these requests are used to determine eligibility for Citizens coastal account insurance policies.

Citizens currently uses the ISO “Location® Data Subscription and GIS Services” to fulfill these requests. Citizens and its agents initiate approximately 150,000 transactions (calls) monthly for these requests. The current contract for this service began in May 2016 and will expire May 15, 2021. Citizens proceeded with a competitive solicitation that resulted in the requested new contract with ISO beginning in 2021.

ISO was one of three vendors to respond to the ITN. During the ITN process, Citizens negotiated a reduction in the annual contract increase to 3.5% for all five years of the new contract. Below is a comparison of the current contract and the new requested contract:

Current Contract		
Year	Amount	Annual Increase
2016	\$ 723,653	
2017	\$ 761,740	5.3%
2018	\$ 799,827	5%
2019	\$ 839,818	4.9%
2020	\$ 881,809	5%
<b>Total</b>	<b>\$ 4,006,847</b>	

New Contract		
Year	Amount	Annual Increase
2021	\$ 912,672	3.5%
2022	\$ 944,616	3.5%
2023	\$ 977,678	3.5%
2024	\$ 1,011,897	3.5%
2025	\$ 1,047,313	3.5%
<b>Total</b>	<b>\$ 4,894,176</b>	

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## Recommendation

Staff proposes that the Actuarial and Underwriting Committee review and approve for consideration by the Board of Governors to:

- a) Approve a contract with Insurance Services Office, Inc. for a five (5) year term with no renewals, for an amount not to exceed \$4,894,176, as set forth in this Action Item; and
- b) Authorize staff to take any appropriate or necessary actions consistent with this Action Item.

# ACTION ITEM

**Actuarial & Underwriting Committee Meeting, December 15, 2020**  
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<input checked="" type="checkbox"/> <b>Contract – New</b>	<input type="checkbox"/> <b>Committee or Board Minutes</b>
<input type="checkbox"/> <b>Contract – Amendment of Contract Terms</b>	<input type="checkbox"/> <b>Product Changes</b>
<input type="checkbox"/> <b>Contract – Additional Spend</b>	<input type="checkbox"/> <b>Other _____</b>

<b>Contract ID</b>	Property Characteristics Data Services Contract number: 21-20-0025-00 Vendor: Insurance Services Office, Inc.
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<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Funding to be included in the 2021 Operating Budget and annually for each respective contract year.
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<b>Procurement Method</b>	On July 6, 2020, Citizens released Invitation to Negotiate No.: 20-0025 for Property Characteristics Data Services. Three (3) vendor responses were received and evaluated. On September 29, 2020, the Negotiation Team recommended an award to Insurance Services Office, Inc (ISO).
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<b>Contract Amount</b>	<b>Year</b>	<b>Amount</b>
	2021-22	\$ 912,672
	2022-23	\$ 944,616
	2023-24	\$ 977,678
	2024-25	\$ 1,011,897
	2025-26	\$ 1,047,313
	<b>Total</b>	<b>\$ 4,894,176</b>

<b>Contract Term(s)</b>	This contract is expected to commence on May 16, 2021 and will have a five (5) year term with no renewals.
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<b>Purpose/Scope</b>	The ability to identify address-specific data is a critical part of proper underwriting and classifying risk. Citizens currently utilizes a web-based service from Insurance Services Office, Inc. to automate the identification of location-related risk characteristics and certain regulatory compliance (eligibility) of a property based on the location’s address. The current contract is scheduled to expire on May 15, 2020. Citizens conducted this procurement to replace that contract and ensure against any gap in service.
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<b>Recommendation</b>	Staff proposes that the Actuarial and Underwriting Committee review and approve for consideration by the Board of Governors to:  a) Approve a contract with Insurance Services Office, Inc. for a five (5) year term with no renewals, for an amount not to exceed \$4,894,176, as set forth in this Action Item; and  b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
<b>CONTACTS</b>	Kelly Booten, Chief Operating Officer