

Executive Summary

Actuarial & Underwriting Committee Meeting, December 15, 2020
Board of Governors Meeting, December 16, 2020

360Value - Replacement Cost Estimating Services

Topic

Citizens is requesting approval to execute an amendment to Contract 16-15-0026-00 (“Contract”) for a six-month extension. The Contract is for Replacement Cost Estimating Services with Insurance Services Office, Inc (“ISO”). The extension is needed to ensure a seamless transition to a new vendor, CoreLogic Spatial Solutions, LLC (“CoreLogic”), in 3Q/4Q 2021.

History

Replacement Cost Estimating Services are a critical part of underwriting to determine the estimated cost to rebuild using the same materials and construction techniques used when the home was built originally. For commercial underwriting purposes, Replacement Cost Estimating Service is used to evaluate the accuracy of requested building coverage amounts at issuance. In addition, the service is used to confirm general accuracy of existing business coverage at renewal.

Since 2011, Citizens has contracted with ISO to use ISO’s 360Value® service to perform replacement cost estimates. The most recent contract term began in May 2016 and will expire on May 14, 2021. Citizens recently completed a competitive solicitation to continue these services. This solicitation resulted in an award to CoreLogic and the service is expected to be implemented in late 2021. This contract extension is essential so that there is no gap in service during the contract transition to CoreLogic.

In 2016, the Board authorized a total contract amount of \$5,102,006 over five years. The proposed six-month extension will cost \$490,000. \$202,006 in funding is available from the Board’s 2016 contract authorization. To fund the six-month extension, an additional authorization of \$287,994 is needed. The additional authorization will bring the total authorized contract amount to \$5,390,000.

Recommendation

If approved at its December 15, 2020 meeting, the Actuarial & Underwriting Committee recommends that the Board of Governors:

- a) Approve a six-month contract extension with Insurance Services Office, Inc., for an amount not to exceed \$490,000, as set forth in the Action Item; and
- b) Approve an increase in the total authorized contract amount from \$5,102,006 to \$5,390,000; and
- c) Authorize staff to take any appropriate or necessary actions consistent with the Action Item.

ACTION ITEM

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|--|---|
| <input type="checkbox"/> Contract – New | <input type="checkbox"/> Committee or Board Minutes |
| <input checked="" type="checkbox"/> Contract – Amendment of Contract Terms | <input type="checkbox"/> Product Changes |
| <input checked="" type="checkbox"/> Contract – Additional Spend | <input type="checkbox"/> Other _____ |

Contract ID	360Value – Replacement Cost Estimating Services Contract number: 16-15-0026-00 Insurance Services Office, Inc.
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Funding to be included in the 2021 Operating Budget.
Procurement Method	This contract is a result of an Invitation to Negotiation issued on September 25, 2015. This six-month extension is authorized under Section 287.057, Florida Statutes, and will be on the same terms and conditions set forth in the existing contract.
Contract Amount	On March 16, 2016, the Board authorized \$5,102,006 in spend for the first five years of this contract. Citizens expects to spend approximately \$4,900,000 through the end of the five-year term. This six-month extension will cost Citizens an additional \$490,000. Therefore, Citizens is requesting that the total authorized spend for the contract be increased to \$5,390,000.
Contract Term(s)	The current contract commenced on May 15, 2016 and is scheduled to expire on May 14, 2021. The requested six-month extension will be from May 15, 2021, through November 14, 2021.
Purpose/Scope	This Action Item seeks Board approval for a six-month extension to the current contract with Insurance Services Office, Inc. (ISO) for Replacement Cost Estimating Services (RCE). On September 28, 2020, Citizens awarded ITN 20-0026 to CoreLogic Spatial Solutions, LLC (CoreLogic), as the new vendor for RCE Services. This extension will allow Citizens time to implement and transition to the CoreLogic product and ensure there will not be a gap in services.

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Recommendation	If approved at its December 15, 2020 meeting, the Actuarial & Underwriting Committee recommends that the Board of Governors: a) Approve a six-month contract extension with Insurance Services Office Inc. for an amount not to exceed \$490,000, as set forth in this Action Item; and b) Approve an increase in the total authorized contract amount from \$5,102,006 to \$5,390,000; and c) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Kelly Booten, Chief Operating Officer