

Executive Summary

Actuarial and Underwriting Committee Meeting, September 27, 2016

Board of Governors Meeting, September 28, 2016

Property Inspection Administration for Underwriting

On-site property inspections are a key element in the underwriting process as the results are used to develop and evaluate risk based decisions. Inspections are required on some new business applications, endorsement requests, and policy renewals.

Since January 2014, Citizens has ordered two inspection types:

- General Conditions – Personal Lines
- Mobile Home – Personal Lines

All other inspection reports have been provided to Citizens by the Policyholder as a component of the incoming application. This process is intended to remain unchanged, but Citizens desires to have the contractual right to request the following additional inspection types on an as needed basis:

- Four Point – Personal Lines Only
- High Value Property – Personal Lines Only
- Replacement Cost Valuation – Personal and Commercial Lines
- General Condition/Four Point Combined – Personal and Commercial Lines
- Wind Mitigation Inspections – Personal and Commercial Lines
- Other types of inspections associated with property insurance underwriting.

Citizens issued an Invitation to Negotiate (ITN) # 16-0006 Property Inspections Administration for Underwriting on February 23, 2016. A notice of intent to award contract to multiple Vendors was published on July 27, 2016. The recommended contract is for three years, with an optional two year renewal, at Citizens discretion. Estimated cost of this contract, including renewals is not to exceed \$15,268,905.00.

The cost of these services is included in the approved 2016 Annual Operating Budget.

Recommendation

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

- a) Approve the recommended award and resulting contracts, including renewal periods for ITN 16-0006 Property Inspections Administration for Underwriting. Vendors identified in Attachment A of the Action Item;
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item; and
- c) Approve this Action Item not to exceed \$15,268,905.00.